
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of 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 HeartCare Medical Technology Corporation Limited**, you should at once hand this circular with the enclosed forms of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



Shanghai HeartCare Medical Technology Corporation Limited

上海心瑋醫療科技股份有限公司

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

(Stock Code: 6609)

- (1) PROPOSED ISSUE OF A SHARES AND LISTING ON
THE SCI-TECH BOARD OF THE SHANGHAI STOCK
EXCHANGE AND OTHER ANCILLARY RESOLUTIONS;
(2) PROPOSED AMENDMENTS TO THE ARTICLES;
(3) PROPOSED AMENDMENTS TO THE 2025 H SHARE INCENTIVE SCHEME;
AND
(4) NOTICE OF 2026 SECOND EXTRAORDINARY
SHAREHOLDERS' GENERAL MEETING**
-

Capitalized terms used in this cover page shall have the same meanings as defined in this circular.

Notice convening the EGM to be held at Sealmedical Hall, 4/F, Building 8, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC at 10:00 a.m. on Thursday, September 3, 2026 is set out on pages EGM-1 to EGM-9 of this circular.

A form of proxy for use at the EGM is enclosed and is also published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.heartcare.com.cn). Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time appointed for the EGM (i.e. no later than 10:00 a.m. on Wednesday, September 2, 2026) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not prevent you from attending and voting in person at the EGM or any adjournment thereof should you so wish. For the avoidance of doubt and for the purpose of the Hong Kong Stock Exchange, holders of treasury Shares, if any, shall abstain from voting at the EGM.

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

August 14, 2026

CONTENTS

	<i>Page</i>
DEFINITIONS.....	1
LETTER FROM THE BOARD	4
APPENDIX I — ANALYSIS ON DILUTION ON IMMEDIATE RETURN BY THE INITIAL PUBLIC OFFERING OF A SHARES AND RECOVERY MEASURES FOR THE IMMEDIATE RETURN	I-1
APPENDIX II — THREE-YEAR DIVIDEND DISTRIBUTION PLAN FOR SHAREHOLDERS AFTER THE INITIAL PUBLIC OFFERING OF A SHARES AND THE LISTING ON THE SCI-TECH BOARD	II-1
APPENDIX III — SHARE PRICE STABILIZATION PLAN FOR THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING OF A SHARES AND THE LISTING ON THE SCI-TECH BOARD	III-1
APPENDIX IV — PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION	IV-1
APPENDIX V — PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS’ GENERAL MEETINGS	V-1
APPENDIX VI — PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS.....	VI-1
APPENDIX VII — DECISION-MAKING POLICIES FOR RELATED (CONNECTED) TRANSACTIONS	VII-1
APPENDIX VIII — PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS	VIII-1

CONTENTS

	<i>Page</i>
APPENDIX IX — PROPOSED AMENDMENTS OF THE MANAGEMENT POLICIES FOR EXTERNAL GUARANTEES	IX-1
APPENDIX X — PROPOSED AMENDMENTS OF THE MANAGEMENT MEASURES FOR EXTERNAL INVESTMENTS	X-1
APPENDIX XI — PROPOSED AMENDMENT TO THE MANAGEMENT POLICIES FOR RAISED PROCEEDS	XI-1
APPENDIX XII — PROPOSED FORMULATION TO THE IMPLEMENTATION RULES FOR ONLINE VOTING	XII-1
NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS’ GENERAL MEETING	EGM-1

DEFINITIONS

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

“2025 H Share Incentive Scheme”	the 2025 H Share Incentive Scheme adopted by the Company at the extraordinary shareholders’ general meeting of the Company dated May 26, 2025
“A Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company proposed to be allotted, issued and listed on the Sci-Tech Board
“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“Board of Directors” or “Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, for the purpose of this circular, excluding the regions of Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司), a joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 6609)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors and are not listed on any stock exchange
“EGM”	the 2026 second extraordinary shareholders’ general meeting of the Company to be held, the notice of which is set out in pages EGM-1 to EGM-9 of this circular

DEFINITIONS

“Global Offering”	as defined in the Prospectus
“Group”, “our Group”, “we” or “us”	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	August 13, 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Proposed Issue of A Shares”, “Issue of A Shares” or “Issue”	the proposed initial public issue of not more than 7,025,592 A Shares, which will be listed on the Sci-Tech Board
“Prospectus”	the prospectus of the Company dated August 10, 2021
“R&D”	research and development
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Sci-Tech Board”	the Sci-Tech Board of the Shanghai Stock Exchange
“Shanghai Stock Exchange”	the Shanghai Stock Exchange

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising Domestic Share(s), Unlisted Foreign Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Track Record Period”	the period comprising the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
“Treasury share(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Unlisted Foreign Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid for in currency other than RMB by foreign investors and are not listed on any stock exchange
“Unlisted Share(s)”	Domestic Shares and Unlisted Foreign Shares
“%”	per cent

LETTER FROM THE BOARD



**Shanghai HeartCare Medical Technology
Corporation Limited**

上海心瑋醫療科技股份有限公司

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

(Stock Code: 6609)

Executive Directors:

Mr. WANG Guohui (*Chairman*)

Ms. ZHANG Kun

Mr. WEI Jiawei

Non-executive Directors:

Mr. CHEN Shaoxiong

Mr. CHEN Gang

Independent Non-executive Directors:

Mr. GUO Shaomu

Mr. FENG Xiangqian

Mr. GONG Ping

*Registered office and headquarters
in the PRC:*

Building 38

No. 356, Zhengbo Road

Lingang New District

Pilot Free Trade Zone

Shanghai, PRC

*Principal place of business
in Hong Kong:*

Room 1901, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay Hong Kong

August 14, 2026

To the Shareholders:

Dear Sir/Madam,

- (1) PROPOSED ISSUE OF A SHARES AND LISTING ON
THE SCI-TECH BOARD OF THE SHANGHAI STOCK
EXCHANGE AND OTHER ANCILLARY RESOLUTIONS;
(2) PROPOSED AMENDMENTS TO THE ARTICLES;
(3) PROPOSED AMENDMENTS TO THE 2025 H SHARE INCENTIVE SCHEME;
AND
(4) NOTICE OF 2026 SECOND EXTRAORDINARY
SHAREHOLDERS' GENERAL MEETING**

I. INTRODUCTION

Reference is made to the Company's announcement dated August 14, 2026 in relation to, among others, the Proposed Issue of A Shares and proposed amendments to the Articles.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the Notice of the EGM and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

II. DETAILS OF THE RESOLUTIONS

1. Proposed Issue of A Shares

The Company proposed to apply to the relevant regulatory authorities in the PRC for the allotment and issue of not more than 7,025,592 A Shares and proposed to apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares on the Sci-Tech Board.

The Issue of A Shares will be subject to, among other things, the approval by the Shareholders by way of special resolutions at the EGM, as well as the approvals by the CSRC and the Shanghai Stock Exchange.

If the Issue of A Shares as set out in resolutions 1 (i) to (xi) of the Notice of the EGM is not approved by the Shareholders, the Issue of A Shares will not proceed, and the ancillary matters as set out in resolutions 2 to 13 of the Notice of the EGM will not proceed.

Details of the Issue of A Shares

(1) Class of new Shares to be issued

Ordinary Shares with a nominal value of RMB1.00 each (A Shares).

Except as otherwise stipulated in laws, regulations, other regulatory documents and the Articles, the A Shares to be issued will rank *pari passu* in all respects with the issued Domestic Shares, Unlisted Foreign Shares and H Shares.

(2) Place of listing

All A Shares will be listed and traded on the Sci-Tech Board of Shanghai Stock Exchange.

(3) Nominal value of new Shares to be issued

RMB1.00 each.

LETTER FROM THE BOARD

(4) Issue size

The Company proposes to issue not more than 7,025,592 new A Shares (excluding the number of A Shares to be issued pursuant to the over-allotment option), representing approximately 18.1% of the share capital of the Company (excluding treasury Shares) as of the Latest Practicable Date, and approximately 15.3% of the enlarged share capital upon completion of the Issue of A Shares (excluding the number of A Shares to be issued pursuant to the over-allotment option and treasury Shares). The Issue of A Shares only involves issue of new Shares, and will not involve sale of Shares by existing Shareholders. The Issue of A Shares can adopt the over-allotment option, which shall not exceed 15.0% of the Shares initially available under the Issue of A Shares. The final issue size will be determined by the Board after consultation with the lead underwriter(s) according to the authorization (if granted at the EGM), and be subject to final number of A Shares registered by the CSRC.

Please refer to “III. OTHER INFORMATION IN RELATION TO THE PROPOSED ISSUE OF A SHARES — 2. Effects of the Issue of A Shares on the Shareholding Structure of the Company” below for effects on shareholding structure.

(5) Target subscribers

Qualified price consultation participants, PRC natural person, legal persons and other investors who fulfill the relevant rules and requirements relating to the Sci-Tech Board published by the Shanghai Stock Exchange and the CSRC (excluding those in respect of which subscription has been prohibited by laws, regulations and regulatory documents of the PRC).

If any of the target subscribers is a connected person of the Company, the Company will comply with the relevant requirements, including (if applicable) reporting, announcement and independent shareholders’ approval, under the Hong Kong Listing Rules.

As of the Latest Practicable Date, none of the connected person(s) of the Company has indicated to the Company that he/she/it intends to participate in the subscription of the A Shares.

(6) Method of issuance

The Issue of A Shares will be conducted through a combination of off-line placement to the price consultation participants and offering by way of on-line subscription by public investors, or other methods of issuance approved by the securities regulatory authorities (including but not limited to offering to strategic investors). To the best knowledge of the

LETTER FROM THE BOARD

Directors, there is currently no other methods of issuance other than through a combination of off-line placement to the price consultation participants and offering by way of on-line subscription by public investors.

(7) Method of underwriting

The Issue of A Shares will be underwritten by the lead underwriter(s) by way of standby commitment, and the underwriting fees and other offering expenses shall be borne by the Company.

(8) Pricing methodology and issue price

The issue price for the A Shares will be determined by the Company and the lead underwriter(s) in accordance with applicable laws and regulations, or by other pricing methods recognized by the CSRC and the Shanghai Stock Exchange.

Pursuant to the Implementation Rules for the Issuance and Underwriting of Securities in Initial Public Offerings of the Shanghai Stock Exchange (《上海證券交易所首次公開發行證券發行與承銷業務實施細則》), the issue price of A Shares shall be determined through price inquiry with professional institutional investors (such as securities firms, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors and private fund managers). The Company and the lead underwriter may then determine the issue price of A Shares through the initial price inquiry or through cumulative bidding inquiry after an issue price range has been determined from the initial price inquiry.

Based on the Company Law of the PRC (《中華人民共和國公司法》), the issue price of the A Shares shall not be lower than the nominal value of the Shares of the Company, i.e. RMB1.00 per Share. There is no other legal or regulatory requirements stipulating the price floor in the Issue of A Shares. As at December 31, 2025, the net asset value per share of the Company was approximately RMB29.60. The Company does not intend to issue the A Shares at a price lower than the latest audited net asset value per share prior to the Proposed Issue of A Shares.

(9) Schedule of issuance

The Company will proceed with the Issue within 12 months after the Shanghai Stock Exchange issues the approval opinion and CSRC approves the Issue. The Board and the lead underwriter(s) will determine the listing date for the A Shares after the CSRC agrees to the registration of the A Shares and after completion of the offering.

LETTER FROM THE BOARD

(10) Use of the proceeds

The tentative proceeds raised by the Company from the Proposed Issue of A Shares (assuming a preliminary gross proceeds of RMB508.0 million representing an implied preliminary offer price of RMB72.31 per A Share, which may be subject to revision, including the number of offer shares to be determined at a subsequent stage) will be used for the projects outlined below (the “**Projects**”) after deducting the issuance expenses. The actual proceeds to be raised from the Proposed Issue of A Shares will be subject to actual market conditions, the Company’s operating results and actual funding needs for various expenditure and investment plans.

No.	Project name	Proposed
		amount from proceeds raised (RMB) (million)
1	Manufacturing of neuro-interventional devices	155.0
2	Vascular intervention devices research, development and manufacturing	132.0
3	Research, development and registration	171.0
4	Supplement working capital	50.0
Total		508.0

Before the proceeds raised from the Issue of A Shares are in place, the Company may make an initial investment with its own funds according to the needs of the Projects. As at the Latest Practicable Date, the Projects are in the preliminary preparation stage, and only preliminary investment has been made by now. The Company will not use the global offering’s proceeds from H Shares offering for the construction or implementation of these Projects. After the proceeds raised are in place, the Company can replace the initial investment funds with the proceeds raised from the Issue of A Shares.

LETTER FROM THE BOARD

(11) Validity period of the resolutions

The resolutions in respect of the Issue of A Shares will be valid for a period of 12 months from the date of approval at the EGM. If the Company fails to complete the Proposed Issue of A Shares within 12 months from the date of approval at the EGM, the Company will seek further approvals at extraordinary shareholders' general meeting for the Proposed Issue of A Shares. This proposal has been approved by the Board, and shall be submitted to the EGM, for consideration and approval by way of special resolutions, the Issue of A Shares will be made pursuant to the specific mandate to be sought at the EGM.

2. Other Resolutions related to the Issue of A Shares

If the Issue of A Shares as set out in resolutions 1 (i) to (xi) of the Notice of the EGM is not approved by the Shareholders, the Issue of A Shares will not proceed, and the ancillary matters as set out in this section (i.e., resolutions 2 to 13 of the Notice of the EGM) will not proceed.

(1) Authorization to the Board of Directors to fully handle matters in connection with the Issue of A Shares and the listing on the Sci-Tech Board

A special resolution will be proposed at the EGM to authorize the Board of Directors to fully handle the relevant matters in connection with the Issue of A Shares and listing on the Sci-Tech Board. The authorization proposed to be granted to the Board shall include without limitation:

- (a) The formulation and implementation of the specific proposals for this issuance, including but not limited to specific matters such as issue size, target subscribers, method of issuance, timing of issuance, pricing methodology, issue price, method of subscription and strategic placement (including the placement ratio, placement targets, etc.) and other matters related to the issue and listing in accordance with laws and regulations, the relevant requirements of securities regulatory authorities and the securities market conditions, and within the framework and in accordance with the principles adopted by the Shareholders at the EGM.
- (b) The performance of all procedures relating to the Proposed Issue of A Shares and listing on the Sci-Tech Board, including the procedures relating to registration, approval, registration, review, filing with the relevant regulatory authorities, and to sign, execute, amend and complete all necessary documents to be submitted to the government, authority and organization.

LETTER FROM THE BOARD

- (c) The appropriate adjustment to the specific matters relating to the Proposed Issue of A Shares and listing on the Sci-Tech Board within the effective period for the Issue of A Shares, including the amendment and submission of listing application materials as required by a change of policies or market circumstances.
- (d) The preparation, amendment, signing, submission, publication, disclosure, implementation, suspension and termination of all agreements, contracts, announcement or other documents relating to this issuance and listing (including but not limited to prospectus intentions, prospectus document, sponsoring agreement, underwriting agreement, strategic placement agreement, listing agreement, engagement agreements of intermediaries for the Issue of A Shares and listing on the Sci-Tech Board), the engagement of sponsor(s), underwriter(s), legal adviser(s), auditing firm(s), asset valuer(s), receiving bank(s) and other intermediaries involved in this issuance and listing, and the determination and payment of all expenses relating to this issuance and listing.
- (e) The necessary supplement and amendment to the Articles (draft) and the internal management policies of the Company, the “Analysis on Dilution on Immediate Return by the Initial Public Offering of A Shares and Recovery Measures for the Immediate Return, the “Three-Year Dividend Distribution Plan for Shareholders after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board”, the “Share Price Stabilization Plan for the Three Years after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board”, and other application documents and undertakings by the Company according to the applicable laws and regulations, requirements and suggestions of the relevant securities regulatory authorities or according to the actual conditions of this issuance.
- (f) The appropriate adjustments to be made to the relevant matters of the investment projects funded by the proceeds raised according to the implementation process of this issuance and listing, market conditions, policy adjustments and comments of the relevant securities regulatory authorities, including but not limited to the confirmation of the process of the investment projects, the allocation of funds when applying the proceeds raised, the confirmation of a special deposit account for the proceeds raised, etc., so long as such adjustments comply with applicable laws.

LETTER FROM THE BOARD

- (g) After the completion of the Issue of A Shares and listing on the Sci-Tech Board, to handle the procedures for amending the Articles of Association, capital verification, commercial registration changes and relevant approvals, registrations and filings based on the results of this issuance.
- (h) According to the implementation process of this issuance, in accordance with the undertakings of each Shareholder, handling the matters of listing of the A Shares on the Shanghai Stock Exchange and settlement of shareholdings at the China Securities Depository and Clearing Co., Ltd. (including but not limited to the registration, circulation and lock-up of shares).
- (i) The authorization to handle matters in relation to the opening of the depository account for the funds raised.
- (j) To the extent permitted by relevant laws, regulations and regulatory documents, the handling of other matters considered to be necessary, desirable or appropriate for this issuance and listing.

The above authorization, if approved, shall be valid for a period of 12 months from the date of approval at the EGM.

(2) The use of proceeds raised from the Issue of A Shares and the listing on the Sci-Tech Board

A special resolution will be proposed at the EGM to consider and approve the projects to be funded by the proceeds raised from the Issue of A Shares.

The tentative proceeds raised by the Company from the Proposed Issue of A Shares (assuming a preliminary gross proceeds of RMB508.0 million representing an implied preliminary offer price of RMB72.31 per A Share, which may be subject to revision, including the number of offer shares to be determined at a subsequent stage) will be used for the projects outlined below (the “**Projects**”) after deducting the issuance expenses. The actual proceeds to be raised from the Proposed Issue of A Shares will be subject to actual market conditions, the Company’s operating results and actual funding needs for various expenditure and investment plans.

LETTER FROM THE BOARD

No.	Project name	Proposed amount from proceeds raised (RMB) (million)
1	Manufacturing of neuro-interventional devices ⁽¹⁾	155.0
2	Vascular intervention devices research, development and manufacturing ⁽²⁾	132.0
3	Research, development and registration ⁽³⁾	171.0
4	Supplement working capital	50.0
	Total	508.0

Notes:

- (1) The proceeds will be use to further develop the Group's manufacturing capabilities for its neuro-interventional devices. Such work will take place in the Group's existing production facilities in Lingang New District Pilot Free Trade Zone, Shanghai and will support further expansion of the Group's manufacturing capabilities.
- (2) The vascular intervention devices research, development and manufacturing is expected to take place at the Company's new facilities located around Nanjing, Jiangsu, the new facilities is currently expected to have a target floor area of approximately 5.9 thousand square meters and will support the Group's vascular intervention device capabilities.
- (3) It is contemplated that the Company will utilize the proceeds raised for pipeline products in the areas of (i) vascular interventional medical devices; and (ii) brain-computer interface devices.

Before the proceeds raised from the Issue of A Shares are in place, the Company may make an initial investment with its own funds according to the needs of the Projects. The Company will not use the global offering's proceeds from H Shares offering for the construction or implementation of these Projects. After the proceeds raised are in place, the Company can replace the initial investment funds with the proceeds raised from the Issue of A Shares.

The indicative preliminary gross proceeds per A Share only represent the Company's current expected offer size and the expenditure plans that the Company has in place in the near future, the final offer size and raised proceeds could increase or decrease based on actual market conditions. The Company's currently proposed Projects reflect near term expenditure plans of the Company which may require external financing, having considered that the Company is a medical devices company that has entered into a relatively mature stage of commercialization. The Company recorded its first year of net profit in 2025 and

LETTER FROM THE BOARD

therefore is also able to fund certain other expenditure initiatives through profit generated from its operations. The implied preliminary offer price per A Share is therefore not indicative of the actual valuation of the Company, and is subject to the price discovery process which will take place prior to the Issue of A Share.

After the proceeds raised from the Issue of A Shares are in place, if the proceeds raised from this issuance cannot meet the capital requirements of the above proposed Projects, the Company will invest according to the priority of the Projects, the shortfall shall be covered by the Company with its own raised funds. If the proceeds raised from this issuance exceeds the capital requirements of the above Projects, the surplus amount will be mainly used to supplement working capital and in accordance with the relevant regulations of the regulatory authorities.

The Company believes that there are good prospects for Projects which are complementary to the current businesses and product pipelines of the Company. The Projects are also in line with the relevant national policies, environmental policies and other relevant laws and regulations. The Projects and amounts of proceeds are appropriate for the current business size, financial status, technology standard and management capability of the Company. The proposed use of proceeds are in the interests of the Company and the Shareholders as a whole and are feasible.

(3) Proposal for accumulated profit distribution prior to the Issue of A Shares and Listing on the Sci-Tech Board

A special resolution will be proposed at the EGM to consider and approve the proposal for accumulated profit distribution prior to the Issue of A Shares. Details are as follows:

As of December 31, 2025, the Company has undistributed accumulated profit of RMB46.8 million. If the Company has undistributed accumulated profit before the Issue of A Shares and listing on the Sci-Tech Board, it is proposed that the new and existing Shareholders shall share such profit in proportion to their respective shareholdings after the Issue of A Shares and listing on the Sci-Tech Board.

(4) The impact of dilution on immediate return by the Company's initial public offering of A Shares and adoption of recovery measures

A special resolution will be proposed at the EGM to consider and approve the impact of dilution on immediate return by the Company's initial public offering of A Shares and adoption of recovery measures.

LETTER FROM THE BOARD

In order to protect the interests of minority shareholders, the Company has conducted sufficient analysis on the impact of dilution on immediate return by the Issue of A Shares and has formulated the “Analysis on Dilution on Immediate Return by the Initial Public Offering of A Shares and Recovery Measures for the Immediate Return”. Full text of the analysis and proposed recovery measures are set out in Appendix I to this circular.

(5) The Company’s Three-Year Dividend Distribution Plan for Shareholders after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board and profit distribution policy

A special resolution will be proposed at the EGM to consider and approve the “Three-Year Dividend Distribution Plan for Shareholders after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board”. Full text of the plan is set out in Appendix II to this circular.

(6) The Company’s Share Price Stabilization Plan for the Three Years after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board

A special resolution will be proposed at the EGM to consider and approve the “Share Price Stabilization Plan for the Three Years after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board”. Full text of the plan is set out in Appendix III to this circular.

(7) Confirmation of the Company’s related party transactions during the Track Record Period

Apart from the related party transactions that have fulfilled the internal decision-making procedures of the Company, and pursuant to article 77 of the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 57 (《公開發行證券的公司信息披露內容與格式準則第57號》), the Board of Directors has confirmed the status of the following major transactions with related parties during the Track Record Period that need to be submitted to the general meeting of Shareholders for consideration (according to the “Decision-Making Policies for Related (Connected) Transactions” set out in Appendix VII of this circular), and considered that such related party transactions were in line with commercial principles, true, legal, valid, fairly and reasonably priced, conducted according to relevant national laws and regulations, and did not diminish the interest of the Company and its shareholders:

LETTER FROM THE BOARD

Related party personnel remuneration

Items	For the six months ended June			
	2023 (RMB'000)	2024 (RMB'000)	2025 (RMB'000)	30, 2026 (RMB'000)
Key management personnel ¹	14,867,842.94	10,659,664.34	30,323,899.88	6,639,242.69

Note 1: key management personnel (關鍵管理人員) of the Company includes the Directors, supervisors (prior to the abolishment of the supervisory committee of the Company on January 16, 2026) and senior management of the Group. The scope of personnel qualifying as key management personnels has been determined in accordance with the PRC GAAP.

(8) Undertakings and restraining measures relating to the Company's Issue of A Shares and listing on the Sci-Tech Board

A special resolution will be proposed at the EGM to consider and approve the undertakings and restraining measures relating to the Issue of A Shares and listing on the Sci-Tech Board, and to authorize the Board to make appropriate undertakings for the purpose of the Issue of A Shares in accordance with the laws, regulations and regulatory documents of the PRC, the relevant regulations and policies of the securities regulatory departments, and combining the review for listing on the Sci-Tech Board in practice and the actual situation of the Company.

Details of the undertakings and restraining measures are as follows:

(a) Undertakings on Share Repurchase in the event of Fraudulent Issuance

There is no fraudulent issuance in the Company's initial public offering and listing of A Shares on the Sci-Tech Board.

In case of fraudulent issuance and registration due to non-fulfilment of listing conditions with relevant shares already issued and listed, the Company shall commence the relevant procedures for repurchase of all new shares of the Company under the public offering within five business days from the date on which relevant competent authority, such as the CSRC, determines conclusively that the aforementioned events occurred within the Company.

LETTER FROM THE BOARD

(b) Undertakings on Restraining Measures Proposed by the Company for the Purpose of the Initial Public Offering and Listing of A Shares on the Sci-Tech Board

If the Company fails to timely, fully and effectively perform the undertakings due to the reasons other than changes in relevant laws and regulations or policies, natural disasters or other force majeure events, the Company shall take the following measures:

- (1) timely and sufficiently disclose the reasons for not performing the undertakings and apologize to the Shareholders and public investors;
- (2) propose supplemental or alternative undertakings in order to protect the Company's and the investors' interests;
- (3) present the abovementioned supplemental or alternative undertakings to the Shareholders for their consideration and approval.

If the Company fails to timely, fully and effectively perform the undertakings due to changes in relevant laws and regulations or policies, natural disasters or other force majeure events, the Company shall take the following measures:

- (1) timely and sufficiently disclose the reasons for not performing the undertakings;
- (2) propose supplemental or alternative undertakings in order to protect the Company's and the investors' interests.

If the Company's failure to perform the undertakings resulted in losses suffered by the investors when dealing in securities, and the relevant authorities such as the securities regulatory authority or the People's Court has reached a final or effective judgment on the same, the Company shall compensate the investors for their losses in accordance with the laws. The restraining measures are subject to the undertakings made by the Company which clearly stipulate relevant measures.

(c) Undertakings on the Restraining Measures Proposed by the Company in relation to the Price Stabilization Plan

During the three years from the date of listing of the Company, the Company and the relevant entities will actively implement relevant share price stabilization measures when the closing price of the Company's A shares is lower than the latest audited net assets per share of the Issuer for 20 consecutive trading days (net assets per share is

LETTER FROM THE BOARD

equal to total equity attributable to the ordinary shareholders of the parent company in the combined financial statements divided by total shares of the Company at the end of the year; after the reference date of the latest audit, should there be any change in the net assets or the total number of shares as a result of profit allocation, capitalization from capital public reserve, and issuance of additional shares and placing, the net assets per share should be adjusted accordingly) while the requirements of laws, regulations and regulatory documents regarding the repurchase and the increase being satisfied.

(1) Specific measures of repurchasing shares of the Company by the Company

- i. The Company shall repurchase public shares of the Company by call auction, offer or other methods recognized by the securities regulatory authorities through stock exchanges within 90 calendar days from the date of the announcement of share price stabilization plan. The repurchase price shall not be higher than the latest audited net assets per share of the Company. The cumulative amount of funds used for repurchase in a single financial year of the Company shall be not less than 10% of the audited net profit attributable to the shareholders of the Company in the previous financial year. Besides, the total amount of funds used by the Company to repurchase shares shall not exceed the total amount of funds raised by the Company from initial public offering of new shares. The equity distribution of the Company after repurchase shall be satisfied with the qualification for listing. The repurchase and disclosure of information as well as the disposal of shares after the repurchase shall comply with the requirements of the Company Law of the PRC (《中華人民共和國公司法》), the Securities Law of the PRC (《中華人民共和國證券法》) and other related laws and administrative regulations.

(2) Specific measures of increasing the shareholding in the Company by the actual controllers

The actual controller of the Company shall increase the shareholding of public shares of the Company by call auction, offer or other methods recognized by the securities regulatory authorities through stock exchanges within 90 calendar days from the date of the announcement of share price stabilization plan. The price for increasing the shareholding shall not be higher than the latest audited net assets per share of the Company. The total amount of a single increase in shareholding shall not be less than 10% of the after-tax cash dividends received from the Company in the previous accounting year, and the number of shares to be

LETTER FROM THE BOARD

increased shall not be more than 2% of the total number of shares of the Company (if the Company has a repurchase plan at the same time, the number of shares involved in the repurchase plan will be deducted). The shares to be increased shall not be sold within 6 months after the completion of the increase in shareholding plan. The equity distribution of the Company after the increase in shareholding shall be satisfied with the qualification for listing. The increase in shareholding and disclosure of information as well as the disposal of shares after the increase in shareholding shall comply with the requirements of the Company Law, the Securities Law and other related laws and administrative regulations.

- (3) Specific measures of increasing the shareholding in the Company by the Directors (except independent Non-executive Directors) and senior management

Remunerated Directors (except independent Non-executive Directors) and senior management who hold office in the Company shall increase the shareholding of public shares of the Company by call auction, offer or other methods recognized by the securities regulatory authorities through stock exchanges within 90 calendar days from the date of the announcement of share price stabilization plan. The price for increasing the shareholding shall not be higher than the latest audited net assets per share of the Company. The monetary fund for a single share increase of the Company and/or that in twelve consecutive months shall be no less than 10% of the total remuneration (after tax) received by such Directors and senior management during the preceding year. The shares to be increased shall not be sold within 6 months after the completion of the increase in shareholding plan. The equity distribution of the Company after the increase in shareholding shall be satisfied with the qualification for listing. The increase in shareholding and disclosure of information as well as the disposal of shares after the increase in shareholding shall comply with the requirements of the Company Law, the Securities Law and other related laws and administrative regulations.

- (4) Circumstances of terminating the share price stabilization plan

Within 90 calendar days from the date of the announcement of the share price stabilization plan, if any of the following circumstances occur, it is deemed that the implementation of the share price stabilization measures is completed and the undertakings are fulfilled, and the implementation of the announced share price stabilization plan shall be terminated:

LETTER FROM THE BOARD

1. The closing price of the Company's shares is higher than the latest audited net assets per share for 5 consecutive trading days;
2. Continuation of repurchasing shares or increasing the shareholding in the Company shall cause the equity distribution of the Company not being satisfied with the qualification for listing.

RESTRICTIVE MEASURES FOR FAILING TO IMPLEMENT THE SHARE PRICE STABILIZATION PLAN OF THE COMPANY

In the absence of specific measures to stabilize the share price, the Company will apologize to its shareholders and public investors by publicly stating the specific reasons for the non-compliance at the shareholders' meeting and in the press.

In the absence of specific measures to stabilize the share price, the actual controller of the Company will apologize to shareholders and public investors by publicly stating the specific reasons for the non-compliance at the shareholders' meeting of the Company and in the press designated by the CSRC. He/She will cease to receive dividends from shareholders within 5 business days from the date of occurrence of the aforementioned events, and at the same time, his/her shares in the Company will not be transferred until the corresponding measures to stabilize the share price are taken and implemented.

In the absence of specific measures to stabilize the share price, the remunerated Directors (except independent Non-executive Directors) and senior management of the Company will apologize to shareholders and public investors by publicly stating the specific reasons for the non-compliance at the shareholders' meeting of the Company and in the press designated by the CSRC. He/She will cease to receive remuneration or allowances from the Issuer within 5 business days from the date of occurrence of the aforementioned events, and at the same time, his/her shares in the Company will not be transferred until the corresponding measures to stabilize the share price are taken and implemented.

(d) Undertakings in relation to the Dividend Distribution Plan

After the Issue of A Shares and listing on the Sci-Tech Board, the Company will strictly implement the profit distribution policy in accordance with the Articles of Association applicable after the Issue of A Shares and listing and listing, the prospectus

LETTER FROM THE BOARD

of Issue of A Shares and listing, and as disclosed in the three-year dividend distribution plan after the Issue of A Shares and listing, so as to fully safeguard the interests of Shareholders.

In the event of any breach of the above undertakings, the Company will assume corresponding responsibility according to the regulations of CSRC and the Shanghai Stock Exchange.

The above undertakings are the expression of the real intentions of the Company. The Company is voluntarily subject to the supervision of regulatory agencies, self-regulatory organizations and the public. If the Company violates the above undertakings, it will bear corresponding responsibilities according to law.

(e) Undertakings in relation to the impact of dilution on immediate return

Upon the Issue of A Shares and listing, the scale of share capital and net assets of the Company will increase. However, because the establishment of Projects requires a certain period of time, and it takes time for the raised proceeds to generate benefits, the operating income and net profits of the Company during the period are mainly from existing business. It is expected that indicators such as the Company's earnings per share and return on net assets may be diluted within a certain period after the issuance. In order to fully protect the minority interests, the beneficial controller, Directors and senior management of the Company undertakes that they will take various measures in preventing exposures to dilution on current returns and enhancing its profitability. Details are set out below:

1. Consolidate and Expand the Company's Business and Improve the Company's Sustainable Profitability

The Company will continue to enhance its innovation capability and research and development capabilities, further optimize its product structure, strengthen its cost management, improve its core competitiveness, increase the market share of its products and enhance its profitability to bring sustainable returns to its shareholders.

LETTER FROM THE BOARD

2. Strengthen Proceeds Management and Enhance the Effectiveness of the Use of Proceeds

According to the requirements of relevant regulations, the Company has formulated the Management Policies for Raised Proceeds of Shanghai HeartCare Medical Technology Corporation Limited (《上海心瑋醫療科技股份有限公司募集資金管理制度》), which clearly stipulates the deposit, use, change of use, management and supervision of the proceeds. In order to ensure that the Company will utilize the proceeds in a compliant and effective manner, after the proceeds from the public offering are received, the Board of the Company will continue to strengthen the company's management of the proceeds, deposit such proceeds into a separate account ensuring that the proceeds are applied to the designated investment projects. It will also carry out internal auditing on proceeds on a regular basis and collaborate with the supervising banks and sponsors to inspect and monitor the utilization of proceeds so as to assure reasonable and compliant utilization of proceeds and reasonably avoid risks in the use of proceeds.

With the availability of the proceeds from the Offering, the Company will actively promote the construction and implementation of the proceeds-funded projects, enhance the effectiveness of the use of proceeds, realize the project profits as soon as possible, improve corporate performance and safeguard the interests of all shareholders of the Company.

3. Improve the Profit Distribution Policy and Enhance Investor Return Mechanism

In order to ensure the interests of shareholders, determine the returns to new and existing Shareholders after the initial public offering and listing of the Company, implement the relevant requirements of the Listed Companies Regulatory Guidance No. 3 — Cash Dividends Distribution of Listed Companies” (《上市公司監管指引第3號 — 上市公司現金分紅》), further refine the provisions on profit distribution principles in the Articles of Association of Shanghai Heartcare Medical Technology Corporation Limited (Draft) (《上海心瑋醫療科技股份有限公司章程(草案)》) and strengthen the transparency, predictability and operability of decision making of dividend distribution for convenient supervision of operation and distribution of the Company by Shareholders, the Company formulates the Three-Year Dividend Distribution Plan for Shareholders after the Initial Public Offering of A Shares and the Listing by Shanghai HeartCare Medical Technology Corporation Limited (《上海心瑋醫療科技股份有限公司上市後三年股東分紅回報規劃》). The Company will continue to pay attention to the reasonable

LETTER FROM THE BOARD

return of investors, strictly comply with the relevant requirements, ensure the sustainability and continuity of the profit distribution policy and practically protect the legitimate interest of investors to enhance the protection mechanism for the interest of investors.

4. To Continuously Improve Corporate Governance and Provide Institutional Guarantee for Corporate Development

The Company will strictly follow the requirements of the Company Law of the PRC (《中華人民共和國公司法》), the Securities Law of the PRC (《中華人民共和國證券法》), the Code of Governance of Listed Companies (《上市公司治理準則》) and other laws, regulations and regulatory documents, continuously improve the corporate governance structure to ensure that Shareholders can fully exercise their rights, to ensure that the Board of Directors exercise their powers and responsibilities in accordance with laws, regulations and the Articles of Association, to make a scientific, timely and prudent business decisions, to ensure that independent Non-executive Directors earnestly perform their duties, and safeguard the overall interests of the Company, especially the legitimate interests of minority Shareholders, to ensure that the Audit Committee can independently and effectively exercise supervision and inspection rights to Directors, managers and other senior management and corporate finance, and lay a foundation for the development of the Company.

(9) The resolution on the Proposed Amendments to the Articles

In order to prepare for the Proposed Issue of A Shares and listing on the Sci-Tech Board and comply with the relevant CSRC and Shanghai Stock Exchange rules, to further improve and regulate the Articles and to satisfy the relevant requirements of laws, regulations and regulatory documents, including the Company Law of the PRC (《中華人民共和國公司法》), the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) and the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), to bring its existing Articles to be in line with the relevant requirements of the applicable laws of the Hong Kong Listing Rules, in particular Appendix 3 to the Hong Kong Listing Rules regarding the core shareholder protection standards which became effective on January 1, 2022, to make other miscellaneous and housekeeping changes, and taking the practical circumstances of the Company into consideration, the Board resolved to amend the existing Articles.

LETTER FROM THE BOARD

Following the Company having obtained approval from the Shanghai Stock Exchange and registered with the CSRC for the Issue of A Shares, the amended Articles in respect of the Issue of A Shares shall become effective on the date of listing of the Company's A Shares on the Sci-Tech Board and replace the Company's then effective Articles.

The restated Articles of Association, which were prepared in the Chinese language, is set out in Appendix IV to this circular. In the event of any discrepancy between the English translation and the Chinese version of the proposed amendments to the Articles of Association, the Chinese version shall prevail.

The legal advisers to the Company as to Hong Kong laws have confirmed that the amended Articles conform with the requirements of the Hong Kong Listing Rules, where applicable, and the legal advisers to the Company as to the laws of the PRC have confirmed that the amended Articles conform with the relevant requirements under the laws of the PRC. The Company also confirms that there is nothing unusual about the amended Articles for a company listed in Hong Kong.

The proposed amendments have been approved by the Board, and are subject to the approval by the Shareholders by way of special resolutions at the EGM.

(10) Amendment and/or adoption of the internal management policies of the Company

The Company intends to revise or adopt the following internal management policies:

- (a) the "Rules of Procedure for Shareholders' General Meetings";
- (b) the "Rules of Procedures for the Board of Directors";
- (c) the "Decision-Making Policies for Related (Connected) Transactions";
- (d) the "Terms of Reference for the Independent Non-executive Directors";
- (e) the "Management Policies for External Guarantees";
- (f) the "Management Measures for External Investments";
- (g) the "Management Policies for Raised Proceeds"; and
- (h) the "Implementation Rules for Online Voting".

LETTER FROM THE BOARD

The above internal management policies will come into effect on the date of completion of the Issue of A Shares and listing on the Sci-Tech Board. Until then, the current internal management policies will continue to apply.

The Board of Directors agreed to propose to the Shareholders at the EGM to authorize the Board of Directors and its authorized persons to adjust and amend the above internal management policies which will become effective from the date of completion of the Issue of A Shares and listing on the Sci-Tech Board in accordance with the provisions of the relevant laws, regulations and regulatory documents, and the requirements and suggestions from the relevant domestic and overseas government authorities and regulatory institutions, and taking into consideration the actual situation of this Proposed Issue of A Shares and listing.

An ordinary resolution will be proposed at the EGM to consider and approve the amendments to and/or adoption each of the Rules and Management Procedures outlined above, full texts of which are set out in Appendices V to XII to this circular respectively.

In the event of any discrepancy between the English translation and the Chinese version of the proposed amendments to the internal management policies, the Chinese version shall prevail.

III. OTHER INFORMATION IN RELATION TO THE PROPOSED ISSUE OF A SHARES

1. Reasons for the Issue of A Shares and listing on the Sci-Tech Board

The Company considers that the listing on the Sci-Tech Board would be beneficial to the Company and its shareholders as a whole and is beneficial to strengthen the sustainable development of the Company.

Branding and benefits as a dual listed company

The Issue of A Shares would allow the Company to become a dual listed company and further enrich its capital base and develop multiple financing platforms. Listing domestically in the PRC would also enable the Company to further enhance its brand image and influence in the domestic market.

As a dual listed company, the Company will be required to comply with the listing rules of both the Hong Kong Stock Exchange and the Shanghai Stock Exchange, which further optimize the Company's corporate governance structure and provide higher level of corporate transparency to Shareholders and potential investors, which is more conducive to protecting the interests of all shareholders as a whole.

LETTER FROM THE BOARD

Since the establishment of the Sci-Tech Board, it has attracted a lot of emerging companies. Listing on the Sci-Tech Board is beneficial to promoting the value and interests of our Company and Shareholders as a whole.

Further funding needs to be met by proceeds from Proposed Issue of A Shares

While the proceeds raised from the Global Offering has provided strong support for the R&D and commercialization of the Company's core product (as defined in the Prospectus) and other key products in its product pipeline, the proceeds from the Issue of A Shares will enable the Company to support development for its other pipeline products and overseas commercialization efforts.

The Company has raised a net proceeds of approximately HK\$1,014.8 million from the Global Offering, as of June 30, 2026, the Company has utilized approximately HK\$943.5 million of the proceeds,. The Company has also raised a net proceeds of approximately RMB39.66 million from the issuance of 1,000,000 Domestic Shares on June 29, 2026, as of June 30, 2026, the Company has utilized approximately RMB13.50 million from the issuance of such Domestic Shares. The Company may therefore need to raise additional funding for development of its other pipeline products, expansion of manufacturing capabilities and advances its overseas commercialization plans.

2. Effects of the Issue of A Shares on the Shareholding Structure of the Company

Upon completion of the issue and listing of A Shares, all of the existing Domestic Shares and Unlisted Foreign Shares will be converted into A Shares and be listed on the Sci-Tech Board. Such converted A Shares will be deposited in China Securities Depository and Clearing Corporation Limited and subject to lock-up periods as required under relevant PRC laws and regulations.

Assuming that a total of 7,025,592 new A Shares are to be issued, the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Issue of A Shares is as follow (assuming there is no other change in the share capital of the Company from the Latest Practicable Date up to and including the date of completion of the Issue of A Shares and excluding any treasury Shares):

LETTER FROM THE BOARD

	As at the Latest Practicable Date	Immediately after the completion of the Issue of A shares
Substantial shareholders, Directors, chief executive and their respective associate		
(1) Unlisted Shares	5,021,460	—
(2) A Shares to be converted from Unlisted Shares	—	5,021,460
(3) H Shares	12,278,092	12,278,092
Sub-total	17,299,522 (44.52% of the total issued Shares)	17,299,522 (37.70% of the total issued Shares)
Other Shareholders		
(1) Unlisted Shares	3,247,144	—
(2) A Shares to be converted from Unlisted Shares	—	3,247,144
(3) H Shares	18,315,312	18,315,312
New A Shares proposed to be issued	—	7,025,592
Total (excluding treasury Shares)	<u>38,862,008</u>	<u>45,887,600</u>

Assuming a maximum of 7,025,592 A Shares are issued, it is expected that a total of 28,588,048 Shares of the Company, representing 62.30% of the then total issued Shares of the Company (excluding treasury Shares) will be held by the public (including H Shares and A Shares held by the public but excluding any Shares held by the Company's substantial shareholders, Directors, chief executive and their respective close associates) following the completion of the Proposed Issue of A Shares. As such, the Company would still be able to meet the minimum requirement on public float percentage under the Hong Kong Listing Rules. The Company will closely monitor the shareholdings of the controlling Shareholders and other core connected persons to monitor its public float percentage (including H Shares and A Shares held by the public) to maintain the minimum percentage of listed securities as prescribed by Rules 8.08 and Rule 19A.13A of the Hong Kong Listing Rules at all times, including during the stabilization period for the newly issued A shares, in public hands. The Company will also ensure its compliance with relevant requirements on public float as stipulated under the Hong Kong Listing Rules and will promptly notify the Hong Kong Stock Exchange of any changes in the Company's public float.

LETTER FROM THE BOARD

3. Fund raising activities in the past twelve months

Save as disclosed below, the Company has not conducted any other fund raising activities involving the issue of equity securities within the 12 months immediately prior to the Latest Practicable Date.

Date of announcement	Fund raising activity	Net proceeds	Intended use of the net proceeds	Actual use of the net proceeds as of the June 30, 2026
December 12, 2025, January 16, 2026, May 21, 2026 and June 29, 2026	Issuance of new Domestic Shares under specific mandate	Approximately RMB39.66 million	For investments, mergers and acquisitions opportunities in the medical devices industry, including: (i) new opportunities and increasing investment in the Company's existing investee companies within the neurointerventional space; (ii) new merger and acquisition, business development opportunities in the vascular intervention space, especially in sourcing suitable overseas acquisition targets	As of June 30, 2026, RMB13.50 million has been utilized for the intended purpose.

IV. PROPOSED AMENDMENT TO THE 2025 H SHARE INCENTIVE SCHEME

Pursuant to the scheme rule of the 2025 H Share Incentive Scheme, the scheme mandate limit of the 2025 H Share Incentive Scheme is 1,000,000 H Shares (representing approximately 3.3% of the Company's issued H Shares and approximately 2.6% of the Company's total issued share capital (each excluding any treasury shares)). As of the Latest Practicable Date, an aggregate of

LETTER FROM THE BOARD

430,500 H Shares has been granted under the 2025 H Share Incentive Scheme and which has not lapsed in accordance with the provision of the relevant grant, representing approximately 43.1% of the existing scheme mandate limit.

Since the initial proposal of the 2025 H Share Incentive Scheme in May 2025, the Company's operation has grown significantly, for instance, the Group recorded its first year of profitability in 2025 and in order to continue driving growth, the Company has also made a significant number of hires, and the Company's total employee head count increased from 327 employees as of June 30, 2025 to 425 in June 30, 2026. In order to give the Company ability to further incentivize employees in light of the Company's growth and expansion, including to make grants to new hires and also increase the equity incentive tools available to the Company in recognizing employee's contribution to the commercial success of the Group, the Company proposes to increase the scheme mandate limit for the 2025 H Share Incentive Scheme to represent approximately 10.0% of the Company's total issued share capital (excluding any treasury shares). Assuming that there is no further changes to the share capital of the Company between the Latest Practicable Date and the date to which such amendment is approved by the Shareholders, the revised scheme mandate limit for the 2025 H Share Incentive Scheme will be 3,886,200 H Shares. Assuming that no other grants are made and no existing grants are lapsed in accordance with the terms of the 2025 H Share Incentive Scheme, the maximum number of additional H Shares which may be awarded upon an approval to the amendment of the scheme mandate limit as described above will be 3,455,700 H Shares.

As of the Latest Practicable Date, the Company's share capital consist of 31,565,804 H Shares (including 972,400 treasury Shares) and 8,268,604 Unlisted Shares, and the Company has no other share scheme utilizing new shares or treasury shares of the Company, and the scheme mandate limit for all share scheme of the Company utilizing new shares or treasury shares of the Company will not exceed 10% of the share capital of the Company. Pursuant to the scheme rule to the 2025 H Share Incentive Scheme, any alteration to the terms and conditions that are of a material nature must be approved by the Shareholders in general meeting and therefore the proposed amendments is brought for the Shareholders' approval at the EGM.

V. THE EGM

The EGM will be held at Sealmedical Hall, 4/F, Building 8, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC at 10:00 a.m. on September 3, 2026. Notice convening the EGM is set out in pages EGM-1 to EGM-9 of this circular and are available on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and of the Company (www.heartcare.com.cn).

LETTER FROM THE BOARD

VI. CLOSURE OF REGISTER OF MEMBERS OF H SHARES AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE EGM

The register of members of H Shares of the Company will be closed from Monday, August 31, 2026, to Thursday, September 3, 2026, both days inclusive, during which no transfer of H Shares will be registered. In order to qualify for attending the EGM and vote for all resolutions to be submitted thereat, all transfer instruments of the H Shares together with the relevant share certificates shall be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m., on Friday, August 28, 2026 for registration. The record date for determining the entitlement of the Shareholders of the Company to attend and vote at the EGM will be Thursday, September 3, 2026.

VII. PROXY ARRANGEMENT

Enclosed herewith is the proxy form for the EGM. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the proxy form in accordance with instructions printed thereon and return them to the Company's H Shares 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 headquarters at Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC (in case of holders of Domestic Shares and Unlisted Foreign Shares) as soon as possible and in any event no later than 24 hours before the time appointed for the EGM (i.e. no later than 10:00 a.m. on Wednesday, September 2, 2026) or any adjournment thereof (for the proxy form (if any)). Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish.

VIII. VOTING BY POLL

In accordance with Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at the EGM must be taken by poll. As such, all the resolutions set out in the notice convening the EGM will be voted by poll.

Save as disclosed in the circular, if any, no Shareholder will have a material interest in the matters to be approved and will be required to abstain from voting in respect of such resolutions.

LETTER FROM THE BOARD

IX. RESPONSIBILITY STATEMENT

The Directors (including the Independent Non-executive Directors) consider that all the above resolutions are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of the aforesaid resolutions to be proposed at the EGM.

X. RECOMMENDATION

The Directors (including the Independent Non-executive Directors) consider that all the above resolutions are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of the aforesaid resolutions to be proposed at the EGM.

XI. ADDITIONAL INFORMATION

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

There is no assurance that the Issue of A Shares will proceed. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares will be disclosed by the Company in due course.

By Order of the Board
Shanghai HeartCare Medical Technology Corporation Limited
WANG Guohui
Chairman of the Board

APPENDIX I ANALYSIS ON DILUTION ON IMMEDIATE RETURN BY THE INITIAL PUBLIC OFFERING OF A SHARES AND RECOVERY MEASURES FOR THE IMMEDIATE RETURN

In accordance with the Opinions on Further Strengthening the Protection of Minority Investors' Legitimate Rights and Interests in the Capital Market (Guo Ban Fa [2013] No. 110) issued by the General Office of the State Council and the Guiding Opinions on Matters Relating to the Dilution of Current Returns by Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC announcement [2015] No. 31) issued by CSRC, Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the “**Company**”) has conducted a careful analysis on the impact of initial public offering of shares (hereinafter referred to as the “**Offering**”) on the dilution on immediate returns and formulated remedial measures for immediate returns. The Company's substantial shareholders, Directors and senior management have also given their related undertakings with details as follows:

I. THE IMPACT OF THE OFFERING ON THE DILUTION ON IMMEDIATE RETURNS

Before the Offering, the total share capital of the Company is 39,834,408 shares. The total number of shares to be issued will not exceed 7,025,592, and the total share capital of the Company will increase to 46,860,000 shares after the completion of the Offering. Taking into account the time when the proceeds from the Offering will be received, and the fact that the utilization efficiency of the newly added assets may not immediately obtain that of the original assets after the proceeds are received, and excluding the impact of other factors other than the Offering and raising funds on the basic earnings per share and diluted earnings per share of the Company, the basic earnings per share and diluted earnings per share for the Offering year may decrease to a certain extent as compared to the year prior to the Offering. That is, there may still be a risk that the Offering may dilute the immediate returns.

II. NECESSITY AND RATIONALITY OF THE INITIAL PUBLIC OFFERING OF SHARES AND THE PROCEEDS-FUNDED PROJECTS

1. Necessity and Rationality of the Initial Public Offering of Shares

The Company mainly raises funds through its own operating accumulation and bank loans, which is a relatively single financing channel. This public offering of shares will provide strong financial support for the Company's expansion of production capacity and research and development innovation, further consolidate and enhance the Company's market position, strengthen the Company's core competitiveness and improve the Company's profitability to lay a solid foundation for the Company's future development. At the same time, the size of the total assets and net asset of the Company will increase significantly, its asset structure and financial position will be further optimized and the Company's risk resistance will be greatly enhanced.

APPENDIX I ANALYSIS ON DILUTION ON IMMEDIATE RETURN BY THE INITIAL PUBLIC OFFERING OF A SHARES AND RECOVERY MEASURES FOR THE IMMEDIATE RETURN

Through years of focused operation, the Company has developed a relatively obvious competitive advantage in the market. During the Reporting period, the Company had healthy asset quality, a reasonable asset and liability structure, strong profitability and normal cash flows. The Company has established a corporate governance structure that meets the requirements for a listed company through shareholding system reformation. The Directors, Supervisors and senior management of the Company have participated in the listing-related counseling training and have understood the laws and regulations relevant to the issuance and listing of shares, and are aware of the statutory obligations and responsibilities of a listed company and its directors, supervisors and senior management. The Company has met the relevant requirements for the initial public offering of shares. The public offering of the shares not only meets the needs of the Company's business development, but also has strong rationality.

2. The Relationship Between the Proceeds-funded Projects and the Company's Existing Businesses

The net amount of the proceeds after deducting the issuance expenses will be invested in the following projects:

No.	Project Name	Proposed Amount From Proceeds Raised (RMB) (million)
1	Neuroscience medical device construction	155.0
2	R&D and production of vascular interventional medical device	132.0
3	R&D and registration	171.0
4	Supplement working capital	50.0
	Total	508.0

Based on the Company's existing businesses and core technology, and combined with the Company's development plan and industry development trend, the proceeds-funded projects are determined after careful study of the feasibility.

APPENDIX I ANALYSIS ON DILUTION ON IMMEDIATE RETURN BY THE INITIAL PUBLIC OFFERING OF A SHARES AND RECOVERY MEASURES FOR THE IMMEDIATE RETURN

Through the construction of the proceeds-funded projects, the Company will effectively integrate various resources such as research and development and production at the headquarters, comprehensively enhance and optimize the Company's operating conditions, improve the efficiency of inter-departmental collaboration, further strengthen the Company's core strengths and enhance the continuous innovation capability of technology and products.

Supplementing working capital has a positive effect on guaranteeing the Company's capital turnover and maintaining the effective operation of the business; at the same time, it provides financial support for the Company to realise its marketing network strategy, customer service strategy and talent training strategy.

The proceeds-funded projects have consistency and continuity with the existing businesses, which can consolidate and enrich the existing businesses and product lines, improve the Company's production capacity, and lay the foundation for the Company's future technology research and development innovation and strategy implementation.

3. Reserves in Terms of Personnel, Markets, etc. for the Proceeds-funded Projects

- (1) The construction of the project conforms to the national industrial policy and national environmental protection standards.
- (2) The Company attaches great importance to the cultivation of talents. After years of development, it has established a technical research and development team with rich experience and reasonable professional structure, which has driven the continuous development of the Company's research and development capability and innovation. The Company has actively strengthened training and technical exchanges for employees to better meet the needs of its strategic development. Adequate reserves of technical research and development personnel will ensure the smooth implementation of the proposed project.
- (3) The technologies involved in the proceeds-funded projects are currently at the stage of mass industrial production and the Company has its own intellectual property rights and will continue to use and optimize the various production technologies in the future. Through continuous improvement of production technology and production efficiency, the Company is able to leverage its accumulated technical and customer resources to provide a good market access basis for the implementation of the project.

APPENDIX I ANALYSIS ON DILUTION ON IMMEDIATE RETURN BY THE INITIAL PUBLIC OFFERING OF A SHARES AND RECOVERY MEASURES FOR THE IMMEDIATE RETURN

- (4) The market for the project is very promising and the national policy support also provides the policy basis for the implementation of the project.

III. REMEDIAL MEASURES FOR DILUTION ON IMMEDIATE RETURNS OF THE COMPANY'S INITIAL PUBLIC OFFERING OF SHARES

In order to safeguard the interests of the majority of investors, reduce the risk of dilution of immediate returns and enhance returns to shareholders' interests, the Company intends to take various measures to cover immediate returns:

1. Consolidate and Expand the Company's Business and Improve the Company's Sustainable Profitability

The Company will continue to enhance its innovation capability and research and development capabilities, further optimise its product structure, strengthen its cost management, improve its core competitiveness, increase the market share of its products and enhance its profitability to bring sustainable returns to its shareholders.

2. Strengthen Proceeds Management and Enhance the Effectiveness of the Use of Proceeds

According to the requirements of relevant regulations, the Company has formulated the Management Policies for Raised Proceeds of Shanghai HeartCare Medical Technology Corporation Limited, which clearly stipulates the deposit, use, change of use, management and supervision of the proceeds. In order to ensure that the Company will utilize the proceeds in a compliant and effective manner, after the proceeds from the public offering are received, the Board of the Company will continue to strengthen the company's management of the proceeds, deposit such proceeds into a separate account ensuring that the proceeds are applied to the designated investment projects. It will also carry out internal auditing on proceeds on a regular basis and collaborate with the supervising banks and sponsors to inspect and monitor the utilization of proceeds so as to assure reasonable and compliant utilization of proceeds and reasonably avoid risks in the use of proceeds.

With the availability of the proceeds from the Offering, the Company will actively promote the construction and implementation of the proceeds-funded projects, enhance the effectiveness of the use of proceeds, realise the project profits as soon as possible, improve corporate performance and safeguard the interests of all shareholders of the Company.

APPENDIX I ANALYSIS ON DILUTION ON IMMEDIATE RETURN BY THE INITIAL PUBLIC OFFERING OF A SHARES AND RECOVERY MEASURES FOR THE IMMEDIATE RETURN

3. Improve the Profit Distribution Policy and Enhance Investor Return Mechanism

In order to ensure the interests of shareholders, determine the returns to new and existing Shareholders after the initial public offering and listing of the Company, implement the relevant requirements of the Listed Companies Regulatory Guidance No.3 — Cash Dividends Distribution of Listed Companies”, further refine the provisions on profit distribution principles in the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (Draft) and strengthen the transparency, predictability and operability of decision making of dividend distribution for convenient supervision of operation and distribution of the Company by Shareholders, the Company formulates the Three-Year Dividend Distribution Plan for Shareholders After the Listing by Shanghai HeartCare Medical Technology Corporation Limited. The Company will continue to pay attention to the reasonable return of investors, strictly comply with the relevant requirements, ensure the sustainability and continuity of the profit distribution policy and practically protect the legitimate interest of investors to enhance the protection mechanism for the interest of investors.

4. To Continuously Improve Corporate Governance and Provide Institutional Guarantee for Corporate Development

The Company will strictly follow the requirements of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Code of Governance of Listed Companies and other laws, regulations and regulatory documents, continuously improve the corporate governance structure to ensure that Shareholders can fully exercise their rights, to ensure that the Board of Directors exercise their powers and responsibilities in accordance with laws, regulations and the Articles of Association, to make a scientific, timely and prudent business decisions, to ensure that independent directors earnestly perform their duties, and safeguard the overall interests of the Company, especially the legitimate interests of minority Shareholders, to ensure that the Supervisory Committee can independently and effectively exercise supervision and inspection rights to Directors, managers and other senior management and corporate finance, and lay a foundation for the development of the Company.

APPENDIX II THREE-YEAR DIVIDEND DISTRIBUTION PLAN FOR SHAREHOLDERS AFTER THE INITIAL PUBLIC OFFERING OF A SHARES AND THE LISTING ON THE SCI-TECH BOARD

In accordance with the relevant provisions of the Regulatory Guideline for Listed Companies No. 3 — Cash Dividends Distribution of Listed Companies issued by the CSRC, and taking into account the Company’s long-term strategic development, Shanghai HeartCare Medical Technology Corporation Limited has formulated the following post-listing dividend distribution plan:

(I) PRINCIPLES OF PROFIT DISTRIBUTION

The Company’s profit distribution shall prioritise reasonable investment returns to shareholders while taking into account the Company’s actual operating conditions and sustainable development in the reporting year. The shareholders’ general meeting of the Company should fully consider the views of minority shareholders during the decision-making and deliberation of profit distribution policy. When formulating specific dividend proposals, the Company shall comprehensively consider the cost of various external financing sources and the Company’s cash flow position in order to determine a reasonable cash dividend ratio and mitigate financial risks for the Company.

The Company may refrain from making profit distributions when the most recent annual audit report of the Company is not an unqualified opinion or contains a material uncertainty related to going concern; or when its gearing ratio at the end of the most recent fiscal year exceeds 70%; or when net cash flows from operating activities for the most recent fiscal year are negative; or in the event of other situations specified by laws, regulations, CSRC rules, or the business rules of the stock exchange.

(II) MANNER OF PROFIT DISTRIBUTION

The Company may distribute dividends by way of cash, shares, by a combination of cash and shares, or by other methods permitted by applicable laws and regulations. Subject to the conditions for cash dividends, the Company shall give priority to cash dividends.

(III) CONDITIONS AND PERCENTAGES OF CASH DIVIDEND DISTRIBUTION

1. When the Company’s distributable profit to shareholders achieved in the year (i.e. the after-tax profit after the Company has made up for losses and made allocations to the reserve fund) is positive, and none of the circumstances under which the Company “may refrain from making profit distributions” as set out in paragraph (1) of this proposal apply, the Company shall distribute cash dividends. If the Company is required to distribute cash dividends and there is no major investment plan or substantial cash expenditure, dividends to be distributed by way of cash in a single year shall not be less

APPENDIX II THREE-YEAR DIVIDEND DISTRIBUTION PLAN FOR SHAREHOLDERS AFTER THE INITIAL PUBLIC OFFERING OF A SHARES AND THE LISTING ON THE SCI-TECH BOARD

than 10% of the distributable profit achieved in that year. Over the most recent three years, the cumulative dividends distributed by way of cash shall not be less than 30% of the average annual distributable profit to shareholders for those three years (funds used for a cash tender offer to repurchase shares shall be treated as equivalent to cash dividends).

2. The Board of Directors of the Company shall comprehensively take into account the features of the industry where the Company operates, its stage of development, its own business model, and profitability and factors such as whether there is substantial capital expenditure arrangement in distinguishing the following situations and form differentiated cash dividend plans when determining annual profit distributions:

- (1) Where the Company is in a developed stage with no substantial capital expenditure arrangement, the cash dividends shall not be less than 80% of the total profit distribution;
- (2) Where the Company is in a developed stage with substantial capital expenditure arrangement, the cash dividends shall not be less than 40% of the total profit distribution;
- (3) Where the Company is in a developing stage with substantial capital expenditure arrangement, or where it is difficult to identify the development stage of the Company but there is substantial capital expenditure arrangement, the cash dividends shall not be less than 20% of the total profit distribution.

For these purposes, the percentages of cash dividends of the profit distribution shall be calculated as cash dividends divided by the sum of cash dividends and share dividends.

3. The foregoing reference to a major investment plan or substantial cash expenditure means:
 - (1) Proposed external investments, asset acquisitions or equipment purchases of the Company in the next 12 months with cumulative expenditures equal to or exceeding 50% of its latest audited net assets and exceeding RMB50 million; or

APPENDIX II THREE-YEAR DIVIDEND DISTRIBUTION PLAN FOR SHAREHOLDERS AFTER THE INITIAL PUBLIC OFFERING OF A SHARES AND THE LISTING ON THE SCI-TECH BOARD

- (2) Proposed external investments, asset acquisitions or equipment purchases of the Company in the next 12 months with cumulative expenditures equal to or exceeding 30% of its latest audited total assets.

(IV) CONDITIONS FOR DISTRIBUTING DIVIDENDS IN SHARES

After comprehensively taking into account the Company's growth prospects, profit scale, cash flow position and funding needs, and where the Board of Directors deems distribution of share dividends to be in the overall interests of all shareholders, a proposal for share dividend distribution may be submitted to the shareholders' general meeting for consideration and approval.

(V) INTERVALS OF PROFIT DISTRIBUTION

When the Company generates profit and has distributable profits in the year, it shall generally implement an annual dividend distribution. The Board of Directors of the Company may propose interim cash distributions according to the Company's profitability and funding position.

(VI) DECISION-MAKING PROCEDURES AND MECHANISM FOR PROFIT DISTRIBUTION (INCLUDING CASH DIVIDENDS) OF THE COMPANY

1. The Company's annual profit distribution proposal shall be prepared by the Board of Directors in accordance with the Articles of Association, taking into account profitability, cash supply and demand. When considering specific cash dividend proposals, the Board of Directors shall carefully examine and verify the timing, conditions, minimum ratios, adjustment triggers and decision-making procedures for the Company's cash dividends, on which independent non-executive directors shall express clear opinions. Independent non-executive directors may solicit views from minority shareholders, propose dividend plans and submit such proposals directly to the Board of Directors for consideration.
2. The Company's annual profit distribution proposal shall be reviewed and approved by more than one-half of the independent non-executive directors and the Audit Committee, and, after Board consideration and approval, be submitted to the shareholders' general meeting for consideration.
3. Prior to the Board's finalization of the profit distribution proposal and prior to the shareholders' general meeting's consideration of any specific cash dividend plan, the Company shall proactively communicate and exchange ideas with shareholders,

APPENDIX II THREE-YEAR DIVIDEND DISTRIBUTION PLAN FOR SHAREHOLDERS AFTER THE INITIAL PUBLIC OFFERING OF A SHARES AND THE LISTING ON THE SCI-TECH BOARD

especially minority shareholders, through multiple channels, including but not limited to investor hotlines, email, investor interaction platforms and on-site visits, attentively listen to the opinions and demands of the minority shareholders and provide timely response to the issues that concern them. The Company shall provide an online voting mechanism for shareholders when the proposed profit distribution is being considered by the shareholders' general meeting of the Company.

4. When no profit distribution plan of that year can be determined by the Company based on the vested cash dividend distribution policy or the minimum cash dividend distribution percentage under special circumstances, the Company shall disclose the specific reasons in its annual report. The Company's profit distribution plan of that year shall be approved by votes of more than two-thirds of the voting rights represented by the shareholders attending the shareholders' general meeting.
5. The Audit Committee shall supervise the implementation of the profit distribution policy and shareholder return plan by the Board of Directors, including whether the Board of Directors has complied with the required decision-making procedures and information disclosure obligations. The Audit Committee shall review proposals on profit distribution prepared or revised by the Board of Directors, and shall issue a special statement and opinions regarding the implementation of relevant policies and plans where the Company recorded profit in the year but no dividend proposal has been put forward. If the Audit Committee discovers that the Board of Directors has failed to strictly implement the cash dividend policy and shareholder return plan, failed to strictly follow the required decision procedures, or failed to disclose relevant information truthfully, accurately and completely, it shall issue explicit opinions and urge timely rectification by the Board of Directors.

(VII) IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN OF THE COMPANY

The Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months after the shareholders' general meeting of the Company resolves on the profit distribution plan.

APPENDIX II THREE-YEAR DIVIDEND DISTRIBUTION PLAN FOR SHAREHOLDERS AFTER THE INITIAL PUBLIC OFFERING OF A SHARES AND THE LISTING ON THE SCI-TECH BOARD

(VIII) DECISION-MAKING PROCEDURES AND MECHANISM FOR ADJUSTMENT IN THE COMPANY'S PROFIT DISTRIBUTION POLICY (INCLUDING CASH DIVIDENDS)

Where force majeure events (such as war or natural disasters), changes in the external operating environment that materially affect the Company's production and operations, or material changes in the Company's own operating conditions occur, the Company may adjust its profit distribution policy. The adjusted profit distribution policy shall not be in violation of the relevant requirements of CSRC and stock exchange.

When proposing an adjustment to the profit distribution policy, the Company shall prioritise shareholder interests and investor protection, ensure the adjusted profit distribution policy does not violate applicable laws, regulations or normative documents, and elaborate in detail the reasons for the adjustment in the proposal submitted to the shareholders' general meeting.

The Board of Directors of the Company shall, after thorough study and verification, put forward the proposal for adjusting the profit distribution policy, on which independent non-executive directors and the Audit Committee shall issue their opinions; and, after consideration and approval by the Board of Directors, the proposal shall be submitted to the shareholders' general meeting for approval. Any proposal for adjusting the profit distribution policy considered by the Board of Directors shall be approved by votes of more than two-thirds of the voting rights represented by the shareholders attending the shareholders' general meeting.

In order to uphold the interests of investors, Shanghai HeartCare Medical Technology Corporation Limited (the “**Company**”) hereby formulated the plan regarding share price stabilization within three years after the listing of the Company (the “**Plan**”) in accordance with the Opinions of the CSRC on Further Promoting the IPO System Reform issued by China Securities Regulatory Commission (“**CSRC**”), details of which are as follows:

Within three years from the date of the listing of the Company, if it is not caused by force majeure events, the closing prices of the shares of the Company for 20 consecutive trading days are lower than the latest audited net assets per share of the Company (if there occurs any activities resulting in the change in the Company’s net assets or total number of shares, such as profit distribution, conversion of capital reserve into share capital, issuance of new shares or rights issue, etc., the value of net assets per share shall be adjusted accordingly, the same hereinafter), the Company and the relevant entity will take one or more of the following measures to stabilize the Company’s share price.

1. Repurchase of shares by the Company;
2. Increase the shares of the Company held by de facto controller of the Company;
3. Increase the shares of the Company held by the directors (excluding independent non-executive directors) and senior management members of the Company;
4. Other methods permitted by the securities regulatory authorities.

The Board of the Company will formulate or require the de facto controller of the Company to propose a specific implementation plan (including at least one of the above items 1 and 2) for stabilizing share price within five working days from the date when the Company’s share price stabilization measures are triggered, implement those measures after completing relevant internal decision-making procedures and external approval/filing procedures (if required), and announce such action in accordance with the requirements for information disclosure of listed companies.

The Company shall announce the implementation of the stabilization measures within 2 trading days after the completion of the implementation of the measures and the fulfillment of the undertakings. After the completion of the implementation of the measures and the fulfillment of the undertakings of the Company, if the Company’s share price triggers the conditions for launching share price stabilization measures again, the Company, the de facto controller of the Company, directors, senior management and other relevant responsible entities will continue to perform the obligations in according with above undertakings. Within 90 calendar days from the

date of the announcement of the share price stabilization plan, if the conditions for terminating the share price stabilization plan are not satisfied, the share price stabilization plan formulated by the Board of the Company will once again take effect immediately. The Company, the de facto controller of the Company, directors, senior management and other relevant responsible entities will continue to implement the share price stabilization measures; or the Board of the Company will immediately propose and implement a new share price stabilization plan until the conditions for terminating the existing share price stabilization plan are satisfied.

(I) SPECIFIC MEASURES OF REPURCHASING SHARES OF THE COMPANY BY THE COMPANY

The Company shall repurchase public shares of the Company by call auction, offer or other methods recognized by the securities regulatory authorities through stock exchanges within 90 calendar days from the date of the announcement of share price stabilization plan. The repurchase price shall not be higher than the latest audited net assets per share of the Company, and the cumulative funds used by the Company for repurchases in a single accounting year shall be no less than 10% of the audited net profit attributable to shareholders of the Company for the preceding accounting year. Besides, the total amount of funds used by the Company to repurchase shares shall not exceed the total amount of funds raised by the Company from initial public offering of new shares. The equity distribution of the Company after repurchase shall be satisfied with the qualification for listing. The repurchase and disclosure of information as well as the disposal of shares after the repurchase shall comply with the requirements of the Company Law of the PRC (“**the Company Law**”), the Securities Law of the PRC (“**the Securities Law**”) and other related laws and administrative regulations.

The Directors of the Company undertake that will vote for relevant resolutions on the Share Repurchase Plan promised by the Company at the board meeting convened by the Company on the issue of share repurchase.

The de facto controller of the Company undertakes that will vote for relevant resolutions on the Share Repurchase Plan promised by the Company at the shareholders’ general meeting convened by the Company on the issue of share repurchase.

If the relevant resolution is not passed at the shareholders’ general meeting of the Company, in the event that the de facto controller of the Company has no original plan to increase the shareholding, the de facto controller shall notify the Board of the Company in writing within three working days of his/her plan to increase the shareholding of the Company and the Company shall announce the same.

**(II) SPECIFIC MEASURES OF INCREASING THE SHAREHOLDING IN THE COMPANY
BY THE DE FACTO CONTROLLERS**

The de facto controller of the Company shall increase the shareholding of public shares of the Company by call auction, offer or other methods recognized by the securities regulatory authorities through stock exchanges within 90 calendar days from the date of the announcement of share price stabilization plan. The price for increasing the shareholding shall not be higher than the latest audited net assets per share of the Company. The total amount of a single increase in shareholding shall not be less than 10% of the after-tax cash dividends received from the Company in the previous accounting year, and the number of shares to be increased shall not be more than 2% of the total number of shares of the Company (if the Company has a repurchase plan at the same time, the number of shares involved in the repurchase plan will be deducted). The shares to be increased shall not be sold within 6 months after the completion of the increase in shareholding plan. The equity distribution of the Company after the increase in shareholding shall be satisfied with the qualification for listing. The increase in shareholding and disclosure of information as well as the disposal of shares after the increase in shareholding shall comply with the requirements of the Company Law, the Securities Law and other related laws and administrative regulations.

**(III) SPECIFIC MEASURES OF INCREASING THE SHAREHOLDING IN THE COMPANY
BY THE DIRECTORS (EXCEPT INDEPENDENT NON-EXECUTIVE DIRECTORS)
AND SENIOR MANAGEMENT**

Directors employed by the Company and receiving remuneration (except independent non-executive Directors) and senior management of the Company shall increase the shareholding of public shares of the Company by call auction, offer or other methods recognized by the securities regulatory authorities through stock exchanges within 90 calendar days from the date of the announcement of share price stabilization plan. The price for increasing the shareholding shall not be higher than the latest audited net assets per share of the Company. The monetary fund for a single share increase of the Company and/or that in twelve consecutive months shall be no less than 10% of the total remuneration (after tax) received by the aforementioned Directors and senior management during the preceding year. The shares to be increased shall not be sold within 6 months after the completion of the increase in shareholding plan. The equity distribution of the Company after the increase in shareholding shall be satisfied with the qualification for listing. The increase in shareholding and disclosure of information as well as the disposal of shares after the increase in shareholding shall comply with the requirements of the Company Law, the Securities Law and other related laws and administrative regulations.

(IV) CIRCUMSTANCES OF TERMINATING THE SHARE PRICE STABILIZATION PLAN

Within 90 calendar days from the date of the announcement of the share price stabilization plan, if any of the following circumstances occur, it is deemed that the implementation of the share price stabilization measures is completed and the undertakings are fulfilled, and the implementation of the announced share price stabilization plan shall be terminated:

1. The closing price of the Company's shares is higher than the latest audited net assets per share for 5 consecutive trading days;
2. Continuation of repurchasing shares or increasing the shareholding in the Company shall cause the equity distribution of the Company not being satisfied with the qualification for listing.

(V) RESTRICTIVE MEASURES FOR FAILING TO IMPLEMENT THE SHARE PRICE STABILIZATION PLAN OF THE COMPANY

In the absence of specific measures to stabilize the share price, the Company will apologize to its shareholders and public investors by publicly stating the specific reasons for the non-compliance at the shareholders' general meeting and by way of media disclosure.

In the absence of specific measures to stabilize the share price, the de facto controller of the Company will apologize to shareholders and public investors by publicly stating the specific reasons for the non-compliance at the shareholders' general meeting of the Company and in the media designated by the CSRC. He/She will cease to receive dividends from shareholders within 5 business days from the date of occurrence of the aforementioned events, and at the same time, his/her shares in the Company will not be transferred until the corresponding measures to stabilize the share price are taken and implemented.

In the absence of specific measures to stabilize the share price, the remunerated Directors (except independent Directors) and senior management of the Company will apologize to shareholders and public investors by publicly stating the specific reasons for the non-compliance at the shareholders' general meeting of the Company and in the press designated by the CSRC. He/she will cease to receive remuneration or allowances from the Issuer within 5 business days from the date of occurrence of the aforementioned events, and at the same time, his/her shares in the Company will not be transferred until the corresponding measures to stabilize the share price are taken and implemented.

(VI) OTHER RELATED ITEMS

1. The implementation of the repurchase measures by the Company shall comply with the requirements of the relevant laws and regulations such as the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies (No. 7) — Repurchase of Shares and the Rules on Share Repurchases by Listed Companies.
2. The Directors (except independent non-executive Directors) and senior management of the Company who hold office in and receive remuneration from the Company shall meet the requirements of relevant laws and regulations to increase their shareholdings in the Company.
3. The Company shall announce the specific implementation plan before the implementation date of the repurchase measures by the Company or the implementation of the measures for increasing the shareholding by the de facto controller, Directors (except independent non-executive Directors) and senior management.

**ARTICLES OF ASSOCIATION
OF
Shanghai HeartCare Medical Technology
Corporation Limited
(上海心瑋醫療科技股份有限公司)**

(draft)

CONTENTS

CHAPTER 1 GENERAL PROVISIONS	4
CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE	6
CHAPTER 3 SHARE	6
Section 1 Issuance of Shares	6
Section 2 Increase, Decrease and Buyback of Shares	11
Section 3 Transfer of Shares	12
CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING	14
Section 1 General Requirement of Shareholders	14
Section 2 Controlling Shareholder and De Facto Controller	19
Section 3 General Requirement of Shareholders' General Meeting	20
Section 4 Convening of Shareholders' General Meeting	24
Section 5 Proposals and Notices of Shareholders' General Meeting	26
Section 6 Holding of Shareholders' General Meeting	29
Section 7 Voting and Resolutions of Shareholders' General Meeting	34
CHAPTER 5 DIRECTORS AND BOARD OF DIRECTORS	41
Section 1 Directors	41
Section 2 Board of Directors	47
Section 3 Independent Non-Executive Directors	56
Section 4 Special Committees of the Board of Directors	60

CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT	63
CHAPTER 7 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT.	66
Section 1 Financial and Accounting System	66
Section 2 Internal Audit	73
Section 3 Engagement of Accounting Firms	74
CHAPTER 8 NOTICES AND ANNOUNCEMENTS	75
Section 1 Notices	75
Section 2 Announcements	77
CHAPTER 9 MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION	77
Section 1 Merger, Division, Increase and Decrease of Capital.	77
Section 2 Dissolution and Liquidation.	79
CHAPTER 10 AMENDMENTS OF ARTICLES OF ASSOCIATION	82
CHAPTER 11 SUPPLEMENTARY ARTICLES	83

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to protect the legal interests of Shanghai HeartCare Medical Technology Corporation Limited (the “**Company**”), its shareholders, employees and creditors and to regulate the organization and activities of the Company, the Articles of Association are formulated in accordance with the provisions of the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “**Company Law**”), the Securities Law of the People’s Republic of China (the “**Securities Law**”) and other related laws and regulations, and with reference to the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) and the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》) (the “**SSE Listing Rules**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules of the Hong Kong Stock Exchange**”), and other laws, regulations, normative documents, rules of the securities regulatory authorities and stock exchanges in the place where the Company’s shares are listed (collectively, the “**Securities Regulatory Rules of the Place where the Company’s Shares are Listed**”), as well as other relevant provisions.

Article 2 The Company is a joint stock limited company established in accordance with the Company Law and other relevant provisions.

Article 3 The Company was established by means of promotion based on the change of Shanghai HeartCare Medical Technology Corporation Limited into a joint stock limited company as a whole, and was registered with the Shanghai Administration for Industry and Commerce and obtained a business license. The Company’s unified social credit code is 91310115MA1H7W8439.

Article 4 On May 3, 2021, following approval by the China Securities Regulatory Commission (the “**CSRC**”) and authorization by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), the Company issued 12,356,000 overseas listed foreign shares (the “**H Shares**”) in an initial public offering, and was listed on the Main Board of the Hong Kong Stock Exchange on August 20, 2021. The stock short name of the H Share is “HEARTCARE-B” and the stock code is “06609.HK”.

The Company received approval from the Shanghai Stock Exchange (the “**SSE**”; together with the Hong Kong Stock Exchange, collectively, the “**Stock Exchanges**”) on [•], and obtained registration approval from the CSRC on [•], issuing [•] Renminbi-denominated ordinary shares to the general public for the first time and listing on the Science and Technology Innovation Board of the SSE on [•].

Article 5 The full Chinese name of the Company: 上海心瑋醫療科技股份有限公司

The full English name of the Company: Shanghai HeartCare Medical Technology Corporation Limited.

Article 6 Domicile of the Company: Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC.

Article 7 The registered capital of the Company is RMB [•].

Article 8 The Company is a joint stock limited company with perpetual existence.

Article 9 The legal representative of the Company is the chairman of the Board of the Company.

If the chairman serving as the legal representative resigns, he/she shall be deemed to have resigned as the legal representative at the same time.

Upon resignation of the legal representative, the Company shall determine a new legal representative within 30 days from the date of the resignation.

Article 10 The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company.

The limitation on the powers and functions of the legal representative under the Articles of Association or by the shareholders' general meeting shall not be asserted against a bona fide counterpart.

Where the legal representative causes damage to any other person in the performance of his/her duties, the Company shall bear civil liability for such damage. The Company may, after bearing such civil liability, seek indemnification from the legal representative at fault in accordance with laws or the Articles of Association.

Article 11 Shareholders bear responsibilities to the Company to the extent of the number of the shares they subscribe. The Company bears responsibilities for its debts with all its properties.

Article 12 The Articles of Association 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 from the date on which it takes effect, and shall be binding to the Company, its shareholders, directors and senior management members. Pursuant to the Articles of Association, the shareholders may pursue actions against other shareholders, the shareholders may pursue actions against the directors, general manager and

other senior management members of the Company, the shareholders may pursue actions against the Company and the Company may pursue actions against its shareholders, directors, general manager and other senior management.

Article 13 “Senior management members” referred to in the Articles of Association include general manager, deputy general manager, secretary to the Board of Directors, financial officer in-charge and other senior management members appointed by the Board of Directors of the Company.

Article 14: In accordance with the provisions of the Constitution of the Communist Party of China, the Company shall establish a Communist Party organization and carry out Party activities. The Company shall provide the necessary conditions for the activities of the Party organization.

CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE

Article 15 The business objective of the Company: people-oriented, adhering to the spirit of ingenuity, pursuing innovative technology and protecting life and health with high-quality medical products.

Article 16 Upon registration according to the law by the company registration authority, the Company’s business scope is as follows: Licensed items of business: production of Class III and Class II medical devices, and operation of Class III medical devices. (For the above items subject to the administrative approval, approvals from the relevant authorities must be obtained prior to operation. Specific items shall be subject to approvals or licenses from relevant authorities) General items of business: technology development, technology transfer, technology consulting and technical services in the fields of medical technology and biotechnology (excluding the development and application of human stem cells, gene diagnosis and treatment technologies), research and development, sale and production of Class I medical devices, research and development and sale of Class II medical devices, research and development of Class III medical devices, import and export of goods and technology. (Except for the items subject to the administrative approval, the Company carries out operating activities listed in its business license freely according to the law)

CHAPTER 3 SHARE

Section 1 Issuance of Shares

Article 17 Shares of the Company shall take the form of registered share certificate unless the shares are “**participating securities**” under rule 2(1) of the Securities and Futures (Uncertificated Securities Market) Rules, Cap 571AS, as amended from time to time (the “**USM**

Rules”), for which no share certificate need be issued (save as permitted or required under the USM Rules). The particulars specified on the share certificates of the Company shall, in addition to those provided in the Company Law, contain other particulars required to be specified by the stock exchange where the shares of the Company are listed. The dematerialization and rematerialization of H shares which becomes participating securities under the USM Rules shall be subject to the applicable provisions of the USM Rules.

The Company may issue overseas listed shares in the form of foreign depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and depository of securities in the place where the shares of the Company are listed. Changes in the rights attached to a class of shares shall be approved by the shareholders holding shares of the class to which the relevant rights are attached, by at least two-thirds of the votes of the shareholders present at the shareholders’ general meeting of the class of shares and having the right to vote for the amendment of the rights of the class of shares (excluding the voting rights attached to treasury shares). If a shareholders’ general meeting of the class of shares is convened, it shall be held only when shareholders holding more than one-third of the total issued shares of that class are present.

If any provision of this Articles of Association conflicts or is inconsistent with any provision of the USM Rules (or other applicable laws, rules or regulation under the uncertificated securities market regime, irrespective of whether the provision is mandatory or enabling in nature), the later will prevail to the extent of the conflict or inconsistency. Where this Articles of Association is silent in respect of matters provided for under such regime, the matter shall be regarded as required or permitted (as the case may be) under this Articles of Association.

Article 18 The Company shall issue shares in an open, fair and just manner, and each share of the same category shall have the same right. All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; any subscriber shall pay the same price for each share.

Article 19 The shares with par value issued by the Company shall have their par value denominated in Renminbi. The shares issued by the Company and listed on the SSE are hereinafter referred to as “A Shares”, while the shares issued by the Company and listed on the Hong Kong Stock Exchange are hereinafter referred to as “H Shares”.

Article 20 The A shares issued by the Company are centrally deposited in Shanghai Branch of China Securities Depository and Clearing Co., Ltd. The H Shares issued by the Company may be mainly deposited with the entrusted escrow company under Hong Kong Securities Clearing Company Limited in accordance with the laws of the place where they are listed and the practice of securities registration and depository, or may be held by shareholders in their own names.

Article 21 When the Company was established, the total number of shares in issue was 28,000,000 shares with a nominal value of RMB1.00 each. The promoters of the Company, the number of shares subscribed and the proportion of their respective capital contributions are set out as follows:

No.	Name of promoters	Number of shares held (share)	Percentage of shareholding (%)	Method of capital contribution
1	WANG Guohui (王國輝)	3,831,380	13.6835	By conversion of net assets into shares
2	LYFE Columbia River Limited	3,051,972	10.8999	By conversion of net assets into shares
3	Ningbo Weiyun Self-Funded Investment Partnership (LP) (寧波瑋璽自有資金投資合夥企業(有限合夥))	2,800,000	10.0000	By conversion of net assets into shares
4	Ningbo Weizheng Self-Funded Investment Partnership (LP) (寧波瑋鉦自有資金投資合夥企業(有限合夥))	2,235,940	7.9855	By conversion of net assets into shares
5	SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) (國投創合國家新興產業創業投 資引導基金(有限合夥))	1,812,440	6.4730	By conversion of net assets into shares
6	Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波 同創速維投資合夥企業(有限合夥))	1,738,660	6.2095	By conversion of net assets into shares
7	DING Kui (丁魁)	1,565,816	5.5922	By conversion of net assets into shares
8	LYFE Columbia River Limited, Zhuhai Sherpa Phase I Equity Investment Partnership (LP) (珠海夏爾巴一期股權 投資合夥企業(有限合夥))	1,440,824	5.1458	By conversion of net assets into shares
9	ZHANG Kun (張坤)	1,394,316	4.9797	By conversion of net assets into shares

No.	Name of promoters	Number of shares held (share)	Percentage of shareholding (%)	Method of capital contribution
10	Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保稅港區楷遠投資管理合夥企業(有限合夥))	1,277,192	4.5614	By conversion of net assets into shares
11	Tianjin Huajinjintian Medical Healthcare Venture Capital Partnership (LP) (天津華金錦天醫藥醫療創業投資合夥企業(有限合夥))	1,200,724	4.2883	By conversion of net assets into shares
12	Ningbo Weiyu Self-Funded Investment Partnership (LP) (寧波瑋鈺自有資金投資合夥企業(有限合夥))	1,196,216	4.2722	By conversion of net assets into shares
13	SherpaStrokemed Company Limited	1,056,244	3.7723	By conversion of net assets into shares
14	Jiangsu Sharewin Heike Healthcare Investment Fund (LP) (江蘇盛宇黑科醫療健康投資基金(有限合夥))	1,051,708	3.7561	By conversion of net assets into shares
15	LYFE Ohio River Limited	624,792	2.2314	By conversion of net assets into shares
16	Ningbo Meishan Bonded Area Sinena Investment Partnership (LP) (寧波梅山保稅港區新勝意納投資合夥企業(有限合夥))	408,828	1.4601	By conversion of net assets into shares
17	Zhangjiagang Grandyangtze Jiyuan Investment Partnership (LP) (張家港國弘紀元投資合夥企業(有限合夥))	344,344	1.2298	By conversion of net assets into shares
18	Hangzhou Hidea Mingde Venture Capital Partnership (LP) (杭州海達明德創業投資合夥企業(有限合夥))	282,380	1.0085	By conversion of net assets into shares
19	Ningbo Meishan Bonded Area Speed Investment Partnership (LP) (寧波梅山保稅港區斯彼德投資合夥企業(有限合夥))	251,972	0.8999	By conversion of net assets into shares
20	CICC Pucheng Investment Corporation Limited (中金浦成投資有限公司)	190,792	0.6814	By conversion of net assets into shares

No.	Name of promoters	Number of shares held (share)	Percentage of shareholding (%)	Method of capital contribution
21	Hangzhou Huipu Direct Equity Investment Partnership (LP) (杭州匯普直方股權投資合夥企業(有限合夥))	137,732	0.4919	By conversion of net assets into shares
22	REN Yi (任毅)	95,396	0.3407	By conversion of net assets into shares
23	Horgos Dadao Venture Capital Corporation Limited (霍爾果 斯達到創業投資有限公司)	10,332	0.0369	By conversion of net assets into shares
Total		<u>28,000,000</u>	<u>100.0000</u>	—

Article 22 The total number of issued shares of the Company is [•] shares (with a par value of RMB1.00 each), all of which are ordinary shares, comprising [•] A ordinary shares, accounting for [•]% the total share capital of the Company; and [•] H ordinary shares, accounting for [•]% the total share capital of the Company.

Article 23 Unless otherwise provided by the Securities Regulatory Rules of the Place where the Company's Shares are Listed, the Company or its subsidiaries (including its affiliated companies) shall not provide financial assistance in the form of gifts, advances, guarantees or borrowings to persons who acquire Shares of the Company or its parent company, except when the Company implements the employee stock ownership plan.

For the benefit of the Company, the Company may provide financial assistance for others to acquire shares in the Company or its parent company by resolution of the shareholders' general meeting, or by resolution of the Board in accordance with the Articles of Association of the Company or the authorization of the shareholders' meeting, but the cumulative total amount of financial assistance shall not exceed 10% of the total issued share capital. The resolution of the Board of Directors shall be passed by more than two-thirds of all directors.

Section 2 Increase, Decrease and Buyback of Shares

Article 24 The Company may increase registered capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution on the shareholders' general meeting, by way of the following:

- (I) Offering of shares to non-specific targets;
- (II) Offering of shares to specific targets;
- (III) Offer of bonus shares to existing shareholders;
- (IV) Conversion of the reserve into share capital;
- (V) Other means stipulated by laws, administrative regulations and the Securities Regulatory Rules of the Place where the Company's Shares are Listed.

Article 25 The Company may decrease its registered capital. The Company shall decrease its registered capital pursuant to the Company Law, other relevant regulations and the Articles of Association.

Article 26 The Company may not acquire its own shares, save as under any of the following circumstances:

- (I) When decreasing the registered capital of the Company;
- (II) When merging with other companies holding shares of the Company;
- (III) When shares are being used in the employee stock ownership plan or as equity incentive;
- (IV) When shareholders objecting to resolutions of the shareholders' general meeting concerning merger or division of the Company require the Company to buy their shares;
- (V) When shares are being used to satisfy the conversion of corporate bonds convertible into shares issued by the Company;
- (VI) When safeguarding corporate value and shareholders' equity as the Company deems necessary.

Article 27 The Company may repurchase its shares by way of open centralized trading or by such other means as may be permitted by laws, administrative regulations and the Securities Regulatory Rules of the Place where the Company's Shares are Listed.

If the share repurchase by the Company is made under the circumstances stipulated in (II), (V) or (VI) of the first paragraph of Article 26 of the Articles of Association, it shall be conducted by way of open centralized trading.

Where the Company repurchases its shares, it shall perform its information disclosure obligations in accordance with the requirements of the relevant laws and regulations.

Article 28 Where the Company repurchases its shares in the circumstances set out in items (I) and (II) of the first paragraph of Article 26 of the Articles of Association, it shall be subject to approval at the shareholders' general meeting; where the Company repurchases its shares in the circumstances set out in items (III), (V) and (VI) of the first paragraph of Article 26 of the Articles of Association, it may be resolved by more than two-thirds of directors present at a meeting of the Board in accordance with the provisions of the Articles of Association or the authorization of the shareholders' meeting.

In the event that the Company repurchases its shares in accordance with Article 26 of the Articles of Association, such Shares shall be cancelled within ten days upon such repurchase in the circumstance set out in item (I); shall be transferred or cancelled within 6 months in the circumstances set out in items (II) and (IV); the aggregate number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years in the circumstances set out in items (III), (V) and (VI).

Where laws, administrative regulations and the Securities Regulatory Rules of the Place where the Company's Shares are Listed provide otherwise in respect of matters relating to share repurchase, such provisions shall apply.

Section 3 Transfer of Shares

Article 29 The shares of the Company shall be transferred in accordance with the law. The transfer of H shares listed in Hong Kong shall be registered with the local share registration authority appointed by the Company in Hong Kong.

All transfers of H shares of the Company shall be effected by transfer document in writing in a general or common form or in any other form acceptable to the Board of Directors, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time, in the case of participating securities under the USM Rules, by such means as prescribed

under the USM Rules and at such reasonable fees as permissible under the Securities and Futures (Approved Securities Registrars) Rules, Cap 571AT, as amended from time to time (the “**ASR Rules**”) or by any other means acceptable to the local share registration authority in Hong Kong. If the transferor or transferee of the shares of the Company is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong (the “**recognized clearing house**”) or its nominee, the transfer document in writing may be signed by hand or in mechanically printed form. All instruments of transfer shall be kept at the registered address of the Company or at such other address as the Board may designate from time to time.

The Company may refuse to register the transfer of H share which are participating securities under the USM Rules where (a) the H share is in certificated form and a dematerialization request in respect of that H share and any other H share covered by the same certificate as that H share — (i) is not received; or (ii) is refused under the USM Rules; (b) the H share is in uncertificated form as a result of the Company having initiated its dematerialization, and the dematerialization fee payable in respect of the dematerialization remains unpaid; or the transferor, transferee or transmittor (as applicable) of the H share is not a system-member of the UNSRT system (as defined under section 101AAB of the Hong Kong Securities and Futures Ordinance, the “**SFO**”)) operated by the Company’s ASR (as defined under section 1 of Part 1 of Schedule 1 to the SFO).

Article 30 The Company shall not accept its own shares being held as security under a pledge.

Article 31 Shares of the Company that were issued prior to a public issue, if any, shall not be transferred within one year from the date on which shares of the Company are listed and traded on a stock exchange. Where the laws, administrative regulations, or the Securities Regulatory Rules of the Place where the Company’s Shares are Listed provide otherwise in respect of transfer of shares of the Company held by its shareholders and de facto controllers, such provisions shall prevail.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein, and the shares transferred each year during the term of office determined at the time of taking office shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Shares of the Company are listed for trading. The shares in the Company held by the Directors and senior management of the Company shall not be transferred within half a year from their departure from the Company.

Article 32 For the Directors and senior management officers of the Company, shareholders holding more than 5% of the Shares of the Company, if they have sold the Shares of the Company or other securities with an equity nature held by them within six months after the purchase, or they have purchased the Shares again within six months after the sale, the gains therefrom shall be attributed to the Company and be recovered by the Board, except for a securities company holding more than 5% of the Shares as a result of its purchase of the untaken Shares in an underwriting, and other circumstances as specified by the China Securities Regulatory Commission. If the Securities Regulatory Rules of the Place where the Company's Shares are Listed provide otherwise, such provisions shall prevail.

Shares or other securities with an equity nature held by the Directors, senior management officers and shareholders of natural persons referred to in the preceding paragraph, include those held by their spouse, parents and children and those held in the accounts of others.

If the Board of the Company fails to implement the provisions of the first paragraph of this Article, the shareholders shall have the rights to request the Board of Directors to do so within 30 days. If the Board of the Company fails to do so within the specified time, the shareholders may file a lawsuit directly to the People's Court in their own name for the benefit of the Company.

If the Board of the Company fails to comply with the provisions of the first paragraph of this Article, the responsible directors shall be jointly and severally liable in accordance with the law.

CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

Section 1 General Requirement of Shareholders

Article 33 The Company shall establish a register of shareholders in accordance with the evidentiary documents provided by the securities registration and clearing authority, and such register of members shall be the sufficient evidence substantiating that the shareholders hold the shares of the Company. The original H shares register of members is kept in Hong Kong and is available for inspection, making copies and make request for copies by shareholders; however, the Company may suspend shareholder registration procedures in accordance with applicable laws and regulations and the Securities Regulatory Rules of the Place where the Company's Shares are Listed. Such register of members shall be kept in accordance with the USM Rules and include such matters as required by those rules for so long as they are applicable to the Company. Entries in such register will have such evidential value and other effect as provided in the USM Rules, and changes to any entry relating to the holder of H share will be notified to the holder in accordance with the USM Rules and the Code of Conduct for Approved Securities Registrars issued by the

Hong Kong Securities and Futures Commission, as amended from time to time (the “**ASR Code**”). Shareholders enjoy rights and undertake obligations according to the class of shares they hold. Shareholders of the same class shall enjoy the same rights and bear the same obligations.

For any shareholder who is registered in the H share register of members or any person who requests his/her/its name to be entered into the register of members, if his/her/its share certificates are lost, he/she/it may apply to the Company for issuing duplicate share certificates in respect of those shares. In the event that a holder of H shares has lost his/her share certificates and applies for issuing duplicate share certificates, he/she shall handle the matter in accordance with the laws of the place where the original register of members of H shares is maintained, the rules of the stock exchange or other relevant stipulations. Where the H shares are participating securities under the USM Rules, the Company does not have to issue a duplicate share certificate and may instead dematerialize the H shares in accordance with the USM Rules in compliance with provisions of this Articles of Association and any other applicable laws and regulations.

Article 34 When the Company convenes a shareholders’ meeting, distributes dividends, conducts liquidation or engages in other activities that require the confirmation of the identity of shareholders, the Board or the convener of the shareholders’ meeting shall determine the record date. Shareholders whose names appear on the register of shareholders after the close of trading on the record date shall be the shareholders entitled to relevant interests.

Article 35 Shareholders of the Company shall enjoy the following rights:

- (I) to receive dividends and other forms of profit distributions in proportion to the number of shares held;
- (II) to convene, request, summon, preside over, attend or appoint a proxy to attend shareholders’ meetings in accordance with the law, and to speak, ask questions and exercise the corresponding voting rights at the shareholders’ meeting;
- (III) to supervise the operation of the Company, making suggestions or enquiries;
- (IV) to transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations and these Articles of Association;
- (V) to review and copy these Articles of Association, the register of members, minutes of the shareholders’ meetings, resolutions of the Board meetings, and financial and accounting reports, and shareholders who meet the requirements may inspect the Company’s accounting books and accounting vouchers;

- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (VII) to request the Company to buy back the shares of shareholders objecting to resolutions of the shareholders' meeting concerning merger or division of the Company;
- (VIII) rights stipulated by laws, administrative regulations, departmental rules, Securities Regulatory Rules of the Place where the Company's Shares are Listed or these Articles of Association.

Article 36 Where any shareholder requests to inspect or copy the relevant materials of the Company, he/she shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.

Qualified shareholders shall submit a specific written request to the Company in advance for inspection and/or copying, and explain the purpose thereof; they shall also provide the Company with written documents proving their shareholding in the Company. The Company may provide the relevant materials in accordance with the shareholder's request only after verifying the shareholder's identity. If the Company has reasonable grounds to believe that a shareholder's request to inspect the accounting books and accounting vouchers is for an improper purpose and may harm the legitimate interests of the Company, it may refuse to provide such inspection. The Company shall, within 15 days from the date on which the shareholder submits the written request, give a written reply to the shareholder and explain the reasons therefor. Shareholders shall sign a confidentiality agreement as required by the Company and comply with the provisions of laws and administrative regulations concerning the protection of state secrets, trade secrets, personal privacy, personal information, etc.

Article 37 If a resolution passed at the shareholders' meeting or the Board meeting of the Company violates any laws and administrative regulations, the shareholder shall have the right to petition to a people's court to invalidate the resolution.

If the convening procedure or the form of voting at a shareholders' meeting or Board meeting is in violation of laws and administrative regulations or these Articles of Association, or if a resolution is in violation of these Articles of Association, the shareholders shall be entitled to request the people's court for revocation within 60 days from the date of the adoption of such resolution, unless there is only a slight defect in the procedure of convening or the form of voting at the shareholders' or Board meetings of the Company, which has no substantive impact on the resolution.

Where relevant parties such as the Board or the shareholders dispute the validity of a resolution passed at the shareholders' meeting, they should file a lawsuit with the People's Court in a timely manner. Before the Peoples Court hands down any judgement or ruling as rescinded the resolution, the relevant parties shall have to implement the resolution of the shareholders' meeting. The Company, the directors and senior management shall diligently perform their duties and ensure the normal operation of the Company.

Where the People's Court has handed down a judgement or ruling on the relevant matter, the Company shall fulfill the obligation of information disclosure in accordance with the laws, administrative regulations and the provisions of the CSRC and the stock exchange(s), which shall include a full account of the impact, and shall actively implement in compliance with such judgement or ruling after the same comes into effect. Where rectification of previous executed matters is involved, such rectification shall be promptly processed and the obligation of information disclosure shall be fulfilled accordingly.

Article 38 Resolutions of a shareholders' meeting or a Board meeting of the Company shall be invalid in any of the following circumstances:

- (I) the resolution was not made by a shareholders' meeting or a Board meeting as convened;
- (II) the resolution was not voted on at a shareholders' meeting or a Board meeting;
- (III) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law and these Articles of Association;
- (IV) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law and these Articles of Association.

Article 39 If a director or any senior management member other than members of the Audit Committee violates the provisions of laws, administrative regulations or these Articles of Association in performing his/her duties, causing losses to the Company, shareholders holding 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days shall have the right to request the Audit Committee in writing to institute a legal action at a people's court; if a member of the Audit Committee violates the provisions of laws, administrative regulations or these Articles of Association in performing his/her duties, causing losses to the Company, shareholders may request the Board in writing to institute a legal action at a people's court.

If the Audit Committee or the Board refuses to institute a legal action upon receipt of the written request from the shareholders, or fails to do so within 30 days from the date of receipt of the written request, or if the circumstances are urgent and failure to promptly institute a legal action would cause irreparable harm, the shareholders mentioned in the preceding paragraph shall have the right to institute a legal action at a people's court in their own names in the interests of the Company.

In the event that a third party infringes upon the legal interests of the Company, thereby causing the Company to sustain a loss, the shareholders, as specified in the first paragraph of this Article, may institute a legal action at a people's court pursuant to the first two paragraphs hereinabove in this Article.

In the event that the Company incurs losses as a result of the violation of laws, administrative regulations or the Articles of Association by the Directors, Supervisors and senior management members of the Company's wholly-owned subsidiaries in the course of performing their duties, or in the event that any other person infringes upon the legitimate rights and interests of the Company's wholly-owned subsidiaries and causes losses thereto, shareholders individually or together holding 1% or more of the shares of the Company for over 180 consecutive days may, in writing, request the Board of Supervisors or the supervisors and the Board or the Directors of such wholly-owned subsidiaries to initiate legal proceedings in the People's Court, or directly initiate legal proceedings in the People's Court in their own names, according to the provisions of the preceding three paragraphs of the relevant provisions of the Company Law. Where a wholly-owned subsidiary of the Company does not have a board of supervisors or a supervisor but has an audit committee, the provisions of the first and second paragraphs of this Article shall apply.

Article 40 If a director or any senior management member violates the provisions of laws, administrative regulations or these Articles of Association in infringement of shareholders' interests, the shareholders may institute legal proceedings to the people's court.

Article 41 Shareholders of the Company shall assume the following obligations:

- (I) to abide by laws, administrative regulations and these Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw its capital unless in the circumstances stipulated by laws and regulations;

(IV) not to abuse the rights of shareholders to damage the interests of the Company or that of other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the interests of the creditors of the Company;

(V) other obligations imposed by laws, administrative regulations, Securities Regulatory Rules of the Place where the Company's Shares are Listed and these Articles of Association.

Article 42 Shareholders of the Company who abuse their shareholders' rights and cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law.

Shareholders of the Company who abuse the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liabilities for the debts of the Company.

Section 2 Controlling Shareholder and De Facto Controller

Article 43 The controlling shareholders and de facto controllers of the Company shall exercise their rights, fulfill their obligations and safeguard the interest of the Company in accordance with the laws, administrative regulations, and the Securities Regulatory Rules of the Place where the Company's Shares are Listed.

Article 44 The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (I) to exercise shareholders' rights in accordance with the law and shall not abuse their controlling rights or take advantage of their related (connected) relationship to undermine the lawful rights and interests of the Company or other shareholders;
- (II) to stringently fulfill the public declarations and undertakings they made and shall not alter or waive such declarations or undertakings in a unilateral manner;
- (III) to strictly perform the obligation of information disclosure in accordance with relevant provisions and actively cooperate with the Company to procure proper information disclosure, notifying the Company in a timely manner of material matters that have occurred or will likely occur;

- (IV) not to appropriate the funds of the Company in any manner;
- (V) not to order by coercion, instruct or demand the Company and relevant staff to provide guarantee in violation of laws or regulations;
- (VI) not to take advantage of the possession of unannounced material information of the Company for their gain, or divulge unannounced material information relating to the Company in any manner, or be engaged in illegal or illicit acts such as insider dealing, short-term dealing or market manipulation;
- (VII) not to compromise the lawful rights and interests of the Company and other shareholders through any means, such as unfair related (connected) transaction, profit distribution, asset reorganization, and investment in third parties;
- (VIII) to guarantee the integrity of the Company's assets and the Company's independence in terms of staffing, finance, organization and business, and shall not affect the independence of the Company in any manner;
- (IX) other provisions under laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association.

A controlling shareholder or de facto controller of the Company who instructs a director or senior management to engage in acts detrimental to the interests of the Company or the shareholders shall be jointly and severally liable with such director or senior management.

Article 45 When a controlling shareholder or de facto controller pledges shares of the Company they hold or actually control, they should maintain the control over the Company and the stability of its production and operations.

Article 46 When a controlling shareholder or de facto controller transfers the Company's shares they hold, they should comply with the restrictive provisions on share transfers in laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed, as well as any commitments they have made regarding the restriction on share transfers.

Section 3 General Requirement of Shareholders' General Meeting

Article 47 The shareholders' meeting of the Company shall be composed of all shareholders. The shareholders' meeting is the organ of authority of the Company, which exercises the following powers in accordance with the laws:

- (I) to elect and replace directors who are not served by employee representatives and to decide on matters relating to the remuneration of directors;
- (II) to consider and approve the reports of the Board;
- (III) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (IV) to resolve on the increase or reduction of the registered capital of the Company;
- (V) to resolve on the issue of corporate bonds;
- (VI) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (VII) to make amendments to these Articles of Association;
- (VIII) to resolve on the appointment and dismissal of the accounting firm of the Company for undertaking the Company's audit engagements;
- (IX) to consider and approve the guarantee matters stipulated in Article 48 of the Articles of Association;
- (X) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (XI) to consider and approve the change in use of proceeds;
- (XII) to consider share incentive schemes and employee share ownership schemes;
- (XIII) to consider other matters required by laws, administrative regulations, departmental rules, the Securities Regulatory Rules of the Place where the Company's Shares are Listed or the Articles of Association to be decided by the shareholders' meeting.

Except as otherwise provided by laws, administrative regulations, departmental rules, the Securities Regulatory Rules of the Place where the Company's Shares are Listed, the aforesaid powers of the shareholders' meeting shall not be exercised by the Board, other institutions or individuals on its behalf through authorization.

Article 48 Any external guarantee provided by the Company shall be disclosed to the public in a timely manner upon consideration by the Board.

Where any guarantee falls under any of the following circumstances, it shall be considered and approved by the shareholders' meeting after being reviewed and approved by the Board:

- (I) a guarantee with a single amount exceeding 10% of the Company's latest audited net assets;
- (II) any guarantee provided after the total external guarantees of the Company and its controlled subsidiaries exceed 50% of the Company's latest audited net assets;
- (III) any guarantee provided to a guarantee object with a debt-to-asset ratio exceeding 70%;
- (IV) any guarantee provided after the total amount of guarantees furnished by the Company and its controlled subsidiaries exceeds 30% of the Company's latest audited total assets;
- (V) Any guarantee where the amount of external guarantee in a continuous twelve months exceeds 30% of the Company's latest audited total assets;
- (VI) Any guarantee provided to shareholders, de facto controller, and their related parties;
- (VII) Other guarantee situations that need to be approved by the shareholders' meeting as required by laws, regulations or regulatory authorities of the stock listing place of the Company.

If the Company provides guarantees for a wholly-owned subsidiary or provides guarantees for a controlled subsidiary and other shareholders of such controlled subsidiary would provide guarantees in proportion to their rights and interests, and such guarantees do not harm the Company's interests, the circumstances of items (I) to (III) of the second paragraph of this Article may be waived.

When the shareholders' meeting is deliberating on a proposal to provide guarantees to shareholders, de facto controller and their related (connected) parties, such shareholder or shareholder controlled by de facto controller shall not participate in the vote, and the vote shall be passed by more than half of the voting rights held by other shareholders attending the shareholders' meeting.

If the Company provides a guarantee to the controlling shareholder, de facto controller, or their related (connected) parties, the controlling shareholder, de facto controller, and their related (connected) parties shall provide a counter-guarantee.

Article 49 Shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year within six months after the end of the previous accounting year.

Article 50 The Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

- (I) the number of directors is less than the number stipulated in the Company Law or less than 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 shareholders individually or jointly holding more than 10% of the Company's shares so request;
- (IV) when deemed necessary by the Board;
- (V) when proposed by the Audit Committee;
- (VI) When convened at the request of the independent non-executive directors, with the consent of a majority of all independent non-executive directors and the approval of the Board;
- (VII) other circumstances stipulated by laws, administrative regulations, departmental rules, Securities Regulatory Rules of the Place where the Company's Shares are Listed or the Articles of Association.

Article 51 The shareholders' meeting of the Company shall be convened at the domicile of the Company or the place specified in the notice of the shareholders' meeting, or in a hybrid format combining an in-person meeting with online or other electronic communication methods.

The shareholders' meeting of the Company shall be held at a designated venue in the form of an on-site meeting, and may simultaneously utilize electronic communication methods such as telephone and video conferencing. The time and place of the on-site meeting shall be selected to facilitate shareholders' participation. After the notice of the shareholders' meeting has been given, the place of the on-site meeting of the shareholders' meeting shall not be changed without justifiable reasons. If there is a need to change, the convener shall issue a notice and explain the specific reasons at least two working days before the date of the on-site meeting.

The Company shall facilitate shareholders' participation in shareholders' meetings through online voting. Shareholders who participate in a shareholders' meeting through the aforementioned method shall be deemed to be present.

Article 52 When holding a shareholders' meeting, the Company shall engage lawyers to give legal opinions and make an announcement on the following issues:

- (I) whether the procedures of convening and holding the meeting comply with the provisions of laws, administrative regulations and the Articles of Association;
- (II) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (III) whether the voting procedure and results of the meeting are lawful and valid;
- (IV) legal opinions on other relevant issues upon request by the Company.

Section 4 Convening of Shareholders' General Meeting

Article 53 The Board of Directors shall convene a shareholders' general meeting in a timely manner within the prescribed time limit.

With the consent of a majority of all independent non-executive directors, the independent non-executive directors shall have the right to propose the Board of Directors to convene an extraordinary shareholders' general meeting. In respect to the proposal by the independent non-executive directors for convening an extraordinary shareholders' general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary shareholders' general meeting within 10 days upon receipt of such proposal.

In the event that the Board of Directors agrees to convene an extraordinary shareholders' general meeting, a notice for convening such meeting shall be given within 5 days after the resolution of the Board of Directors is passed. In the event that the Board of Directors disagrees to convene an extraordinary shareholders' general meeting, an explanation shall be given and an announcement shall be made.

Article 54 The Audit Committee shall propose in writing to the Board of Directors to convene an extraordinary shareholders' general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations, the Securities Regulatory Rules of the Place

where the Company's Shares are Listed and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary shareholders' general meeting within 10 days upon receipt of such proposal.

In the event that the Board of Directors agrees to convene an extraordinary shareholders' general meeting, a notice for convening such meeting shall be given within 5 days after the relevant resolution of the Board of Directors is passed and consent of the Audit Committee shall be obtained in case of any changes to the original proposal in the notice.

In the event that the Board of Directors disagrees to convene an extraordinary shareholders' general meeting or does not furnish any reply within 10 days after having received such proposal, the Board of Directors is deemed to be unable or unwilling to perform the duty of convening a shareholders' general meeting, in which case the Audit Committee may convene and preside over such meeting by itself.

Article 55 Any shareholder(s) individually or jointly holding more than 10% of the shares of the Company shall submit a written request to the Board of Directors to convene an extraordinary shareholders' general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association, furnish a written reply to such shareholder(s) stating its agreement or disagreement to the convening of an extraordinary shareholders' general meeting within 10 days after having received such requisition.

In the event that the Board of Directors agrees to convene an extraordinary shareholders' general meeting, a notice for convening a shareholders' general meeting shall be given within 5 days after the relevant resolution of the Board of Directors is passed and consent of the relevant shareholder(s) shall be obtained in case of any changes to the original requisition in the notice.

In the event that the Board of Directors disagrees to convene an extraordinary shareholders' general meeting or does not furnish any reply within 10 days after having received such requisition, in which case shareholder(s) individually or jointly holding more than 10% of the shares of the Company may propose in writing the Audit Committee to convene the extraordinary shareholders' general meeting.

In the event that the Audit Committee agrees to convene an extraordinary shareholders' general meeting, a notice for convening a shareholders' general meeting shall be given within 5 days after having received such requisition and consent of the relevant shareholder(s) shall be obtained in case of any changes to the original requisition in the notice.

In the event that the Audit Committee fails to serve any notice of a shareholders' general meeting within the prescribed period, the Audit Committee is deemed not to convene and preside over a shareholders' general meeting, in which case the shareholder(s) individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over such a meeting by himself/themselves.

Article 56 Where the Audit Committee or shareholders decide to convene a shareholders' general meeting on its/their own, it/they shall send a written notice to the Board of Directors and, at the same time, complete the necessary reports, announcements or filings in accordance with the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the provisions of the stock exchange.

The Audit Committee or the convening shareholder shall, when issuing the notice of the shareholders' general meeting and the announcement of the resolutions of the shareholders' general meeting, complete the necessary reports, announcements or filings in accordance with the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the provisions of the stock exchange, and submit the relevant supporting documents to the stock exchange.

During the period from the issue of the notice of the shareholders' general meeting until the end of the meeting, the shareholding proportion of the convening shareholder must not be less than 10%.

Article 57 Where a shareholders' general meeting is convened by the Audit Committee or shareholders on its/their own, the Board of Directors and the secretary to the Board of Directors shall work in a cooperative manner, provide the necessary support, and fulfil their information disclosure obligations in a timely manner. The Board of Directors shall provide the register of shareholders prepared on the date of record date.

Article 58 Where a shareholders' general meeting is convened by the Audit Committee or shareholders on its/their own, the expenses necessary for the shareholders' general meeting shall be borne by the Company.

Section 5 Proposals and Notices of Shareholders' General Meeting

Article 59 Proposals submitted to the shareholders' general meeting shall meet the following conditions:

- (I) The contents shall be within the functions and powers of the shareholders' general meeting;

(II) There shall have definite issues for discussion and specific resolutions;

(III) The contents shall comply with the provisions of laws, administrative regulations, departmental rules, the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association.

Article 60 Where the Company convenes a shareholders' general meeting, the Board of Directors, the Audit Committee and shareholders individually or jointly holding more than 1% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholder(s) individually or jointly holding more than 1% of the shares of the Company may submit written provisional proposals to the convener 10 days before the shareholders' general meeting. The convener shall serve a supplemental notice of the shareholders' general meeting by way of an announcement within 2 days after receipt of the provisional proposals and the notice shall include the content of the provisional proposals, the name or title of the shareholder who submitted said proposals and their shareholding percentage, and shall submit the provisional proposals to the shareholders' general meeting for consideration. Provided, however, that provisional proposals that violate laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed, or the Articles of Association, or that are not within the authority of the general shareholders' meeting, shall be excluded. If, in accordance with the Securities Regulatory Rules of the Place where the Company's Shares are Listed, the shareholders' general meeting must be postponed due to the publication of a supplementary notice of the meeting, the meeting shall be postponed in accordance with the provisions of the Securities Regulatory Rules of the Place where the Company's Shares are Listed.

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

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

Article 61 The convener shall give notice to all shareholders by way of announcement at least 21 days prior to the annual shareholders' general meeting; notice of an extraordinary shareholders' general meeting shall be given to all shareholders by way of announcement at least 15 days prior to the meeting. When calculating the starting date of the notice period, the Company shall not include the day on which the meeting is held.

Article 62 The notice of the shareholders' general meeting shall include the following contents:

- (I) The date, the place, the method and the hour of the meeting;
- (II) The matters and proposals to be discussed at the meeting;
- (III) A conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and appoint a proxy in writing to attend and vote at the meeting and that such shareholder proxy need not be shareholder of the Company;
- (IV) The record date for shareholders entitled to attend the shareholders' general meeting;
- (V) Name and phone number of the standing contact person;
- (VI) The time and procedure for voting via the internet or by other means;
- (VII) Other contents stipulated in the relevant laws, regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association.

Any notice and supplementary notice of shareholders' general meeting shall sufficiently and completely disclose all contents of all proposals, as well as all information or explanations necessary to enable shareholders to make a reasonable judgement on the matters to be discussed. If any matter to be discussed requires opinions of the independent non-executive directors, the opinions and reasons of the independent non-executive directors shall be disclosed together with the issuance of such notice.

If the Company needs to provide additional material information on matters proposed at the shareholders' general meeting, it shall provide such information no less than ten (10) working days in advance. The Company shall, if necessary, adjourn the shareholders' general meeting to ensure compliance with this provision.

Article 63 If the election of Directors is proposed to be discussed at a shareholders' general meeting, the notice of the meeting shall adequately disclose the detailed information on the Director candidates, which shall at least include:

- (I) Personal particulars, including academic qualifications, working experience and concurrent positions;
- (II) Whether or not such candidate has any related (connected) relationship with the Company, its controlling shareholders (if any) and de facto controller;

- (III) The number of shares of the Company held by such candidate;
- (IV) Whether they have been subject to penalties imposed by the CSRC and other relevant authorities, or disciplinary action by a stock exchange;
- (V) Whether there are circumstances under which a person may not serve as a Director as stipulated under laws, regulations or Securities Regulatory Rules of the Place where the Company's Shares are Listed.

In addition to adopting the cumulative voting system for election of Directors, each candidate for a Director shall be proposed via a single proposal.

Article 64 After issuing a notice of the shareholders' general meeting, the shareholders' general meeting shall not be delayed or cancelled without justified reasons, and proposals, as set out in the notice, shall not be called off. Once delay or cancellation occurs, the convener shall issue an announcement two trading days before the original convening date, stating the specific reasons for the postponement or cancellation. If the shareholders' general meeting is delayed, the notice shall specify the rescheduled date. Where the Securities Regulatory Rules of the Place where the Company's Shares are Listed prescribe specific procedures for delaying or cancelling a shareholders' general meeting, those provisions shall be followed, provided they do not conflict with the laws, regulations and regulatory requirements of the PRC.

If the shareholders' general meeting is postponed, the record date shall not be changed and shall remain the date determined in the original notice of the shareholders' general meeting, and the postponed date of the on-site meeting shall still be subject to the rule that there shall be no more than seven working days between the postponed date and the record date.

Section 6 Holding of Shareholders' General Meeting

Article 65 The Board of Directors of the Company or any other conveners shall take necessary measures to guarantee the good order of the shareholders' general meeting, take measures to deter any act disturbing the shareholders' general meeting, picking quarrels and provoking troubles or infringing the legal rights and interests of any shareholder, and shall report in a timely manner such act to the relevant department for investigation and punishment.

Article 66 When a shareholders' general meeting is held, all shareholders or their proxies registered on the register of shareholders as of the record date are entitled to attend the shareholders' general meeting and exercise their voting rights in accordance with the relevant laws, regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed

and the Articles of Association (unless an individual shareholder is required by the Securities Regulatory Rules of the Place where the Company's Shares are Listed to abstain from voting on a particular matter).

Shareholder may attend the shareholders' general meeting in person or appoint proxies (who may not be a shareholder of the Company) to attend and exercise the voting rights within the scope of authorization.

Article 67 A natural person shareholder attending the shareholders' general meeting in person shall present his or her identity card or other valid certificate or proof showing his or her identity. A proxy attending a meeting on behalf of another shall present his or her identity card and power of attorney issued by the shareholder.

A corporate shareholder shall entrust the legal representative or the agent entrusted by the legal representative to attend the shareholders' general meeting. The legal representative attending the shareholders' general meeting shall present his or her identity card and valid proof showing the status of the legal representative; the agent attending the shareholders' general meeting shall present his or her identity card and a power of attorney in writing issued by duly issued by the legal representative of the corporate shareholder entity. A corporate shareholder may execute a proxy form by a person duly authorized by it.

Where the shareholder is an unincorporated organization, it shall be represented at the meeting by its person-in-charge or a proxy authorized by such person-in-charge. When the person-in-charge attends the meeting, he or she must present valid identification and valid proof of his or her capacity as a person-in-charge. When a proxy attend, the proxy must present valid identification and a power of attorney in writing lawfully executed by the person-in-charge.

If the shareholder is a recognized clearing house (or its nominee), it may authorize one or more persons as it deems fit to act as its agent or representative(s) at any shareholders' general meeting or any meeting of creditors. However, if more than one person is authorized, the power of attorney or authorization document must specify the number and class of shares for which each person is so authorized. The person(s) so authorized may represent the recognized clearing house (or its agent) to attend the meeting and exercise the same legal rights as other shareholders, including the right to speak and vote (without being required to present proof of shareholding, notarized authorization, and/or further evidence to verify their formal appointment) as if such person(s) were an individual shareholder of the Company.

A vote made in accordance with the terms of a power of attorney shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the relevant meeting.

Article 68 The power of attorney issued by the shareholder authorizing his or her proxy to attend the shareholders' general meeting should contain the following:

- (I) The name or title of the appointer and the class and number of shares held in the Company;
- (II) The name or title of the proxy;
- (III) Whether the proxy has voting rights (including voting rights in respect of any interim proposals that may be added to the agenda of the shareholders' general meeting), and specific voting instructions of shareholders, including instructions to vote for, against, or abstain from voting on each proposal listed in the agenda of the shareholders' general meeting and so on;
- (IV) Date of issuance and validity period of the proxy form;
- (V) Signature (or seal) of the appointer. If the appointer is a corporate shareholder, the chop of the corporate shall be affixed, or the Director or authorized representative; for a non-corporate organization, the chop of the non-corporate organization shall be affixed or be signed by the authorized representative.

The power of attorney shall specify whether the shareholder proxy could vote at his or her own discretion if the shareholder does not provide specific instructions.

Article 69 If the power of attorney is signed by another person authorized by the appointor by means of power of attorney or other instrument of authorization, the power of attorney or other instrument must be verified by a notary. The power of attorney or other instrument verified by the notary must be kept together with the power of attorney at the Company's domicile or other location designated at the notice convening the meeting at least 24 hours prior to the meeting at which the power of attorney is authorized to vote or 24 hours prior to the specified time of the vote.

Article 70 The register of attendees of the shareholders' general meeting shall be prepared by the Company. Such register shall specify information such as the name of the persons (or units) attending the shareholders' general meeting, identity card number, number of shares or voting shares held, name of the persons (or units) the proxy represents.

Article 71 The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the name of the shareholders as well as the number of their voting shares.

Article 72 If the shareholders' general meeting requests Directors and senior management to be present, the Directors and senior management shall attend the meeting and answer shareholders' questions.

Article 73 A shareholders' general meeting shall be presided over by the chairman of the Board of Directors. Where the chairman of the Board of Directors is unable or fails to perform his/her duties, if the Company have a vice chairman, the vice-chairman of the Board of Directors shall preside over the meeting; if the Company does not have a vice chairman or any inability or failure of the vice chairman to perform his/her duties, one director jointly elected by more than half of the directors shall preside over the shareholders' general meeting.

A shareholders' general meeting convened by the Audit Committee on its own shall be presided over by the convener of the Audit Committee. Where the convener of the Audit Committee is unable or fails to perform its duties, a member of the Audit Committee shall be jointly elected by more than half of the Audit Committee members to perform relevant duties

A shareholders' general meeting convened by shareholders on their own shall be presided over by the convener(s) or a representative proposed by him/her.

When a shareholders' general meeting is held and the presider violates the rules of procedures of the shareholders' general meeting which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the presider, subject to the approval of more than half of the attending shareholders having the voting rights.

Article 74 The Company shall formulate the rules of procedures of the shareholders' general meeting to specify in details the convening, holding and voting procedures of the shareholders' general meeting, including notice, registration, deliberation of proposal, votes, vote counting, announcement of voting results, formation of resolutions, minutes, the signatures and announcements thereon, as well as the principles of authorization by the shareholders' general

meeting to the Board of Directors, the contents of such authorization shall be expressly specified. The rules of procedures of the shareholders' general meeting shall be an appendix to the Articles of Association and shall be formulated by the Board of Directors and approved at the shareholders' general meeting.

Article 75 At the annual shareholders' general meeting, the Board of Directors shall report their respective work of the previous year to the shareholders' general meeting. Each independent non-executive director shall also report on his/her work.

Article 76 Directors and senior management members shall provide explanation and clarification to the inquiries and suggestions raised by the shareholders at the shareholders' general meeting.

Article 77 The presider of the shareholders' general meeting shall, before voting, announce the number of shareholders and their proxies attending the meeting as well as the total number of voting shares, and the number of shareholders and their proxies attending the meeting and the total number of voting shares shall be subject to the registration of the shareholders' general meeting.

Article 78 The shareholders' general meeting shall have meeting minutes, which shall be recorded by the secretary to the Board of Directors. The meeting minutes shall record the following:

- (I) The date, venue and agenda of the meeting, and the name of the convener;
- (II) The names of the presider, and the Directors and senior management members present at the meeting;
- (III) The number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the shares of the Company;
- (IV) The consideration process of each proposal, summaries of the speeches and the voting results;
- (V) Details of the inquiries or recommendations of the shareholders, and the corresponding response or explanations;
- (VI) The name of lawyers, vote counters and scrutineers;

- (VII) Other contents that shall be recorded in the meeting minutes in accordance with the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association.

Article 79 The convener shall ensure the meeting minutes are true, accurate and complete. Directors, the secretary to the Board of Directors, the convener or his or her representative, and the presider of the meeting attending or presenting at the meeting shall sign the meeting minutes. The meeting minutes and the signed attendance record of the shareholders who attended in person, the proxy forms for the proxies present at the meeting and the valid information relating to voting online and by other means shall be kept together by the secretary to the Board of Directors for a term of 10 years.

Article 80 The convener shall ensure that a shareholders' general meeting is held continuously until final resolutions have been reached. Where the shareholders' general meeting is suspended or no resolution can be made due to force majeure or any other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the shareholders' general meeting shall be terminated directly and an announcement shall be promptly made accordingly. Meanwhile, the convener shall also report the same to the local authority of China Securities Regulatory Commission and the stock exchange of the place where the Company is domiciled.

Section 7 Voting and Resolutions of Shareholders' General Meeting

Article 81 The resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution may be adopted by a simple majority of the votes held by the Shareholders (including proxies of Shareholders) attending the shareholders' general meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies of Shareholders) attending the shareholders' general meeting.

Article 82 The following matters shall be approved by the shareholders' general meeting through ordinary resolutions:

- (I) Work report of the Board of Directors;
- (II) Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

(III) Appointment or dismissal of the members of the Board of Directors, and their payment and payment methods;

(IV) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed or the Articles of Association.

Article 83 The following matters shall be approved by special resolution at the shareholders' general meeting:

(I) The increase or decrease of the registered capital of the Company;

(II) Division, spin-off, merger, dissolution and liquidation of the Company;

(III) The change of form of the Company;

(IV) Amendment of the Articles of Association;

(V) Substantial assets acquired or disposed of or security provided to others for an amount exceeding 30% of the latest audited total assets of the Company within one year;

(VI) Share incentive plans;

(VII) Other matters as required by the laws, administrative regulations, Securities Regulatory Rules of the Place where the Company's Shares are Listed or the Articles of Association, and as approved by ordinary resolution of the shareholders' general meeting which are believed could materially affect the Company and need to be approved by special resolution.

Article 84 When shareholders (including his/her proxy) vote at the shareholders' general meeting, they shall exercise their voting rights based on the number of shares held. Each share shall have one vote. On a poll taken at a meeting, a shareholder (including proxies) entitled to two or more votes does not need to cast all his/her votes for, against or abstention in the same way, except for holders of a class of shares (if any).

When the shareholders' general meeting deliberates on major matters affecting the interests of small and medium-sized investors, separate votes shall be counted for small and medium-sized investors. The results of separate votes shall be disclosed in a timely manner.

No voting rights shall attach to the shares held by the Company, and such shares shall not be counted among the total number of shares with voting rights present at a shareholders' general meeting.

In accordance with applicable laws and regulations and the Listing Rules of the Hong Kong Stock Exchange, if any shareholder is required to waive his or her voting rights on a resolution or to restrict any shareholder from voting only in favor (or against) a resolution, the number of votes cast by such shareholder or his or her representative in violation of the relevant provisions or restrictions shall not be counted as part of the total number of voting shares.

If a shareholder purchases voting shares of the Company in violation of the Securities Law, the portion exceeding the specified ratio shall not exercise voting rights for 36 months after the purchase and shall not be counted towards the total number of voting shares attend at the shareholders' general meeting.

The Board of Directors, independent non-executive Directors, and shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, or the provisions of the China Securities Regulatory Commission, may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, they must fully disclose specific voting intentions and other information to the solicited parties. It is prohibited to solicit shareholder voting rights through paid or disguisedly paid means. Except for statutory conditions, the Company shall not impose a minimum shareholding ratio limit on the solicitation of voting rights.

Article 85 Where matters relating to related (connected) transactions are deliberated at the shareholders' general meeting, the related (connected) shareholders shall not participate in the voting, and the shares carrying the voting rights they represent shall not be counted in the total number of valid votes. The announcement of resolutions of the shareholders' general meeting should fully disclose the voting status of the non-related (non-connected) shareholders.

The voting procedures and the withdrawal of the shareholders who have related (connected) relationship from voting at the shareholders' general meeting in relation to related (connected) transactions are as follows:

- (I) The related (connected) shareholders shall disclose their related (connected) relationships with the parties involved in the related (connected) transactions to the Board of Directors prior to the date of the shareholders' general meeting;

- (II) When the shareholders' general meeting considers the related (connected) transactions, the chairman of the meeting shall announce the related (connected) shareholders and explain their related (connected) relationships with the related (connected) parties to the related (connected) transactions;
- (III) The related (connected) shareholders may participate in the deliberation of the related (connected) transactions in which they are involved and may provide explanations and clarifications to the shareholders' general meeting as to whether such related (connected) transactions are fair and lawful and the reasons therefor, provided that such shareholders shall not be entitled to vote on such matters. Before the shareholders' general meeting proceeds to vote, the chairman of the meeting shall declare to the shareholders present that the related (connected) shareholders shall not participate in the voting;
- (IV) In order to be valid, the resolutions made at the shareholders' general meeting on matters relating to related (connected) transactions shall be passed by more than half of the votes cast by the non-related (non-connected) shareholders attending the shareholders' general meeting. However, in order to be valid, in the event of such related (connected) transaction involving matters as stipulated in the Articles of Association, the resolutions of the shareholders' general meeting must be passed by more than two-thirds of the voting rights held by the non-connected shareholders attending the shareholders' general meeting.

Article 86 The Company shall, on the condition that the shareholders' general meeting is legally and validly held, facilitate the attending of the shareholders' general meeting by shareholders through various means and methods, including providing an online voting platform and other modern information technology means.

Article 87 Except in special circumstances such as a crisis of the Company, the Company shall not enter into any contract that transfers the management of all or key business to any person other than Directors and senior management, unless approved by a special resolution of the shareholders' general meeting.

Article 88 The name list of candidates for non-employee representative directors shall be submitted by way of proposal to the shareholders' general meeting for voting. The method and procedure for nominating non-employee representative directors is:

- (I) The Board of Directors, or shareholders individually or jointly holding 1% or more of the Company's shares, may nominate candidates for directors.

- (II) The nominator of director shall obtain the consent of the nominee before nomination. The nominator shall have a full understanding of the profession, academic credentials, job title, detailed work experiences and all part-time jobs, whether there exists any adverse records such as material dishonesty of the nominee, among them, the nominators of the independent non-executive directors shall conduct a prudent review on whether the independent non-executive director meets the conditions and qualifications for holding office and whether there are circumstances affecting his/her independence, and shall make a statement and undertakings in respect of the results of such review; The nominated independent non-executive director candidate shall make a statement and undertakings as to whether he/she meets the requirements regarding the conditions, qualifications and independence for serving as an independent non-executive director under the relevant laws, regulations and the relevant rules of the stock exchange.

When nominating directors, the Company shall, prior to the convening of the shareholders' general meeting, inform the shareholders of the nomination proposal, the detailed information of the candidates and the declarations or undertakings of the candidates, so as to ensure that the shareholders have sufficient understanding of the candidates when voting. When issuing the notice of the shareholders' general meeting for the election of directors, the relevant materials of the director candidates (including but not limited to the curriculum vitae of independent non-executive directors, the information required under the Hong Kong Listing Rules, etc.) shall be disclosed in an appropriate manner in accordance with the laws and other rules applicable to the Company.

- (III) Director candidates shall give written undertaking before the convening of shareholders' general meeting to give consent to their nomination, undertaking that the information of candidates disclosed is true, accurate and complete, and ensuring that the obligations of Director are duly performed after being elected.

Where a single shareholder of the Company and parties acting in concert with him/her hold 30% or more the shares with equity interests, or two or more of non-independent non-executive directors elected by shareholders' general meeting, or two or more independent non-executive directors elected by shareholders' general meeting, the accumulative voting system shall be adopted.

The cumulative voting system as referred to in the preceding paragraph means that when a shareholders' general meeting elects Directors, each share carries the same number of voting right as the number of Directors to be elected, and the voting rights owned by shareholders may be cumulatively used. The Board of Directors shall announce the biographical details and basic information of the director candidates to the shareholders.

Under the accumulative voting system, independent non-executive directors shall be conducted separately from those of other members of the Board of Directors.

Article 89 Except the accumulative voting system, the shareholders' general meeting will resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the shareholders' general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the shareholders' general meeting.

Article 90 No amendment shall be made to a proposal when it is considered at a shareholders' general meeting. If any amendment is made, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the shareholders' general meeting.

Article 91 The same voting right can only be exercised by way of any one of the voting methods, either on-site voting, via the Internet or other means of voting. Should there be repeated voting by the same voting right, the result of the first voting shall prevail.

Article 92 The shareholders' general meeting shall be conducted by way of poll, with votes recorded by name.

Article 93 Prior to a voting on the proposals is conducted at the shareholders' general meeting, two shareholders' representatives shall be elected to take part in the counting and scrutinizing of the ballots. Any shareholder has related (connected) relationship in the matter to be considered and his/her proxy shall not take part in the vote counting and scrutinizing.

When proposals are voted on at the shareholders' general meeting, the shareholders' representatives and the lawyer shall be jointly responsible for the counting and monitoring of the ballots and shall announce the voting results on the spot, voting results of which shall be recorded in the meeting minutes.

Shareholders of the Company or their proxies who vote via internet or by other means shall be entitled to check and inspect their voting results through the corresponding voting system.

Article 94 Physical shareholders' general meeting shall not end any earlier than that held through network or by any other means. The presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result. Before the voting result is announced, the relevant parties including the company, counting officer, monitoring officer and shareholders and network service providers involved in the voting on the spot, online or by any other means at the shareholders' general meeting shall have the confidentiality obligation.

Article 95 Shareholders who attend the shareholders' general meeting in person shall express one of the following indications about the proposal submitted for voting: for, against or abstain. China Securities Depository and Clearing Co., Ltd. is the nominee holder of shares transacted through the mutual connection mechanism between stock markets in Mainland China and Hong Kong, except for reporting on indications expressed by beneficial shareholders.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".

Article 96 If the presider has any doubt as to the result of a resolution which has been put to vote at the shareholders' general meeting, he/she may have the ballots counted. If the presider has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the voting result, demand that the ballots be counted and the presider shall have the ballots counted immediately.

Article 97 A resolution of a shareholders' general meeting shall be announced in a timely manner, and the announcement shall specify the number of shareholders and proxies attending the meeting, the total number of voting shares held by holders of shares who are entitled to attend the meeting and vote on the resolutions thereat and its proportion to the total number of voting shares of the Company, the total number of shares in respect of which shareholders who are entitled to attend the meeting but are required under Rule 13.40 of the Hong Kong Listing Rules to abstain from voting in favor of the resolutions, the total number of shares held by shareholders who are required to abstain from voting under the Hong Kong Listing Rules, the total number of shares actually voted in favor of the resolutions and the total number of shares actually voted against the resolutions, the form of voting, the voting result of each resolution and the detailed content of each resolution approved, whether the persons who indicated their intention to vote against the relevant resolutions or to abstain from voting have acted accordingly at the shareholders' general meeting, and the attendance rate of the directors at the shareholders' general meeting.

Article 98 In the event that a proposal is not passed, or a resolution from a previous shareholders' general meeting is amended at the current shareholders' general meeting, a special notice shall be made in the announcement of the resolution.

Article 99 Where a proposal on election of directors is passed at the shareholders' general meeting, the term of office of a new director shall commence on the date on which shareholders' general meeting are approved.

Article 100 Where any motions in relation to the distribution of profits, issue of bonus shares or capital increase by way of realization of capital reserve fund are passed at the shareholders' general meeting, the Company shall implement the specific proposal within 2 months from the closing of the shareholders' general meeting. If relevant laws, administrative regulations or the Securities Regulatory Rules of the Place where the Company's Shares are Listed stipulate otherwise, such provisions shall prevail.

CHAPTER 5 DIRECTORS AND BOARD OF DIRECTORS

Section 1 Directors

Article 101 Directors of the Company shall be natural persons. A person who falls under any of the following circumstances shall not serve as a director of the Company:

- (I) a person who has no or limited civil capacity;
- (II) a person who has been sentenced for corruption, bribery, embezzlement, misappropriation of property, or disrupting the socialist market economic order, or having been deprived of political rights for committing a crime, and the execution period has not expired for more than five years; or having been granted probation, where less than two years have elapsed since the end of the probation period;
- (III) a person who has served as a director or factory manager, manager of a company or enterprise that went bankrupt and was liquidated, and being personally liable for such bankruptcy, where less than three years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;
- (IV) a person who has served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close due to legal violations, and being personally liable for such violations, where less than three years have elapsed since the business license was revoked or the order to close;

- (V) a person who has a large amount of personal debt that is due and unpaid and being listed as a dishonest judgment debtor by the People's Court;
- (VI) a person who is subject to securities market entry restrictions by the China Securities Regulatory Commission and, where the restriction period has not yet expired;
- (VII) a person who is publicly deemed by a securities trading venue as unsuitable to serve as a director, senior management member or other position at a listed company, and the period of such determination has not yet expired;
- (VIII) other circumstances as stipulated by the laws, administrative regulations, Securities Regulatory Rules of the Place where the Company's Shares are Listed or departmental rules.

The periods mentioned above shall be calculated backward from the date for convening the shareholders' general meeting or meeting of the Board of Directors, at which the relevant director or senior management person is proposed to be elected.

If a director is elected or appointed in violation of the provisions of this article, such election, appointment, or engagement shall be invalid. If a director falls under any of the circumstances listed in this article during his or her term of office, the Company shall remove him or her from office, and cease his or her performance of duties.

Article 102 Directors shall be elected or replaced at the shareholders' general meeting, and may be removed by the shareholders' general meeting before expiry of his/her term. Directors serve a term of three years, upon expiry a director may stand for re-election, but the total consecutive service of an independent non-executive director shall not exceed six years.

A director's term of service commences from the date the resolution is passed at the shareholders' general meeting, until the current term of service of the Board ends. A director shall faithfully perform his/her duties as a director and protect the Company's interests in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

The general manager or other senior management may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as general manager or other senior management and the directors who are employee representatives shall not exceed one half of all the directors of the Company.

A resolution of the shareholders' general meeting to remove a director shall take effect on the date the resolution is passed. Where a director is removed before the expiry of his/her term without proper cause, the director may claim compensation from the Company.

Where the Company has more than 300 employees, members of the Board of Directors shall include employee representatives. Employee representatives on the Board of Directors shall be elected democratically by the employees of the Company through the staff representative congress, staff meeting or other forms, and their appointment does not require submission to the shareholders' general meeting for consideration.

Article 103 The directors shall comply with the laws, administrative regulations and the Articles of Association and shall faithfully perform their following obligations of loyalty to the Company, they shall take measures to avoid conflicts between their personal interests and the interests of the Company and shall not use their powers and duties to seek improper benefits. The directors shall perform their following obligations of loyalty to the Company:

- (I) not to misappropriate the properties of the Company, or to misappropriate the Company's capital;
- (II) not to deposit the Company's capital into accounts under his own name or the name of other individuals;
- (III) not to abuse their powers to accept bribes or other unlawful income;
- (IV) not to directly or indirectly, enter into contracts or deal with the Company without reporting to the Board of Directors or the shareholders' general meeting, and obtaining approval by resolution of the Board of Directors or the shareholders' general meeting in accordance with the Articles of Association;
- (V) not to use their position to procure business opportunities for themselves or others that should have otherwise been available to the Company, except where the matter has been reported to the Board of Directors or the shareholders' general meeting and approved by resolution of the Board of Directors or the shareholders' general meeting, or where the Company, pursuant to laws, administrative regulations or the Articles of Association, cannot take such business opportunity;
- (VI) not to operate for their own benefits or managing on behalf of others businesses similar to that of the Company without having reported to the Board of Directors or the shareholders' general meeting and obtained approval by resolution of the shareholders' general meeting;

- (VII) not to accept and possess commissions in relation to transactions conducted by others with the Company;
- (VIII) not to disclose the secrets of the Company without consent;
- (IX) not to use their related (connected) relationships to harm the interests of the Company;
- (X) to be bound by other duties of loyalty stipulated by the laws, administrative regulations, departmental rules, Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association.

The Company shall be entitled to the income gained by the directors in violation of this Article; the director shall be liable for compensation if any loss is caused to the Company.

Where a close relative of a Director or senior management, an enterprise directly or indirectly controlled by a Director, senior management or their close relatives, or any other related (connected) person related (connected) to a Director or senior management enters into contracts or deals with the Company, the provisions of item (IV) of paragraph 1 of this article shall apply.

Article 104 The directors shall comply with the laws, administrative regulations, Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association and shall diligently perform their obligations to the Company, and in performing their duties they shall exercise the degree of care that a reasonably prudent manager would exercise in the best interests of the Company. The directors shall perform their following obligations of diligence to the Company:

- (I) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;
- (II) to treat all shareholders equally and fairly;
- (III) by means including reviewing documents and materials, inquiring of responsible personnel, on-site inspections and other methods, actively and continuously monitor the Company's business operations and management conditions, pay attention to the Company's operating situation and related matters, promptly report related issues and risks to the Board of Directors, and shall not claim exemption from liability on the ground of unfamiliarity with the Company's business or lack of knowledge of related matters;

- (IV) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (V) to provide all relevant information and materials required by the Audit Committee and shall not intervene the performance of duties of the Audit Committee;
- (VI) to ensure that they have sufficient time and energy to participate in the Company's affairs and make prudent judgements regarding the risks and benefits that may arise from the matters under consideration;
- (VII) to personally attend meetings of the Board of Directors in principle, if for reasons they authorise another director to attend on their behalf, they shall carefully select the trustee, and the matters authorized and the decision-making intention shall be specific and explicit, and shall not be entrusted with full discretion;
- (VIII) to actively promote the standardized operation of the Company, urge the Company to perform its information disclosure obligations, promptly correct and report violations of the Company, and support the Company in fulfilling its social responsibilities;
- (IX) to perform other obligations of diligence stipulated by the laws, administrative regulations, departmental rules, Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association.

Article 105 The Board of Directors shall recommend to the shareholders' general meeting to replace a director who fails to attend two consecutive meetings of the Board in person or by proxy shall be deemed as unable to perform his/her duties. The Board shall propose to the shareholders' general meeting for removal of such director.

Article 106 A director may resign before expiry of his/her term of service. When a director resigns, he/she shall submit a written resignation notice to the Board.

Save for the following circumstances, the director's resignation takes effect upon delivery of his/her resignation report to the Company:

- (I) the director's resignation results in the number of members of the Board of Directors falling below the minimum statutory requirement;
- (II) the resignation of a member of the Audit Committee results in the number of members of the Audit Committee falling below the statutory minimum, or results in the lack of an accounting professional;

- (III) the resignation of an independent non-executive director results in the proportion of independent non-executive directors on the Board of Directors or its specialized committees failing to comply with laws, administrative regulations or the Articles of Association, or results in no accounting professional among the independent non-executive directors.

In the above circumstances, the resignation report shall take effect only after a successor director fills the vacancy caused by the resignation. Prior to the effectiveness of the resignation report, the resigning director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association, except as otherwise provided by laws and regulations.

Subject to compliance with applicable laws, regulations and regulatory rules, if the Board of Directors (where permitted under applicable laws and regulations) appoints a new director to fill a temporary vacancy on the Board of Directors or to increase the number of directors, the appointed director shall hold office only until the first annual shareholders' general meeting after his/her appointment and shall be eligible for re-election at that meeting.

Article 107 The Company shall establish a director departure management system, specifying safeguards for accountability and recovery of outstanding matters. Upon effectiveness of a director's resignation or upon expiry of his/her term, the director shall complete all handover procedures with the Board of Directors. The director's duties of loyalty to the Company and the shareholders shall not be automatically discharged upon effectiveness of the resignation report or within a reasonable period thereafter, nor upon the expiry of the term; the duty to keep the Company's trade secrets shall remain effective after the termination of his/her office until such secrets become public. The duration of other obligations shall be determined on the basis of fairness, taking into account the length of time between the event and the director's departure and the circumstances and conditions under which the relationship with the Company is terminated. Commitments made by a director that have not been performed at the time of departure shall remain binding. Liabilities borne by directors and senior management arising from the performance of duties during their term of office shall not be exempted or terminated by their departure.

Article 108 Unless legally authorized by the Articles of Association or the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in his/her own name. When a director acts in his/her own name and a third party reasonably considers such director acts on behalf of the Company or the Board of Directors, such director shall declare in advance his/her position and capacity.

Article 109 Where a director, in performing the Company's duties, causes damage to others, the Company shall bear compensation liability; where a director acts with intent or gross negligence, he/she shall also bear compensation liability.

A director shall be personally liable for any loss suffered by the Company as a result of a violation by him of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his/her duties.

Article 110 The Company shall set up rules for independent non-executive directors, which shall be implemented in accordance with the relevant provisions of laws, administrative regulations, departmental rules, normative documents, and regulatory rules of the place where the Company's shares are listed. Matters including the qualification requirements, nomination, selection and replacement, functions and powers of independent non-executive directors shall be specified by the Company in separate rules.

Section 2 Board of Directors

Article 111 The Company shall have a Board of Directors, which shall be accountable to the shareholders' general meeting.

Article 112 The Board of Directors shall comprise nine Directors and shall have one Chairman. Directors include executive directors, non-executive directors and independent non-executive directors, among whom, independent non-executive directors shall account for one-third or more of the total number of members of the Board of Directors, at least one independent non-executive director shall possess appropriate professional qualifications that meet regulatory requirements, such as the Hong Kong Listing Rules, or have appropriate accounting or related financial management expertise, and at least one independent non-executive director shall ordinarily reside in Hong Kong.

Article 113 The Board of Directors exercises the following powers:

- (I) convene the shareholders' general meeting and report on work to the shareholders' general meeting;
- (II) implement the resolutions of the shareholders' general meeting;
- (III) determine the business and investment plans of the Company;
- (IV) devise the profit distribution plan and loss makeup plan of the Company;

- (V) formulate the plans for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;
- (VI) formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;
- (VII) decide on matters such as external investments, purchases and sales of assets, pledge of assets, external guarantees, entrusted asset management and related (connected) transactions within the scope of authorization by the shareholders' general meeting;
- (VIII) decide on the setup of the Company's internal management organization;
- (IX) decide on the appointment or dismissal of the general manager and secretary of the Board of Directors of the Company, and determine his/her remunerations, rewards and penalties; based on the nomination of the general manager, decide on the appointment or dismissal of senior management of the Company such as the deputy general manager and financial officer in-charge, and determine his/her remunerations, rewards and penalties;
- (X) set the basic management systems of the Company;
- (XI) make the modification plan to the Articles of Association;
- (XII) manage the disclosure of company information;
- (XIII) propose the appointment or replacement of the accounting firm that performs audits for the Company at the shareholders' general meeting;
- (XIV) attend to the work report of the Company's general manager and review the work of the general manager;
- (XV) other powers and duties authorized by the laws, administrative regulations, departmental rules, regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Article 114 The Board of Directors of the Company shall explain to the shareholders' general meeting for any non-standardized audit opinion on the financial report of the Company issued by a certified public accountant.

Article 115 The Board of Directors shall formulate the rules of procedures for the Board of Directors to ensure the implementation by the Board of Directors of the resolutions of shareholders' general meeting, to improve efficiency and to have scientific decision-making. The Rules of Procedures for the Board of Directors shall be formulated by the Board of Directors and approved by the shareholders' general meeting.

Article 116 The Board of Directors shall formulate stringent examination and approval system to determine the authority with respect to external investments, purchases and sales of assets, pledge of assets, external guarantees, entrusted asset management, related (connected) transactions; organize relevant specialists or professional personnel to assess and examine any material investment projects, and report such investment projects to the shareholders' general meeting for approval.

Article 117 Transactions of the Company (excluding provision of guarantees and financial assistance) reaching any of the following thresholds shall be considered and approved by the Board of Directors:

- (I) the total assets involved in the transaction (where both book value and appraisal value exist, the higher shall apply) account for more than 10% of the Company's most recent audited total assets;
- (II) the transaction consideration accounts for more than 10% of the market value of the Company;
- (III) the net assets of the subject of the transaction (such as equity) in the most recent accounting year accounts for more than 10% of the market value of the Company;
- (IV) the subject of the transaction (such as equity) generated operating revenue in the most recent accounting year that accounts for more than 10% of the Company's most recent audited operating revenue, and exceeds RMB10,000,000;
- (V) the profit generated from the transaction accounts for more than 10% of the Company's most recent audited net profit, and exceeds RMB1,000,000;
- (VI) the subject of the transaction (such as equity) generated net profit in the most recent accounting year that accounts for more than 10% of the Company's most recent audited net profit, and exceeds RMB1,000,000;
- (VII) other transactions that, pursuant to the regulatory rules of the place where the shares of the Company are listed, should be submitted to the Board of Directors for consideration.

For the purpose of calculating the above indicators, where the data involved are negative values, the absolute values shall be used. The market value refers to the arithmetic average of the closing market value over the ten trading days preceding the transaction, the same hereinafter.

Article 118 Except for provision of guarantees and financial assistance, transactions of the Company that meet any of the following thresholds, after being considered and approved by the Board of Directors, shall also be submitted to the shareholders' general meeting for consideration:

- (I) the total assets involved in the transaction (where both book value and appraisal value exist, the higher shall apply) account for more than 50% of the Company's most recent audited total assets;
- (II) the transaction consideration accounts for more than 50% of the market value of the Company;
- (III) the net assets of the subject of the transaction (such as equity) in the most recent accounting year accounts for more than 50% of the market value of the Company;
- (IV) the subject of the transaction (such as equity) generated operating revenue in the most recent accounting year that accounts for more than 50% of the Company's most recent audited operating revenue, and exceeds RMB50,000,000;
- (V) the profit generated from the transaction accounts for more than 50% of the Company's most recent audited net profit, and exceeds RMB5,000,000;
- (VI) the subject of the transaction (such as equity) generated net profit in the most recent accounting year that accounts for more than 50% of the Company's most recent audited net profit, and exceeds RMB5,000,000.

For the purpose of calculating the above indicators, where the data involved are negative values, the absolute values shall be used.

Article 119 Transactions between the Company and related parties (excluding provision of guarantees) that meet any of the following thresholds shall, after obtaining the consent of more than half of all independent non-executive directors, proceed with the Board of Directors' consideration procedure:

- (I) transactions with related natural persons where the transaction consideration exceeds RMB300,000;

- (II) transactions with related legal persons where the transaction consideration exceeds RMB3,000,000 and accounts for more than 0.1% of the Company's most recent audited total assets or market value.

Article 120 Transactions between the Company and related parties (excluding provision of guarantees) with an amount exceeding RMB30,000,000 and accounting for more than 1% of the Company's most recent audited total assets or market value shall be submitted to the shareholders' general meeting for consideration, and an appraisal report or audit report shall be disclosed. Related transactions that are connected with the ordinary course of business, or where all related parties contribute cash and determine their equity interests in the invested entity in proportion to their respective contributions, may be exempted from audit or appraisal.

Where the Company provides guarantees for related parties, there shall be a reasonable commercial rationale; in addition to obtaining approval by a majority of all the non-related directors, the transaction shall also be approved by resolution passed by not less than two-thirds of the non-related directors present at the Board meeting and submitted to the shareholders' general meeting for consideration.

Article 121 Where a director has related (connected) relationship with the enterprise or individual involved in a matter to be resolved at a Board of Directors meeting, or where the director or any of his/her close associates (as defined in the Hong Kong Listing Rules) has a material interest in any contract, arrangement or other proposal to be considered at a Board meeting (except as otherwise provided by the Hong Kong Listing Rules), the director shall promptly disclose the nature and extent of such related (connected) relationship or interest in writing to the Board of Directors. A director who has related (connected) relationship or a material interest shall not exercise voting rights on the relevant resolution, shall not act as proxy for other directors to exercise voting rights, and shall not be counted toward the quorum of that meeting. Such Board meeting may be held with the attendance of a majority of the non-related (connected) directors, and any resolution at such meeting shall be passed by a majority of the non-related (connected) directors. If the number of non-related (connected) directors attending the Board meeting is fewer than three, the Company shall submit the transaction to the shareholders' general meeting for consideration.

If a director who is no longer related (connected) believes that another director has related (connected) relationship with the matter to be resolved and should be recused, he/she shall raise the matter before the Board votes on the resolution. Whether the director proposed for recusal shall be recused shall be determined by the Board in accordance with the procedures specified in the Articles of Association.

The recusal of a director and the reasons therefor shall be recorded in the minutes of the Board meeting.

Article 122 Where the Company provides financial assistance, in addition to obtaining approval by a majority of all directors, it shall be approved by resolution passed by not less than two-thirds of the directors present at the Board meeting, and the Company shall promptly perform its information disclosure obligations.

Where any of the following circumstances apply, financial assistance shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the Board of Directors:

- (I) the asset-liability ratio of the recipient exceeds 70% as shown in its most recent financial statements;
- (II) the amount of a single instance of financial assistance or the cumulative amount of financial assistance within a consecutive 12-month period exceeds 10% of the Company's most recent audited net assets;
- (III) other circumstances stipulated by the Articles of Association.

Where the recipient of the Company's financial assistance is a controlled subsidiary within the Company's consolidated financial statements, and the other shareholders of that subsidiary do not include the Company's controlling shareholder, de facto controllers and their related parties, the foregoing two paragraphs may not apply.

Article 123 The Company shall not provide financial assistance to related parties, except where the Company provides financial assistance to a related associate investee (excluding entities controlled by the Company's controlling shareholder or de facto controllers) and the other shareholders of such investee provide financial assistance on equal terms in proportion to their respective shareholdings.

Where the Company provides financial assistance to the related associate investee referred to in the preceding paragraph, in addition to obtaining approval by a majority of all the non-connected directors, the transaction shall also be approved by not less than two-thirds of the non-connected directors present at the Board meeting and submitted to the shareholders' general meeting for consideration.

Article 124 Except for the guarantee matters specified in Article 48 of the Articles of Association, all guarantees provided by the Company to external parties shall be considered by the Board of Directors.

For guarantee matters within the consideration scope of the Board of Directors, in addition to being passed by a majority of all directors, they shall also be approved by not less than two-thirds of the directors present at the Board meeting.

Article 125 The Board of Directors shall have one Chairman, who shall be elected by a majority of all members of the Board of Directors.

Article 126 The Chairman of the Board of Directors shall exercise the following functions and powers:

- (I) to preside over shareholders' general meeting, and convene and preside over meetings of the Board of Directors;
- (II) to supervise and check the implementation of resolutions passed by the Board of Directors;
- (III) to propose the convening of extraordinary meetings of the Board of Directors;
- (IV) to sign the share certificates, corporate bonds and other securities issued by the Company;
- (V) to sign the important documents of the Board of Directors or other documents required to be signed by the Chairman;
- (VI) in the event of emergency situations such as the occurrence of large-scale natural disasters, to take special steps in handling the Company's business according to the laws and the Company's interests; and to report to the Company's Board of Directors and shareholders' general meeting afterwards;
- (VII) other functions and powers conferred by the Board of Directors or laws, administrative regulations and regulatory rules of the place where the shares of the Company are listed.

Article 127 Where the Chairman of the Company is unable to or does not perform his/her duties, if the Company has a Vice Chairman, the Vice Chairman shall perform such duties; where the Company has no Vice Chairman, or where the Vice Chairman of the Company is unable to or does not perform such duties, one director shall be jointly elected by a majority of the directors to perform such duties.

Article 128 Meetings of the Board of Directors shall be held at least twice a year and shall be convened by the Chairman. Written notice of a meeting of the Board of Directors shall be given to all Directors at least 14 days in advance. With the unanimous consent of all directors of the Company, the aforementioned notice period for convening regular meetings of the Board of Directors may be shortened or waived.

Article 129 The Board of Directors shall convene an extraordinary meeting under any of the following circumstances:

- (I) when shareholders representing more than one-tenth of the voting rights propose it;
- (II) when one-third or more of the directors jointly propose it;
- (III) when the Audit Committee proposes it;
- (IV) when an independent non-executive director proposes it and a majority of all independent non-executive directors agree.

The Chairman shall convene and preside over a meeting of the Board of Directors within 10 days after receipt of the proposal.

Article 130 The Board of Directors may convene an extraordinary Board meeting by personal delivery, telephone, mail, email or fax; and the notice should be delivered three days before the meeting (excluding the day of the meeting). However, in urgent situations requiring prompt convening of an extraordinary Board meeting, meeting notice may be given by telephone or other oral means at any time, but the convener shall explain the circumstances at the meeting.

Article 131 A notice of meeting of the Board of Directors shall contain the following contents:

- (I) date and place of the meeting;
- (II) duration of the meeting;

(III) whether directors may attend the meeting by telephone or video;

(IV) cause and topic;

(V) date of notice;

(VI) contact person and contact information.

Article 132 The meeting of the Board of Directors shall be held upon the attendance of more than half of Directors.

Article 133 Except as otherwise provided in the Articles of Association, a resolution of the Board of Directors must be passed by more than half of all Directors of the Company. Resolutions of the Board of Directors are voted by way of poll with each Director having one vote.

Article 134 The methods for voting on resolutions of the Board of Directors shall be: a show of hands, voting by poll, or other methods permitted by laws and regulations.

Extraordinary Board meetings may, while ensuring directors have sufficient opportunity to express their views, adopt communication voting methods such as telephone, video, fax or email and make resolutions, provided that resolutions of the Board of Directors and meeting minutes shall be signed afterward.

Article 135 Directors shall attend the meetings of the Board of Directors in person. Where a Director is unable to attend a meeting for any reason, he/she may, by a written power of attorney, appoint another Director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, issues under authorization, scope of authorization and valid period, which will be signed or sealed with the chop by the appointing Director. The appointing director shall clearly state his/her voting intention, approval, opposition or abstention, for each voting item. A Director appointed as a representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. An independent non-executive director shall not appoint a non-independent non-executive director to vote on his/her behalf. No director shall accept proxy to attend the same meeting of the Board of Directors for more than two other directors.

Where a Director is unable to attend a meeting of the Board of Directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Article 136 The Board of Directors shall keep minutes of resolutions passed at the meetings of the Board of Directors. The minutes shall be signed by the Directors present at the meeting.

The Directors shall sign on and be responsible for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates the laws, administrative regulations or the Articles of Association and the Company suffers losses as a result thereof, the Directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a Director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Director may be released from such liability.

Attending directors have the right to request that their statements at the meeting be recorded in the minutes as explanatory notes.

Minutes of the meeting of the Board of Directors shall be kept by the secretary to the Board of Directors as the Company's record for a period of 10 years.

Article 137 Minutes of a meeting of the Board of Directors shall include the following contents:

- (I) the session of the meeting, the date and place of the meeting and name of the convener;
- (II) the issuing of the meeting notice;
- (III) person who convened and presided over the meeting;
- (IV) the names of the directors present and names of directors being appointed to attend the meeting of the Board of Directors on the other's behalf (proxy);
- (V) proposals considered at the meeting, the main points and principal opinions of each director's speeches on related matters, and directors' voting intentions;
- (VI) agenda of the meeting;
- (VII) the voting method and result of each resolution (with the voting result specifying the number of votes for, against or abstaining);
- (VIII) other matters that attending directors consider should be recorded.

Section 3 Independent Non-Executive Directors

Article 138 Independent non-executive directors shall diligently perform their duties in accordance with the requirements of the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed and the Articles of Association, play a role in participating in decision-making, supervision, check and balance, and providing professional advice in the Board of Directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

Article 139 Independent non-executive directors must remain independent. The following individuals may not serve as independent non-executive directors:

- (I) persons holding office in the Company or its affiliated enterprises and their spouses, parents, children or major social relatives;
- (II) natural person shareholders directly or indirectly holding more than 1% of issued shares of the Company or among top 10 shareholders of the Company and their spouses, parents and children;
- (III) persons holding office in any shareholder directly or indirectly holding more than 5% of issued shares of the Company or in the top 5 shareholders of the Company and their spouses, parents and children;
- (IV) persons holding office in any affiliated enterprise of the controlling shareholders or de facto controllers of the Company and their spouses, parents and children;
- (V) persons who have material business dealings with the Company or its controlling shareholders or de facto controllers or their respective affiliated enterprises, or persons holding office in any entity having material business dealings or its controlling shareholders or de facto controllers;
- (VI) persons providing financial, legal, consulting, sponsoring or other services to the Company, its controlling shareholders, de facto controllers or their respective affiliated enterprises, including but not limited to all members of the project team of an intermediary providing services, reviewers at all levels, persons signing reports, partners, directors, senior management and principals;
- (VII) persons who have been in the situations listed in the items I to VI hereof within the last twelve months;

(VIII) other persons who are not independent as stipulated by the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The affiliated enterprises of controlling shareholders or de facto controllers of the Company as referred to in items IV to VI of the preceding paragraphs do not include those companies which are controlled by the same state-owned assets administration institution with the Company and do not have related (connected) relationship with the Company in accordance with the relevant provisions.

Independent non-executive directors shall conduct self-examination of their independence each year and submit the results of self-examination to the Board of Directors. The Board of Directors shall assess the independence of incumbent independent non-executive directors, issue special opinions thereon each year, and disclose them concurrently with the annual report.

Article 140 A person to serve as an independent non-executive director of the Company shall meet the following conditions:

- (I) being qualified to serve as director of a listed company according to the laws, administrative regulations and other relevant provisions;
- (II) meeting the independence criteria as required under the Hong Kong Listing Rules and the Articles of Association;
- (III) having basic knowledge of the operation of listed companies and being familiar with relevant laws, regulations and rules;
- (IV) having more than five years of legal, accounting or economic work experience necessary to perform the duties of an independent non-executive director;
- (V) having good personal morality, with no bad records such as major dishonesty, etc.;
- (VI) other conditions stipulated by the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Article 141 As members of the Board of Directors, the independent non-executive directors owe obligations of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (I) to participate in the decision-making of the Board of Directors and provide explicit opinions on the matters discussed;
- (II) to supervise matters that indicate potential material conflict of interest between the Company and its controlling shareholders (if any), de facto controllers, directors and senior management so as to protect legitimate rights and interests of minority shareholders;
- (III) to provide professional and objective advice on the Company's operations and development, thereby facilitating improvement in the standard of the decision-making of the Board of Directors;
- (IV) other duties stipulated by the laws, administrative regulations, the provisions of the China Securities Regulatory Commission and the Articles of Association.

Article 142 Independent non-executive director shall exercise the following special powers and duties:

- (I) independently engage intermediaries to audit, provide consultation on or verify specific matters of the Company;
- (II) propose the convening of extraordinary shareholders' general meetings to the Board of Directors;
- (III) propose the convening of meetings of the Board of Directors;
- (IV) openly solicit shareholders' rights from shareholders in accordance with the laws;
- (V) express independent opinions on matters potentially detrimental to interests of the Company or its minority shareholders;
- (VI) other powers and duties as provided by the laws, administrative regulations, the provisions of the China Securities Regulatory Commission and the Articles of Association.

Any exercise of the powers and duties set out in items I to III of the preceding paragraphs by the independent non-executive directors shall be approved by more than half of all independent non-executive directors.

The Company shall disclose in a timely manner any exercise by the independent non-executive directors of the powers and duties set out in paragraph 1. If the aforesaid powers and duties could not be exercised properly, the Company shall disclose the specific circumstances and reasons thereof.

Article 143 The following matters shall be approved by a majority of all the independent non-executive directors before being submitted to the Board of Directors for deliberation:

- (I) disclosable related (connected) transactions;
- (II) proposed changes or waivers of undertakings by the Company and the relevant parties;
- (III) where the Company is subject to a takeover, decisions made and measures taken by the Board of Directors in relation to the takeover;
- (IV) other matters as provided by the laws, administrative regulations, the provisions of the China Securities Regulatory Commission and the Articles of Association.

Article 144 The Company shall establish a special meeting mechanism attended exclusively by the independent non-executive directors. Matters such as related (connected) transactions to be considered by the Board of Directors shall be pre-approved at a special meeting of the independent non-executive directors.

The Company shall convene the special meeting of independent non-executive directors on a regular or ad hoc basis. Matters listed in Items (I)–(III) of Articles 142(1) and 143 of the Articles of Association shall be considered by the special meeting of independent non-executive directors.

The special meeting of independent non-executive directors shall be convened and chaired by one independent non-executive director jointly nominated by a majority of the independent non-executive directors; if the convener does not or is unable to perform his/her duties, two or more independent non-executive directors may convene the meeting themselves and nominate one of them to preside.

Minutes shall be prepared for the special meeting of independent non-executive directors in accordance with requirements, and the opinions of the independent non-executive directors shall be recorded in the minutes. The independent non-executive directors shall sign to confirm the minutes.

The Company shall provide convenience and support for the convening of the special meeting of independent non-executive directors.

Section 4 Special Committees of the Board of Directors

Article 145 The Board of Directors of the Company shall establish the Audit Committee to exercise the functions and powers as prescribed to a supervisory committee by the Company Law.

Article 146 The Audit Committee shall consist of three members, who shall be non-executive directors or independent non-executive directors not holding senior management positions at the Company, with independent non-executive directors constituting a majority. The convener shall possess appropriate professional qualifications as required under the Hong Kong Listing Rules or be an independent non-executive director that possesses appropriate accounting or relevant financial management expertise.

Article 147 The Audit Committee shall be responsible for review of the Company's financial information and disclosure thereof, supervision and evaluation of internal and external audit and internal control. The following matters shall, upon obtaining consent of a majority of all the members of the Audit Committee, be submitted to the Board of Directors for consideration:

- (I) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (II) appointment or dismissal of the accounting firm that undertakes the listed company's audit business;
- (III) appointment or dismissal of the Company's financial officer in-charge;
- (IV) changes in accounting policies, accounting estimates, or corrections of significant accounting errors due to reasons other than changes in accounting standards;
- (V) other matters stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

Article 148 The Audit Committee shall hold at least one meeting every quarter, and may hold an extraordinary meeting when two or more members propose, or when the convener deems it necessary. The quorum of a meeting of the Audit Committee shall be more than two-thirds of the members present.

A resolution of the Audit Committee shall be passed by more than half of all members of the Audit Committee.

Resolutions of the Audit Committee shall be voted by way of poll with each member having one vote.

The Audit Committee shall prepare meeting minutes for its resolutions in accordance with the regulations, and the members of the Audit Committee attending the meeting shall sign on the meeting minutes.

The working procedures of the Audit Committee shall be formulated by the Board of Directors.

Article 149 The Board of Directors of Company shall establish other specialized committees such as the Strategy Committee, the Nomination Committee, and the Remuneration Committee. These committees shall perform their duties pursuant to the Articles of Association and the authorization of the Board of Directors, and their proposals shall be submitted to the Board of Directors for consideration and decision. The rules of procedure for the specialized committees shall be formulated by the Board of Directors.

Article 150 The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management, selecting and reviewing candidates for directors and senior management and their qualifications, and advising the Board of Directors on the following matters:

- (I) nomination or appointment and dismissal of directors;
- (II) appointment or dismissal of senior management;
- (III) other matters as stipulated by the laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

Where the Board of Directors does not adopt or fully adopt the recommendations of the Nomination Committee, it shall specify the opinions of the Nomination Committee and the specific reasons for non-adoption in the resolutions of the Board of Directors and disclose them.

Article 151 The Remuneration Committee is responsible for formulating assessment criteria for directors and senior management and conducting assessments, developing and reviewing their remuneration determination mechanisms, decision-making processes, payment, suspension, clawback arrangements, and other remuneration policies and schemes, as well as advising the Board of Directors on the following matters:

- (I) remuneration for directors and senior management;

- (II) formulation or amendments to share incentive plans, employee stock ownership plans, the granting of rights to incentive recipients and the achievement of conditions for exercise of such rights by incentive recipients;
- (III) arrangement of stock ownership plans for directors and senior management in the event of a proposed spin-off of a subsidiary;
- (IV) other matters as stipulated by the laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

Where the Board of Directors does not adopt or fully adopt the recommendations of the Remuneration Committee, it shall specify the opinions of the Remuneration Committee and the specific reasons for non-adoption in the resolutions of the Board of Directors and disclose them.

CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

Article 152 The Company shall have one general manager and, as needed, one or more deputy general managers, who shall be appointed and dismissed by the Board of Directors.

Article 153 The provisions of the Articles of Association regarding the circumstances under which a person shall not serve as a director of the Company and the relevant rules on resignation management shall also apply to the general manager and other senior management.

The provisions of the Articles of Association regarding the duties of loyalty and diligence of directors shall also apply to the general manager and other senior management.

Article 154 The general manager and other senior management of the Company shall not hold any other administrative positions except as a director or supervisor in the controlling shareholder or the actual controller. The general manager and other senior management of the Company shall receive remuneration solely from the Company, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

Article 155 The term of office of the general manager shall be 3 years and may be renewed upon re-appointment.

Article 156 The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (I) to manage the production, operation and administration of the Company, arrange for the implementation of the resolutions of the Board of Directors, and report to the Board of Directors;
- (II) to arrange for the implementation of the Company's annual operation plans and investment proposals;
- (III) to formulate proposals for the establishment of the Company's internal management organs;
- (IV) to formulate the fundamental management system of the Company;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to recommend the appointment or dismissal of deputy general managers and financial controller of the Company by the Board of Directors;
- (VII) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) to formulate the wages, benefits, rewards and penalties for the Company's employees, and decide on the employment and dismissal of the Company's employees;
- (IX) to exercise any other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall be present at the meetings of the Board of Directors.

In accordance with laws, regulations and the provisions of the Articles of Association, the general manager shall be responsible for decision-making on matters not considered and resolved by the shareholders' meeting and the Board of the Company. The Company's daily business matters shall be decided by the general manager.

The general manager shall, as required by the Board of Directors or the Audit Committee, report to the Board of Directors or the Audit Committee on the signing and execution of major contracts, the utilization of funds and the profit and loss situation of the Company. The general manager shall ensure the authenticity of the report.

Article 157 The general manager shall formulate working rules of the general manager which shall be implemented after being approved by the Board of Directors.

Article 158 The general manager may resign before expiry of his/her term of office. The specific procedures and methods for the resignation of the general manager shall be specified in the employment contract concluded between the general manager and the Company.

Article 159 The deputy general manager and financial controller shall be nominated by the general manager and shall be appointed or dismissed by the Board of Directors. They shall assist the general manager in his/her work and be accountable to the general manager

Article 160 The Company shall have a secretary to the Board of Directors, who shall be appointed or dismissed by the Board of Directors. The secretary to the Board of Directors shall be responsible for the preparation of the Company's shareholders' meetings and the meetings of the Board of Directors, the safekeeping of documents and the management of information of the Company's shareholders, as well as the handling of matters relating to information disclosure and investor relations.

The secretary to the Board of Directors, as a senior management personnel of the Company, shall be entitled to attend relevant meetings, review relevant documents, and keep himself/herself abreast of the Company's financial position and operations to perform his/her duties. The Board of Directors and other senior management shall support the work of the secretary to the Board of Directors and shall respond promptly and truthfully to inquiries made by the secretary to the Board of Directors, providing relevant information as needed. Any institution or individual shall not interfere with the secretary to the Board of Directors in duly performing his/her duties.

The Company shall have sufficient reasons for the dismissal of the secretary to the Board of Directors and shall not dismiss him/her without justifiable reasons.

The secretary to the Board of Directors shall comply with the relevant provisions of the laws, administrative regulations, department rules and the Articles of Association

Article 161 If the senior management personnel cause damage to others in the course of performing their duties for the Company, the Company shall be liable for compensation; where the senior management personnel act with intent or gross negligence, they shall also be liable for compensation.

Senior management shall be liable for compensation if losses are suffered by the Company as a result of their violation of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing their duties for the Company.

Article 162 Senior management shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the general manager and other senior management of the Company cause damage to the interests of the Company and its public shareholders due to a failure to faithfully perform their duties or a breach of fiduciary duties, they shall be liable for compensation in accordance with the law.

CHAPTER 7 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Section 1 Financial and Accounting System

Article 163 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations, Securities Regulatory Rules of the Place where the Company's Shares are Listed and the requirement of relevant state departments. The accounting year of the Company shall adopt the calendar year system, commencing on 1 January and ending on 31 December of each calendar year.

The Company shall submit and disclose its annual reports to the dispatched offices of the China Securities Regulatory Commission and the stock exchange(s) within four months from the end of each accounting year and submit and disclose the interim reports to the dispatched offices of the China Securities Regulatory Commission's and the stock exchange(s) within two months from the end of the first half of each accounting year.

The Board of Directors shall submit the financial reports to shareholders, as required by the laws, regulations, rules or regulatory documents to be prepared by the Company, at every annual shareholders' general meeting. The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual shareholders' general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in the Articles of Association. Unless otherwise specified in the Articles of Association, the Company shall send to each shareholder of overseas listed shares at the address registered in the register of shareholders the said reports or the directors' report not later than 21 days before the date of every annual shareholders' general meeting. However, such documents may also be delivered to shareholders of overseas listed shares through the Company's website, the website of the Hong Kong Stock Exchange and other websites as may be prescribed by the Hong Kong Listing Rules from time to time, provided that the laws, administrative regulations and requirements of the regulatory authority at the place where the shares of the Company are listed are observed.

The aforementioned annual reports and interim reports shall be prepared and disclosed in accordance with the relevant laws, administrative regulations and Securities Regulatory Rules of the Place where the Company's Shares are Listed.

Article 164 Annual financial accounting reports of the Company shall be audited by accounting firms qualified to engage in securities and futures-related businesses.

The interim financial accounting reports of the Company may be unaudited, except that the Company shall engage an accounting firm to conduct an audit under any of the following circumstances:

- (I) where the Company proposes to distribute profits, transfer reserves to share capital or make up losses in the second half of the year;
- (II) other circumstances that are required to be audited as stipulated by laws, regulations and normative documents.

The financial information contained in the Company's quarterly reports shall not be subject to audit, unless otherwise required by laws and regulations.

Article 165 The Company shall have no other accounting books except the statutory accounting books. The funds of the Company shall not be deposited in any accounts opened in the name of any individual.

Article 166 When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits into the statutory common reserve fund of the Company. When the cumulated amount of the statutory reserve fund of the Company has reached more than 50% of the registered capital of the Company, no further allocation is required.

If the statutory common reserve fund of the Company is not sufficient to make up losses for the previous year, profits for the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, the Company may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the shares held by the shareholders, unless otherwise stipulated in the Articles of Association.

Where the shareholders' general meeting violates the Company Law and distributes profits to the shareholders, the shareholders shall return the profits distributed in violation of the regulations to the Company; where loss is caused to the Company, shareholders and the responsible directors and senior management shall be liable for compensation.

The Company shall not be entitled to any distribution of profits in respect of shares held by it.

After the shareholders' general meeting of the Company has passed a resolution on the profit distribution plan, or after the Board of Directors of the Company has formulated a specific plan based on the conditions and upper limit for the interim dividend for the following year as considered and approved at the annual shareholders' general meeting, the distribution of dividends (or shares) shall be completed within two months.

The Company shall appoint one or more payment receiving agents in Hong Kong for H shareholders. The payment receiving agent shall receive and hold the dividends and other amounts payable distributed by the Company in respect of the H Shares on behalf of such H shareholders, pending payment to such H shareholders. The payment receiving agent appointed by the Company shall satisfy the requirements of laws, regulations and Securities Regulatory Rules of the Place where the Company's Shares are Listed.

Article 167 The Company's common reserve fund shall be applied to make up its losses, expand its business operations or be converted to increase its registered capital. Where reserve funds are used to make up for the Company's losses, the discretionary common reserve fund and statutory common reserve fund should be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with the requirements.

Upon the conversion of statutory common reserve fund into increased registered capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the Company before such conversion.

Article 168 The Company's profit distribution policy is to distribute profits in proportion to the shares held by the shareholders. The specific profit distribution policy is as follows:

(I) Basic principles of profit distribution:

1. The Company implements a continuous and stable profit distribution policy. The profit distribution of the Company shall attach importance to providing a reasonable investment return to investors while also taking into account the sustainable development of the Company;

The Company shall strictly implement the cash dividend policy established in the Articles of Association and the specific cash dividend plans considered and approved by the shareholders' general meeting. If an adjustment to the profit distribution policy, particularly the cash dividend policy, is necessary due to significant changes in the external operating environment or the Company's own operational circumstances, such adjustment shall be made with a focus on protecting shareholders' rights and interests, and the reasons therefor shall be justified and explained in detail in the proposal submitted to the shareholders' general meeting. The adjusted profit distribution policy shall not violate the relevant provisions of the CSRC and the stock exchange(s). Any proposal regarding the adjustment of the profit distribution policy shall be considered and approved by the Board of Directors and the Audit Committee before being submitted to the shareholders' general meeting for approval. The independent non-executive directors shall express independent opinions on such proposal. The consideration of such proposal at the shareholders' general meeting shall be passed by at least two-thirds of the voting rights held by shareholders attending the shareholders' general meeting. Upon considering at the shareholders' general meeting, the Company shall proactively communicate and exchange views with shareholders, particularly minority shareholders, through multiple channels to fully consider the opinions and demands of the minority shareholders and provide timely responses to their issues of concern.

2. The Company shall give priority to cash dividends as the method of profit distribution.

(II) The Company's specific profit distribution policy is as follows:

1. Forms of profit distribution: The Company may distribute dividends by way of cash, shares or a combination of cash and shares. Subject to prevailing conditions, the Company may conduct interim profit distribution.
2. Specific conditions and percentages of cash dividend distribution of the Company:

If there is no major investment plan or significant cash expenditure, and the Company records a profit for the current year with positive cumulative undistributed profits, the Company shall distribute dividends by way of cash. The profit distributed by way of cash each year shall not be less than 10% of the distributable profits realized for that year. The cumulative profit in cash distributed by the Company over the last three years shall not be less than 30% of the average annual distributable profit realized over the last three years.

Major investment plan or significant cash expenditure refer to any of the following circumstances:

- (1) the proposed external investment and acquisition of assets by the Company in the coming 12 months with accumulated expenses amounting to or exceeding 50% of the latest audited net assets of the Company and exceeding RMB50 million;
- (2) the proposed external investment and acquisition of assets by the Company in the coming 12 months with accumulated expenses amounting to or exceeding 30% of the latest audited total assets of the Company.

Major investment plan or significant cash expenditure shall be subject to approval by the Board of Directors of the Company and submission to the shareholders' general meeting for consideration and approval.

The Board of Directors of the Company shall comprehensively take into account factors such as the characteristics of the industry, stage of development, its own business model and profitability, as well as whether there is substantial capital expenditure arrangement in distinguishing the following situations and propose differentiated cash dividend policies in accordance with the procedures as stipulated in the Articles of Association:

- (1) where the Company is in a developed stage with no substantial capital expenditure arrangement, the cash dividend distribution shall not be less than 80% of the total profit distribution when profits are distributed;
- (2) where the Company is in a developed stage with substantial capital expenditure arrangement, the cash dividend distribution shall not be less than 40% of the total profit distribution when profits are distributed;
- (3) where the Company is in a developing stage with substantial capital expenditure arrangement, the cash dividend distribution shall not be less than 20% of the total profit distribution when profits are distributed;

where it is difficult to distinguish the development stage of the Company but there is substantial capital expenditure arrangement, the preceding provisions shall apply.

The proportion of cash dividends in such profit distribution shall be cash dividends divided by the sum of cash dividends and shares dividends.

(III) Specific conditions of the Company for distributing dividends in shares:

Where the Company has sound operation, and the Board of Directors considers that the share price of the Company does not reflect its share capital size and that distributing share dividend is favorable to shareholders of the Company as a whole, a proposal for share dividend distribution may be submitted, provided that the above conditions of cash dividend distribution are satisfied.

(IV) Intervals of profit distribution:

Provided that the aforementioned conditions for cash dividend are met, the Company shall actively distribute dividends by way of cash and shall, in principle, distribute cash dividends once a year. The Board of Directors of the Company may propose interim cash distribution based on the Company's profitability and capital position.

(V) Decision-making procedures and mechanisms for the Company's profit distribution:

The annual profit distribution proposal of the Company shall be formulated by the Board of Directors of the Company in accordance with the provisions of the Articles of Association, profitability, capital supply and requirements. When considering the specific cash dividend distribution proposal, the Board of Directors shall carefully study and deliberate matters such as the timing, conditions and minimum proportion of the cash dividends of the Company, the conditions for adjustment and the requirements for decision-making procedures, and the independent non-executive directors shall express clear opinions thereon. Independent non-executive directors may solicit opinions from minority shareholders to formulate a dividend distribution proposal and submit it directly to the Board of Directors for consideration.

1. The profit distribution proposal of the Company shall be proposed by the Board of Directors, but the opinions of independent non-executive directors and the Audit Committee shall be solicited in advance. The independent non-executive directors shall express independent opinions on the profit distribution proposal, and the Audit Committee shall provide review opinions on the profit distribution proposal.

The profit distribution proposal shall be reviewed and approved by more than half of the independent non-executive directors and the Audit Committee, and shall be submitted to the shareholders' general meeting for consideration after being

considered and approved by the Board of Directors. The Company's Board of Directors, the Audit Committee and the shareholders' general meeting shall fully consider the opinions of independent non-executive directors and public investors during the decision-making and demonstration process of the profit distribution policy.

Upon consideration and approval by the Board of Directors, the proposal on profit distribution shall be submitted to the shareholders' general meeting for consideration and approval. The review opinions of the independent non-executive directors and the Audit Committee shall be disclosed concurrently with the announcement of the resolution of the Board of Directors.

Prior to the formulation of the profit distribution plan by the Board of Directors and the consideration of specific cash dividend plan by the shareholders' general meeting, the Company shall communicate and exchange views with shareholders, especially minority shareholders, through multiple channels such as investor hotlines, emails, investor interactive platforms and in-person reception (including but not limited to providing online voting and inviting minority shareholders to attend general meetings), fully consider the opinions and demands of the minority shareholders and provide timely responses to their issues of concern.

2. If the Company does not distribute cash dividends under special circumstances, the Board of Directors shall make a detailed explanation regarding the specific reasons for not distributing cash dividends, the exact purpose for the retained earnings of the Company and the expected investment returns. After independent non-executive directors express their opinions thereon, such explanation shall be submitted to the shareholders' general meeting for consideration and disclosed in the media designated by the Company.
3. The Audit Committee shall supervise the Board of Directors and management in the implementation of the Company's profit distribution policy and shareholder return plan, as well as the relevant decision-making process. When a profit is recorded for the year but no profit distribution plan is proposed, it shall express specific statements and opinions on the implementation of relevant policies and plans.

(VI) Implementation of the Company's profit distribution plan:

After the shareholders' general meeting of the Company has passed a resolution on the profit distribution plan, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months after the convening of the shareholders' general meeting.

(VII) Decision-making procedure and mechanism for adjusting the Company's profit distribution policy:

1. In the event of force majeure such as war or natural disasters, or changes in the external business environment that have a significant impact on the Company's production and operation, or significant changes in the Company's own business situation, the Company may adjust the profit distribution policy. The adjusted profit distribution policy shall not violate relevant provisions of the CSRC and the Shanghai Stock Exchange.

When proposing adjustments to the profit distribution policy, the Company shall prioritize shareholders' interests and emphasize the protection of investors' interests. The adjusted profit distribution policy shall not violate relevant laws, regulations and normative documents, and the reasons for the adjustment shall be explained in detail in the proposal submitted to the shareholders' general meeting.

2. The Board of Directors of the Company shall propose a resolution regarding the adjustment of the profit distribution policy after thorough review and deliberation. The independent non-executive directors and the Audit Committee shall express opinions thereon. The resolution shall be submitted to the shareholders' general meeting for approval upon consideration and approval by the Board of Directors of the Company. The resolution on adjusting the profit distribution policy to be considered at the shareholders' general meeting shall be passed by at least two-thirds of the voting rights held by shareholders attending the shareholders' general meeting.

Section 2 Internal Audit

Article 169 The Company shall implement an internal audit system, which specifies the leadership system, duties and authorities, staffing, funding guarantees, use of audit results, and accountability for internal audit work.

Article 170 The internal audit institution of the Company shall conduct supervision and inspection on matters such as the Company's business activities, risk management, internal control and financial information.

Article 171 The internal audit institution shall be accountable to the Board of Directors.

During the process of supervising and inspecting the Company's business activities, risk management, internal control and financial information, the internal audit institution shall accept the supervision and guidance of the Audit Committee. Where the internal audit institution discovers any significant issues or leads, it shall immediately report directly to the Audit Committee.

Article 172 The internal audit institution shall be responsible for the specific organization and implementation of the Company's internal control evaluation. The Company shall issue the annual internal control evaluation report based on the evaluation report and related materials issued by the internal audit institution and reviewed by the Audit Committee.

Article 173 When the Audit Committee communicates with external audit units such as accounting firms and state audit authorities, the internal audit institution shall actively cooperate and provide necessary support and assistance.

Article 174 The Audit Committee shall participate in the evaluation of the head of internal audit.

Section 3 Engagement of Accounting Firms

Article 175 The Company shall engage accounting firms that meet the requirements of the Securities Law and the Securities Regulatory Rules of the Place where the Company's Shares are Listed to conduct the audit of accounting statements, verification of net assets and other related consulting services, for a term of one year, which may be renewed.

The accounting firm mentioned in the Articles of Association refers exclusively to the accounting firm appointed by the Company to provide auditing services for the periodic financial reports of the Company in accordance with relevant laws, administrative regulations and the listing rules of the stock exchange(s).

Article 176 The appointment or dismissal of the accounting firm by the Company shall be decided by the shareholders' general meeting. The Board of Directors shall not appoint any accounting firm before a decision is made by the shareholders' general meeting.

Article 177 The Company ensures to provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

Article 178 The auditing fee of the accounting firm shall be determined by the shareholders' general meeting.

Article 179 Should the Company dismiss or no longer re-appoint the accounting firm, it shall notify such accounting firm 30 days in advance. When the shareholders' general meeting of the Company votes for the dismissal of such accounting firm, such accounting firm shall be allowed to express its opinions. Where the accounting firm resigns its office, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

CHAPTER 8 NOTICES AND ANNOUNCEMENTS

Section 1 Notices

Article 180 The notices of the Company shall be sent out in the following ways:

(I) by hand;

(II) by post;

(III) by way of announcement;

(IV) by way of facsimile;

(V) by way of data message (including email);

(VI) by other means approved by the securities regulatory authority at the location where the shares of the Company are listed or specified in the Articles of Association.

Article 181 Any notice of the Company given by announcement shall be deemed to be received by all relevant persons once such announcement is published. Where the Securities Regulatory Rules of the Place where the Company's Shares are Listed provides otherwise, such provisions shall prevail.

Even if there are provisions as otherwise stated in the Articles of Association in respect to the form of issuance or notification of any documents, announcements, or other newsletters, as permitted by relevant provisions of laws, administrative regulations, departmental rules, the

Securities Regulatory Rules of the Place where the Company's Shares are Listed, the Company may choose to provide relevant newsletters to the relevant holders of its securities in electronic form or otherwise, or publish newsletters on the website designated by the Company and the stock exchange in the place where the shares of the Company are listed, instead of serving written documents to holders of overseas listed shares by personal delivery or pre-paid mail. The abovementioned newsletters refer to any documents published or to be published by the Company for reference or action guidance for shareholders, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), directors' reports (together with balance sheet and statement of profit or loss), notices of shareholders' general meetings, circulars and other communication files.

Article 182 Notice of a shareholders' general meeting of the Company shall be given by announcement.

Article 183 Notice of a meeting of the Board of the Company shall be given in telephone, post, facsimile or data message (including email).

Article 184 The way of service of notice:

- (I) If the Company's notice is sent by hand, the recipient shall affix signature (or seal) to the return on service and the signing date shall be the date of service;
- (II) If the Company's notice is sent by post, the fifth business day after the date it is delivered to the post office shall be the date of service;
- (III) If the Company's notice is sent by facsimile, the date of the fax report printed by the fax machine of the Company indicating that the fax was successful shall be the date of service;
- (IV) If the Company's notice is sent by announcement, the date of first date of publishing the announcement shall be the date of service;
- (V) If the Company's notice is sent by data message (including email), the time of dispatch of the data message (including email) as recorded on the sender's computer shall be the date of service;
- (VI) If the Company's notice is sent by means of an authenticated message (as defined under the USM Rules), in accordance with the USM Rules.

Article 185 The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at such meeting.

Section 2 Announcements

Article 186 The Company shall designate media that meet the requirements of laws, administrative regulations, Securities Regulatory Rules of the Place where the Company's Shares are Listed, as well as the conditions stipulated by relevant regulatory authorities such as the securities regulatory authority in the place where the shares of the Company are listed and the stock exchange in the place where the shares of the Company are listed, as the media for publishing the Company's announcements and other information that needs to be disclosed.

CHAPTER 9 MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

Section 1 Merger, Division, Increase and Decrease of Capital

Article 187 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Absorption means that a company absorbs another company and the absorbed company will be dissolved. Where two or more companies merge into a new company, the original companies will be dissolved.

Article 188 If the payment for the merger of the Company does not exceed 10% of the net assets of the Company, a resolution of the shareholders' general meetings may not be required; however, unless otherwise provided in the Articles of Association. Where the Company is to be merged pursuant to the preceding paragraph without a resolution of the shareholders' general meetings, a resolution of the Board of Directors shall be adopted.

Article 189 In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and a list of properties. The Company shall notify its creditors within 10 days after the date of the Company's resolution approving the merger and shall publish a public notice in the information disclosure media designated by the CSRC or the National Enterprise Credit Information Publicity System within 30 days thereafter. The creditors are entitled to require the Company to settle the loans or to provide corresponding guarantees within 30 days after the receipt of the notification, or in the event that no such notification is received, within 45 days after the date of the announcement.

Article 190 Upon the merger, receivables and indebtedness of each of the merging parties shall be assumed by the Company which survives the merger or the newly established company.

Article 191 Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties shall prepare a balance sheet and a list of properties. The Company shall notify its creditors within 10 days after the date of the Company's resolution approving the division and shall publish a public announcement in the information disclosure media designated by the CSRC or the National Enterprise Credit Information Publicity System within 30 days thereafter.

Article 192 Debts of the Company prior to division shall be assumed jointly by the companies which exist after the division, unless agreed otherwise in the written agreement signed between the Company and creditors in respect of settlement of such debts prior to the division.

Article 193 If the Company decreases the registered capital, it shall prepare a balance sheet and a list of properties.

The Company shall inform its creditors of the reduction in registered capital within 10 days and publish an announcement of the reduction in the information disclosure media designated by the CSRC or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed by shareholders' general meeting; creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the Company to pay its debts or provide guarantees covering the debts.

When the Company reduces its registered capital, the amount of capital contributions or shares held shall be reduced accordingly in proportion to the shareholders' shareholdings, except where otherwise provided by law or the Articles of Association.

Article 194 If losses remain after the Company has made up losses pursuant to Article 167 of the Articles of Association, it may reduce its registered capital to cover the deficit. Where registered capital is reduced to make up losses, the Company shall not make any distribution to Shareholders, nor shall it exempt shareholders from their obligation to contribute capital or pay for shares.

A reduction of registered capital made under the preceding paragraph is not subject to paragraph 2 of Article 193 of the Articles of Association, but shall be announced in the information disclosure media designated by the CSRC or the National Enterprise Credit Information Publicity System within 30 days after the date on which the shareholders' general meeting adopts the resolution to reduce registered capital.

After the Company reduces its registered capital according to the preceding two paragraphs, no profit shall be distributed until the aggregate amount of the statutory common reserve and discretionary reserves reaches 50% of the Company's registered capital.

Article 195 If the registered capital is reduced in violation of the Company Law and other relevant provisions, the shareholders shall return the funds they have received, and if the capital contribution of the shareholders is reduced or waived, it shall be restored to its original state; if losses are caused to the Company, the shareholders and the directors and senior management who are held liable shall be held liable to compensate for the losses.

Article 196 When the Company issues new shares for the purpose of increasing its registered capital, the shareholders shall not be entitled to preferential subscription rights, unless otherwise provided for in the Articles of Association or decided by a resolution of the shareholders' general meeting that the shareholders shall be entitled to preferential subscription rights.

Article 197 The Company shall, in accordance with law, apply for change in its registration particulars with the company registration authority where a change in any item in its registration arises as a result of any merger or division. To the extent necessary, the Directors may make arrangements to calculate a shareholder's rights separately in respect of the portion of shares held by the shareholder in certificated form and the portion held in uncertificated form where it is impracticable to do otherwise. Where a company is dissolved, it shall apply for cancellation of registration in accordance with law. Where a new company is established, that company shall apply for registration in accordance with the law.

Where the Company increases or reduces the registered capital, it shall, in accordance with law, apply for change in its registration with the company registration authority.

Section 2 Dissolution and Liquidation

Article 198 The Company shall be dissolved upon the occurrence of the following events:

- (I) The term of business set out in the Articles of Association has expired or the occurrence of other circumstances that may lead to the dissolution of the Company as stipulated in the Articles of Association;

- (II) A special resolution for dissolution is passed by shareholders at a shareholders' general meeting;
- (III) The Company is dissolved by reason of merger or division;
- (IV) The business license is revoked, or the Company is ordered to close or be eliminated according to applicable law;
- (V) Where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company's shareholders may request the people's court to dissolve the Company.

The Company shall, within 10 days of the occurrence of the reasons for dissolution as stipulated in the preceding paragraph, make public the reasons for dissolution through the National Enterprise Credit Information Publicity System.

Article 199 In the event of items (I) and (II) of Article 198 of the Articles of Association, and where no distribution of assets to Shareholders has yet been made, the Company carry on its existence by amending the Articles of Association or by resolution of the shareholders' general meeting.

The amendment of the Articles of Association or resolution of the shareholders' general meeting in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Article 200 If the Company is dissolved as a result of the provisions of items (I), (II), (IV) and (V) of Article 198 of the Articles of Association, it shall be liquidated. The directors, who are the obligors of the Company's liquidation, shall form a liquidation team to carry out the liquidation within 15 days from the date when the cause of dissolution arises.

The liquidation team shall consist of the directors, unless otherwise provided for in the Articles of Association or the shareholders' general meeting resolves to elect another person.

If the liquidation obligor fails to fulfil its liquidation obligations in a timely manner and causes losses to the Company or creditors, it shall be liable for compensation.

Article 201 The liquidation team shall exercise the following powers during the liquidation period:

- (I) to handle the Company's properties and to prepare a balance sheet and a list of properties;
- (II) to notify creditors through notice or public announcement;
- (III) to deal with the Company's outstanding businesses related to liquidation;
- (IV) to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- (V) to claim credits and pay off debts;
- (VI) to handle the Company's remaining assets after its debts have been paid off;
- (VII) to represent the Company in civil lawsuits.

Article 202 Within 10 days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in the information disclosure media designated by the CSRC or the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation team shall carry out registration of the claims.

During the period for declaration of claims, the liquidation team shall not make any repayment to the creditors.

Article 203 After taking stock of the Company's property and preparing the balance sheet and list of properties, the liquidation team shall prepare a liquidation plan and submit it to the shareholders' general meeting or the people's court for confirmation.

The Company's remaining assets after payment of liquidation expenses, wages of employees, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to the proportion of their shareholding.

During the liquidation, the Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation.

The property of the Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

Article 204 In the event the liquidation team finds that, after taking stock of the Company's property and preparing the balance sheet and list of properties, that the assets are insufficient to pay the debts, it shall immediately apply to the people's court to declare bankruptcy. Upon acceptance by the people's court of the bankruptcy application, the liquidation team shall turn over matters regarding the liquidation to the bankruptcy administrator designated by the people's court.

Article 205 Upon closure of liquidation of the Company, the liquidation team shall prepare a liquidation report, which shall be submitted to its shareholders' general meeting or the people's court for recognition, and submitted to the company registration authority and apply for cancellation of its registration.

Article 206 Members of the liquidation team shall discharge their duties of liquidation and owe a duty of loyalty and a duty of diligence.

Members of the liquidation team shall be liable for compensation for any losses caused to the Company due to negligence in performing their liquidation duties; they shall be liable to indemnify the creditors in respect of any loss arising from his intentional or gross negligence.

Article 207 Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprise.

CHAPTER 10 AMENDMENTS OF ARTICLES OF ASSOCIATION

Article 208 Under any one of the following circumstances, the Company shall amend the Articles of Association:

- (I) After amendment has been made to the Company Law or relevant laws, administrative regulations and the Securities Regulatory Rules of the Place where the Company's Shares are Listed, the contents of the Articles of Association are in conflict with the amended laws, administrative regulations and the Securities Regulatory Rules of the Place where the Company's Shares are Listed;
- (II) The changes that the Company have undergone are inconsistent with the records made in the Articles of Association;

- (III) The shareholders' general meeting has resolved to amend the Articles of Association by special resolution.

Article 209 Where the amendments to the Articles of Association passed by the shareholders' general meeting need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

Article 210 The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' general meeting to amend the Articles of Association and the approval opinions of relevant competent authorities.

CHAPTER 11 SUPPLEMENTARY ARTICLES

Article 211 Definitions

- (I) "controlling shareholder" refers to a shareholder whose shares account for more than fifty percent of the joint stock limited company's total share capital; or a shareholder whose shareholding ratio is not more than fifty percent but whose voting rights of the shares held are sufficient to have a significant impact on the resolutions of the shareholders' general meeting, or a controlling shareholder as defined in the Securities Regulatory Rules of the Place where the Company's Shares are Listed.
- (II) a de facto controller means a natural person, legal person or other organization who, through investment relationships, agreements, or other arrangements, may actually control the activities of the Company.
- (III) the term "related (connected) relationship" refers to the relationship between the controlling shareholders, de facto controllers, directors and senior management of the Company and the enterprise directly or indirectly controlled by the Company, and other relationships that may lead to the transfer of interests of the Company, provided that the state-controlled enterprises are not related (connected) simply because they are controlled by the state.
- (IV) the "connected transaction" refers to those as defined in the Hong Kong Listing Rules; the "related (connected) transaction" refers to those as defined in the SSE Listing Rules.
- (V) the meaning of an "accounting firm" is the same as that of "auditors".

Article 212 The Board may formulate the Articles in accordance with the provisions of the Articles of Association. The Articles shall not contradict the provisions of the Articles of Association.

Article 213 The Articles of Association are written in Chinese. In case of any inconsistency between the articles of association in any other language or of different version and the Articles of Association, the Chinese version of the Articles of Association as most recently approved and registered by the company registration authority shall prevail.

Article 214 The term “within”, “above”, “within”, as stated in the Articles of Association shall all include the given figure; the term “over”, “more than”, “lower than”, “higher than” shall all exclude the given figure.

Article 215 Matters not covered in the Articles of Association shall be handled in accordance with the laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and the relevant provisions of other Securities Regulatory Rules of the Place where the Company’s Shares are Listed in conjunction with the actual situation of the Company. If various provisions set out in the Articles of Association are inconsistent with the laws, regulations, rules, the Listing Rules of the Hong Kong Stock Exchange and other Securities Regulatory Rules of the Place where the Company’s Shares are Listed, such laws, regulations, rules, the Listing Rules of the Hong Kong Stock Exchange and other Securities Regulatory Rules of the Place where the Company’s Shares are Listed shall prevail.

Article 216 The Board of Directors of the Company shall be responsible for the interpretation of the Articles of Association.

Article 217 Annexes to the Articles of Association include the Rules of Procedures for the Shareholders’ General Meetings and the Rules of Procedures for the Board of Directors.

Article 218 After consideration and adoption at the shareholders’ general meeting of the Company, the Articles of Association shall take effect and be put into force from the date of the Company’s initial public offering of shares and listing on the Sci-Tech Board of the Shanghai Stock Exchange.

**Shanghai HeartCare Medical Technology
Corporation Limited**

**RULES OF PROCEDURES FOR THE SHAREHOLDERS'
GENERAL MEETINGS (DRAFT)**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to regulate the activities of the Company, and to ensure that the shareholders' general meeting exercises its powers and functions in accordance with the law, these rules have been formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Securities Law of the People's Republic of China (hereinafter referred to as the "**Securities Law**"), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the "Articles of Association").

Article 2 These rules shall apply to matters relating to the convening, proposal, notification and holding of the shareholders' general meeting of the Company.

Article 3 The Company shall convene the shareholders' general meeting(s) strictly in accordance with the relevant provisions of laws, administrative regulations, and the Articles of Association to ensure that the shareholders can legally exercise their rights.

The Board of Directors of the Company shall properly carry out its duties and organize the shareholders' general meeting(s) seriously at the prescribed time. All directors of the Company shall be diligent and responsible to ensure that the shareholders' general meetings are convened in the normal course and its functions carried out in accordance with laws.

Article 4 The shareholders' general meeting shall exercise its duties and powers within the scope prescribed in the Company Law and the Articles of Association. The shareholders' general meeting is the organ of the authority of the Company, which exercises its functions and powers in accordance with laws:

- (I) to elect and replace the directors who are not employee representatives, and to decide on matters relevant to the remuneration of directors;

**APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES
FOR THE SHAREHOLDERS' GENERAL MEETINGS**

- (II) to consider and approve reports of the Board of Directors;
- (III) to consider and approve the profit distribution plan and loss recovery plan of the Company;
- (IV) to determine the increase or decrease of the registered capital of the Company;
- (V) to determine the issuance of corporate bonds;
- (VI) to determine matters such as the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (VII) to amend the Articles of Association;
- (VIII) to determine the appointment and removal of an accounting firm undertaking the audit business of the Company by the Company;
- (IX) to consider matters relating to the purchases and disposals of material assets, which exceeds 30% of the latest audited total assets of the Company, within one year;
- (X) to consider and approve matters that shall be considered at a shareholders' general meeting required by Article 5;
- (XI) the annual general meeting of the Company may consider and authorize the Board of Directors to approve the offering of shares with a total financing amount of not more than RMB300 million and not more than 20% of the net assets as at the end of the latest year to specific targets, and such authorization will expire on the date of the annual general meeting for the next year;
- (XII) to consider and approve changes in use of the raised capital or utilization of excess proceeds;
- (XIII) to consider the share incentive plan and the employee stock ownership plan;
- (XIV) the shareholders' general meeting may authorize the Board of Directors to determine the issuance of corporate bonds;

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

(XV) to decide on directors and senior management entering into, whether directly or indirectly, material contracts or conducting material transactions with the Company, operating for their own benefits or managing businesses similar to those of the Company on behalf of others, or using their position to procure business opportunities for themselves or others that should have otherwise been available to the Company;

(XVI) to review other matters which, in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the location in which the Company's shares are listed, or the provisions of the Articles of Association, shall be decided at a shareholders' general meeting.

The aforementioned powers of the shareholders' general meeting shall not, except as otherwise provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, be exercised by the Board of Directors or any other body or individual by way of authorization.

Article 5 Any matter falling within any of the circumstances set out in paragraphs (I), (II), (III) or (IV) below shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the Board of Directors:

(I) Where a guarantee provided by the Company (referring to a guarantee provided by the Company for another person, including guarantee provided to its controlled subsidiaries) falls under any of the following circumstances, it shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the Board of Directors:

1. a guarantee with a single guarantee amount exceeding 10% of the latest audited net assets;
2. a guarantee provided after external guarantees are provided by the Company and its controlled subsidiaries with a total amount exceeding 50% of the latest audited net assets;
3. a guarantee provided for the principal whose asset-liability ratio exceeds 70%;
4. a guarantee where the guarantee amount provided within 12 consecutive months exceeds 30% of the Company's latest audited total assets;

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

5. a guarantee provided to shareholders, de facto controllers and their related (connected) parties;
6. a guarantee provided after external guarantees are provided by the Company with a total amount exceeding 30% of the latest audited total assets;
7. other guarantees specified by laws, regulations, regulatory documents or the Articles of Association.

When considering any guarantee matter, the Board of Directors shall obtain the approval of more than two-thirds of the directors with voting rights attending the Board meeting. When the shareholders' general meeting considers the guarantee referred to in item 4 above, such resolution shall be passed by more than two-thirds of the voting rights held by the shareholders attending the meeting. If the shareholders' general meeting considers a proposal on providing guarantees for shareholders, de facto controllers and their related (connected) parties, the shareholders or controlling shareholders by the de facto controllers shall withdraw from voting, and the voting shall be passed by a simple majority of the votes held by other shareholders present at the shareholders' general meeting.

Where the Company provides a guarantee for a wholly-owned subsidiary, or provides a guarantee for a controlled subsidiary while the other shareholders of such subsidiary provide a guarantee in proportion to their rights and interests, and such guarantee falls within any of the circumstances set out in items 1, 2 or 3 of paragraph (I) of this Article, such guarantee may be exempted from submission to the shareholders' general meeting for consideration. Where the Company provides a guarantee for its controlled subsidiaries or invested companies, other shareholders of such controlled subsidiaries or invested companies shall, in principle, provide equivalent guarantees in proportion to their capital contribution or adopt equivalent risk control measures such as counter-guarantees. Where the Company provides a guarantee for a related (connected) person, in addition to obtaining approval by a majority of all non-related directors, the guarantee shall also be approved by resolution passed by not less than two-thirds of non-related directors present at the Board meeting and submitted to the shareholders' general meeting for consideration. Where the Company provides a guarantee for the controlling shareholder, the de facto controller or any of their related (connected) parties, the controlling shareholder, the de facto controller and their related (connected) parties shall provide counter-guarantees.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

If the transaction causes the guaranteed party to become the related (connected) person of the Company, corresponding consideration procedures and information disclosure obligations should be performed for existing related (connected) guarantees while implementing the transaction or related (connected) transaction. If the Board of Directors or the shareholders' general meeting does not consider the approval of the related (connected) guarantee as specified in the preceding paragraph, the parties to the transaction must take effective measures such as terminating the guarantee in advance.

Where any external guarantee is provided in violation of the approval authority or approval procedures prescribed under these rules, thereby causing losses to the Company, the Company shall pursue the relevant responsible persons for their legal liabilities and liability for compensation.

- (II) Where the transaction amount of any transaction involving the purchase or sale of assets, external investments (except for the purchase of low-risk wealth management products of banks), transfer or acquisition of research and development projects, signing license agreements, providing guarantees (including guarantees provided for controlled subsidiary, etc.), lease-in or out of assets, appointing or being appointed by others to manage assets and businesses, giving or being given assets as gifts, restructuring of claims or debts, providing financial support (including interest-bearing or interest-free loans, entrusted loans, etc.), waiver of rights (including waiver of pre-emptive rights, pre-emptive subscription rights, etc.), meets one of the following criteria:
1. where the total assets involved in the transaction account for more than 50% of the Company's latest audited total assets, and both the book value and the appraised value of the total assets involved in the transaction are available, whichever is higher shall be taken as the calculation data;
 2. the operating income of the transaction target (such as equity interests) for the latest accounting year accounts for more than 50% of the Company's audited operating income for the latest accounting year, and the absolute amount exceeds RMB50 million;
 3. the net profit of the transaction target (such as equity interests) for the latest accounting year accounts for more than 50% of the Company's audited net profit for the latest accounting year, and the absolute amount exceeds RMB5 million;

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

4. the transaction amount accounts for more than 50% of the market value of the Company;
5. the profit generated from the transaction accounts for more than 50% of the Company's audited net profit for the latest accounting year, and the absolute amount exceeds RMB5 million;
6. the net assets of the subject of the transaction (such as equity) in the most recent accounting year accounts for more than 50% of the market value of the Company.

If the data involved in the calculation of the above indicators is negative, the absolute value shall be used for calculation. The market value refers to the arithmetic average of the closing market value over the ten trading days preceding the transaction.

Where a transaction involves the “purchase or disposal of assets” by the Company, the higher of the total assets involved and the transaction amount shall be used as the calculation basis, and such transactions shall be aggregated on a rolling basis within a period of twelve consecutive months by type. Where the aggregated amount reaches 30% of the Company's latest audited total assets, such matters shall be determined by the shareholders' general meeting and shall be approved by more than two-thirds of the voting rights held by shareholders present at the meeting. If the relevant deliberation obligations have been performed in accordance with the provisions of this paragraph, the transaction shall no longer be included in the scope of cumulative calculation.

The above assets purchased or sold do not include the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets related to daily operations, but the assets involved in the purchase and sale of such assets in the asset swap are still included. When the Company unilaterally benefits from the transaction, including being given cash assets as a gift, being granted debt reduction or relief, receiving guarantees or support, etc., the Company may be exempted from performing the consideration procedures of the shareholders' general meeting according to this article.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Transactions between the Company and its controlled subsidiaries within the scope of the consolidated statements or between such controlled subsidiaries shall be exempted from performing the consideration procedures in accordance with the provisions of these paragraphs, unless otherwise provided by the CSRC or the Shanghai Stock Exchange.

(III) If any related transaction between the Company and the related person (except for receiving cash assets as a gift, or the provision of guarantees) exceeds RMB30 million, accounting for more than 1% of the Company's latest audited total assets or market value, such transaction shall, after being determined by the Board of Directors, be submitted to the shareholders' general meeting for consideration.

(IV) If the financial assistance provided by the Company falls under any of the following circumstances, such matter shall, after being considered and approved by the Board of Directors, be submitted to the shareholders' general meeting for consideration and approval:

1. the asset-liability ratio of the assisted party exceeding 70% as shown in its most recent financial statements;
2. the amount of single financial assistance or the cumulative amount of financial assistance provided within twelve consecutive months exceeding 10% of the Company's latest audited net assets;
3. other circumstances as stipulated in the Articles of Association.

Where the target of financial assistance of the Company is a controlled subsidiary included in the consolidated financial statements of the Company, and the other shareholders of such controlled subsidiary do not include the listed company's controlling shareholders, de facto controllers, or their related (connected) persons, the foregoing provisions of this paragraph in relation to consideration and approval by the Board of Directors and the shareholders' general meeting shall not apply.

The Company shall not provide financial assistance to any related person prescribed under the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, except where financial assistance is provided to a related invested company which is not controlled by the controlling shareholder or de facto controllers of the listed Company, and the other shareholders of such invested company provide financial assistance on equal terms in proportion to their capital contributions.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

When performing the approval procedures for such matter, in addition to the approval of a simple majority of the non-related directors, such matter shall also be considered and approved by more than two-thirds of the non-related directors present at the Board meeting and be submitted to the shareholders' general meeting for consideration.

Except for the circumstances relating to the affiliated invested companies as set out above, other shareholders of such companies shall, in principle, provide the similar financial assistance in proportion to capital distribution if the Company provides financial assistance for the controlled subsidiaries and invested companies.

Where financial assistance is provided in violation of the approval authority or approval procedures prescribed under these rules, thereby causing losses to the Company, the Company shall pursue the relevant responsible persons for their legal liabilities and liability for compensation.

Article 6 The shareholders' general meeting shall be divided into annual shareholders' general meeting and extraordinary shareholders' general meeting. Annual shareholders' general meeting is held once every year and within 6 months from the end of the preceding accounting year.

Extraordinary shareholders' general meetings shall be convened on an ad hoc basis. Under any of the following circumstances, the Company shall convene an extraordinary shareholders' general meeting within two months:

- (I) where the number of directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;
- (II) where the uncovered losses of the Company reach one-third of its total share capital;
- (III) upon request by the shareholders with more than 10% of the Company's shares separately or jointly;
- (IV) where the Board of Directors considers it necessary;
- (V) where the Audit Committee proposes to call for such a meeting;
- (VI) when proposed by the independent non-executive directors, approved by a simple majority of all independent non-executive directors, and agreed by the Board of Directors to convene such meeting;

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

- (VII) other circumstances stipulated in the laws, administrative regulations, departmental rules, the regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

If the Company is unable to convene the shareholders' general meeting within the aforesaid period, it shall report to the local branch of the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") of the place where the Company is domiciled and the Shanghai Stock Exchange (hereinafter referred to as the "SSE"), explaining the reasons and making an announcement.

Article 7 If the Company convenes a shareholders' general meeting, lawyers shall be engaged to issue legal opinions on the following issues:

- (I) whether the procedures for convening and holding the meeting comply with laws, administrative regulations, the Articles of Association and these rules;
- (II) whether the qualifications of the participants and the convener are legal and valid;
- (III) whether the voting procedures and voting results of the meeting are legal and valid;
- (IV) legal opinions on other relevant issues as required by the Company.

CHAPTER 2 CONVENING OF SHAREHOLDERS' GENERAL MEETING

Article 8 The Board of Directors shall convene the shareholders' general meeting within the time limit prescribed in Article 6 of these rules.

Article 9 Approved by a simple majority of all independent non-executive directors, an independent non-executive director has the right to propose the Board of Directors to convene an extraordinary shareholders' general meeting. In respect to the proposal by the independent non-executive director for convening an extraordinary shareholders' general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary shareholders' general meeting within 10 days upon receipt of such proposal.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

In the event that the Board of Directors agrees to convene an extraordinary shareholders' general meeting, a notice for convening such meeting shall be given within 5 days after the resolutions of the Board of Directors is passed. In the event that the Board of Directors disagrees to convene an extraordinary shareholders' general meeting, an explanation shall be given and an announcement shall be made.

Article 10 The Audit Committee shall propose in writing the Board of Directors to convene an extraordinary shareholders' general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary shareholders' general meeting within 10 days upon receipt of such proposal.

In the event that the Board of Directors agrees to convene an extraordinary shareholders' general meeting, a notice for convening such meeting shall be given within 5 days after the relevant resolution of the Board of Directors is passed and consent of the Audit Committee shall be obtained in case of any changes to the original proposal in the notice.

In the event that the Board of Directors disagrees to convene an extraordinary shareholders' general meeting or does not furnish any reply within 10 days after having received such proposal, the Board of Directors is deemed to be unable or unwilling to perform the duty of convening a shareholders' general meeting, in which case the Audit Committee may convene and preside over such meeting by itself.

Article 11 Any shareholder(s) individually or jointly holding more than 10% of the shares of the Company shall propose in writing to request the Board of Directors to convene an extraordinary shareholders' general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, furnish a written reply to such shareholder(s) stating its agreement or disagreement to the convening of an extraordinary shareholders' general meeting within 10 days after having received such requisition.

In the event that the Board of Directors agrees to convene an extraordinary shareholders' general meeting, a notice for convening a shareholders' general meeting shall be given within 5 days after the relevant resolution of the Board of Directors is passed and consent of the relevant shareholder(s) shall be obtained in case of any changes to the original requisition in the notice.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

In the event that the Board of Directors disagrees to convene an extraordinary shareholders' general meeting or does not furnish any reply within 10 days after having received such requisition, shareholder(s) individually or jointly holding more than 10% of the shares of the Company may propose in writing to request the Audit Committee to convene the extraordinary shareholders' general meeting.

In the event that the Audit Committee agrees to convene an extraordinary shareholders' general meeting, a notice for convening a shareholders' general meeting shall be given within 5 days after having received such requisition and consent of the relevant shareholder(s) shall be obtained in case of any changes to the original requisition in the notice.

In the event that the Audit Committee fails to serve any notice of a shareholders' general meeting within the prescribed period, the Audit Committee is deemed not to convene and preside over a shareholders' general meeting, in which case the shareholder(s) individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over such a meeting by himself/themselves.

Article 12 Where the Audit Committee or shareholders decide to convene a shareholders' general meeting on its/their own, it/they shall send a written notice to the Board of Directors before issuing the notice of the shareholders' general meeting, and shall at the same time submit the relevant documents to the stock exchange.

During the period from the issuance of the notice of the shareholders' general meeting to the date on which the shareholders' general meeting is concluded, the shareholding percentage of the convening shareholder(s) shall not be less than 10%. The Audit Committee and the convening shareholder(s) shall submit the relevant evidentiary documents to the stock exchange when issuing the notice of the shareholders' general meeting and publishing the announcement on the resolutions of the shareholders' general meeting.

Article 13 Where a shareholders' general meeting is convened by the Audit Committee or shareholders on its/their own, the Board of Directors and the secretary to the Board of Directors shall work in a cooperative manner. The Board of Directors shall provide the register of shareholders on the shareholding registration date. If the Board of Directors fails to provide the register of shareholders, the convener may apply to the securities registration and clearing institution for the register of shareholders upon presentation of the relevant announcement on convening the shareholders' general meeting. The register of shareholders obtained by the convener shall not be used for any purpose other than convening the shareholders' general meeting.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Article 14 Where a shareholders' general meeting is convened by the Audit Committee or shareholders on its/their own, the expenses necessary for the shareholders' general meeting shall be borne by the Company.

CHAPTER 3 PROPOSALS AND NOTICES OF SHAREHOLDERS' GENERAL MEETING

Article 15 The contents of a proposal shall be within the functions and powers of the shareholders' general meeting, shall have definite issues for discussion and specific resolutions, and shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 16 Shareholder(s) individually or jointly holding more than 1% of the shares of the Company may submit written provisional proposals to the convener 10 days before the shareholders' general meeting. The convener shall, within 2 days after receipt of the provisional proposals, serve a supplemental notice of the shareholders' general meeting by way of announcement, which shall include the content of the extraordinary proposal, the name and shareholding ratio of the shareholder who submitted the proposal, and submit the extraordinary proposal to the shareholders' general meetings for consideration. Provided, however, that provisional proposals that violate laws, administrative regulations, the securities regulatory rules of the location where the Company's shares are listed, or the Articles of Association, or that are not within the authority of the general shareholders' meeting, shall be excluded. If, in accordance with the securities regulatory rules of the place where the Company's shares are listed, the shareholders' general meetings must be postponed due to the issuance of a supplementary notice, the convening of the shareholders' general meetings shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

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

Proposals not set out in the notice of the shareholders' general meeting or not complying with the Article 15 of these rules shall not be voted on or resolved at the shareholders' general meeting.

Article 17 The convenor shall notify the shareholders by ways specified in the Articles of Association 21 days before the annual general meetings are held, and for extraordinary shareholders' general meetings, the notice shall be given to the shareholders by ways specified in the Articles of Association 15 days before the meeting is held.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Article 18 The notice of the shareholders' general meeting and supplementary notice shall fully and completely disclose specific contents of all proposals, and all necessary information or explanation for shareholders to make rational judgments on matters to be discussed. The Board of Directors shall review all proposals for shareholders' general meetings in accordance with the following principles:

- (I) **Relevance.** For proposals that involve matters of direct interest to the Company and not contrary to laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, and not exceeding the functions and powers of the shareholders' general meeting as stipulated in the Articles of Association, the Board of Directors shall submit such proposals to the shareholders' general meeting for discussion. Proposals which do not comply with the aforesaid requirements shall not be submitted to the shareholders' general meeting for discussion.
- (II) **Procedures.** The Board of Directors may determine procedural issues relating to the proposals. In the event that the proposals are divided or combined for voting, it is necessary to obtain the consent of the original proposer in relation thereto; in case the proposer does not agree with such change, the chairman of the shareholders' general meeting may request the shareholders' general meeting to determine on the procedures relating thereto and conduct the discussion thereof in accordance with the procedures as determined by the shareholders' general meeting.

Where the Board of Directors decides not to include a proposal for a shareholders' general meeting in the matters to be considered at the meeting, it shall provide explanations and clarifications at such shareholders' general meeting. If the proposer disagrees with the decision of the Board of Directors not to include its proposal in the agenda of the shareholders' general meeting, the proposer may request the convening of an extraordinary shareholders' general meeting in accordance with the procedures prescribed in these rules.

Where the proposer decides to convene an extraordinary shareholders' general meeting on its own, it shall notify the Board of Directors in writing and issue a notice for convening the extraordinary shareholders' general meeting. The contents of such notice shall comply with the following requirements: no new contents shall be added to the proposal, otherwise the proposer shall, in accordance with the procedures, resubmit the request for convening a shareholders' general meeting to the Board of Directors.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Article 19 If the election of directors is proposed to be discussed at a shareholders' general meeting, the notice of the meeting shall adequately disclose the detailed information on the director candidates, which shall at least include:

- (I) personal particulars, including academic qualifications, working experience and concurrent positions;
- (II) whether or not such candidate has any related (connected) relationship with the Company, its controlling shareholders and de facto controller;
- (III) the number of shares of the Company held by such candidate;
- (IV) whether he/she has been punished by the CSRC and other relevant authorities and disciplined by the stock exchange.
- (V) whether there are circumstances under which a person may not serve as a director as stipulated under laws, regulations, or the securities regulatory rules of the place where the Company's shares are listed.

Except for the election of directors by a cumulative voting system, each candidate for a director shall be proposed via a single proposal.

Director candidates shall, before the publication of the notice of the shareholders' general meeting, give a written undertaking to accept the nomination, undertake that the information of the candidates disclosed publicly is true, accurate and complete, and undertake to duly perform their duties as directors upon election.

Article 20 The notice of the shareholders' general meeting shall include the following contents:

- (I) the date, the place and the hour of the meeting;
- (II) the matters and proposals to be discussed at the meeting;
- (III) a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and appoint a proxy in writing to attend and vote at the meeting and that such shareholder proxy need not be shareholder of the Company;

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

- (IV) the record date for the determination of the entitlements of shareholders to the shareholders' general meeting;
- (V) name and phone number of the standing contact person;
- (VI) the voting time and voting procedures for voting online or via other means;
- (VII) other contents required by the relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The date of the in-person meeting of the shareholders' general meeting and the record date shall both be trading days. The interval between the record date and the date of the meeting shall be not less than two business days and not more than seven business days. Once confirmed, the record date shall not be changed.

Article 21 After issuing a notice of the shareholders' general meeting, the shareholders' general meeting shall not be delayed or cancelled without justified reasons, and proposals, as set out in the notice, shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explain the specific reasons for the postponement or cancellation at least two trading days before the original convening date. If the shareholders' general meeting is delayed, the notice shall specify the rescheduled date. Where the securities regulatory rules of the location in which the Company's shares are listed prescribe specific procedures for delaying or cancelling a shareholders' general meeting, those provisions shall be followed, provided they do not conflict with the laws, regulations and regulatory requirements of the PRC.

Where a shareholders' general meeting is postponed, the record date shall not be changed and shall remain the date specified in the original notice of the shareholders' general meeting, and the date of the in-person meeting after postponement shall still comply with the requirement that the interval between such date and the record date shall not exceed seven business days.

CHAPTER 4 HOLDING OF SHAREHOLDERS' GENERAL MEETING

Article 22 The Company shall convene the shareholders' general meeting at the domicile of the Company or such other places as specified in the Articles of Association.

A meeting venue shall be set up for the shareholders' general meeting, which shall be convened by way of a combination of an in-person meeting and online voting, and telephone, video and other electronic communication methods may also be adopted simultaneously. The

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Company may also provide other safe, economical and convenient means to facilitate shareholders' attendance in the shareholders' general meeting. The shareholders' general meeting shall allow reasonable time for discussion on each proposal.

After the notice of the shareholders' general meeting has been issued, the venue of the in-person meeting of the shareholders' general meeting shall not be changed without proper reasons. Where it is necessary to change such venue, the convener shall make an announcement at least 2 trading days before the date of the in-person meeting and explain the reasons therefor.

Article 23 Any shareholders may attend the shareholders' general meeting in person and exercise the right to vote, or appoint another person (who may not be a shareholder of the Company) to attend and vote within the scope of authority.

Article 24 If the shareholders' general meeting is to be conducted online or via other means, the notice of the shareholders' general meeting shall clearly specify the voting time and voting procedures.

The commencement time for online or other means of voting at the shareholders' general meeting shall not be earlier than 3:00 p.m. on the day preceding the date of the in-person meeting of the shareholders' general meeting, and shall not be later than 9:30 a.m. on the date of the in-person meeting of the shareholders' general meeting. The closing time thereof shall not be earlier than 3:00 p.m. on the date on which the in-person meeting of the shareholders' general meeting is concluded.

Article 25 The Board of Directors and any other conveners shall take necessary measures to guarantee the good order of the shareholders' general meeting, take measures to deter any act disturbing the shareholders' general meeting, picking quarrels and provoking troubles or infringing the legal rights and interests of any shareholder, and shall report in a timely manner such act to the relevant department for investigation and punishment.

Article 26 All shareholders whose names appear on the register of members on the record date of the Company, or their proxies, are entitled to attend the shareholders' general meeting. The Company and the convener cannot reject such shareholders from attending the general meeting for any reason.

Article 27 A shareholder shall attend the shareholders' general meeting with his/her identity card or other valid certificate or proof showing his/her identity. A proxy shall also produce the power of attorney issued by the shareholder and his/her own valid identity card.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Article 28 The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the name of the shareholders as well as the number of their voting shares. Such registration shall be ceased prior to the announcement by the chairman of the shareholders' general meeting the number of shareholders and their proxies present at the meeting and the total number of their respective voting shares.

Article 29 If the shareholders' general meeting requests the directors and senior management to be present, the directors and senior management shall attend the meeting and answer shareholders' questions.

Article 30 A shareholders' general meeting shall be presided over by the chairman of the Board of Directors. Where the chairman of the Board of Directors is unable or fails to perform his/her duties, and the Company has a vice chairman of the Board of Directors, the vice chairman shall perform such duties. In the event that the Company has no vice chairman of the Board of Directors, or where the vice chairman is unable or fails to perform his/her duties, a director shall be jointly elected by a simple majority of the directors to preside over the meeting.

A shareholders' general meeting convened by the Audit Committee on its own shall be presided over by the convener of the Audit Committee. Where the convener of the Audit Committee is unable or fails to perform its duties, a member of the Audit Committee shall be jointly elected by a simple majority of the Audit Committee members to perform relevant duties.

A shareholders' general meeting convened by shareholders on their own shall be presided over by the convener or a representative elected by the convener.

When a shareholders' general meeting is held and the presider violates these rules which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the presider, subject to the approval of a simple majority of the attending shareholders having the voting rights.

Article 31 At the annual shareholders' general meeting, the Board of Directors shall report its work of the previous year to the shareholders' general meeting. Each independent non-executive director shall also present a work report on the performance of his/her duties. The annual work report of the independent non-executive directors shall be disclosed no later than the time when the Company issues the notice of the annual shareholders' general meeting.

Article 32 Directors and senior management members shall provide explanation and clarification to the inquiries raised by the shareholders at the shareholders' general meeting.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

CHAPTER 5 VOTING AT SHAREHOLDERS' GENERAL MEETINGS

Article 33 The shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares held. Each share shall have one vote. At the time of voting, shareholders (including their proxies) with two or more votes are not required to cast all votes for, against or abstain from casting all votes, except for holders of class shares (if any).

The presider of the shareholders' general meeting shall, before voting, announce the number of shareholders and their proxies attending the meeting as well as the total number of voting shares, and the number of shareholders and their proxies attending the meeting and the total number of voting shares shall be subject to the registration of the shareholders' general meeting.

Article 34 Where a shareholder has a related (connected) relationship with any matter proposed to be considered at the shareholders' general meeting, or in any other circumstances where abstention is required under the securities regulatory rules of the place where the Company's shares are listed, such shareholder shall abstain from voting, and the voting shares held by such shareholder shall not be counted among the total number of shares with voting rights present at a shareholders' general meeting

If the shareholders' general meeting considers the following significant matters affecting the interests of minority investors, the votes of shareholders other than the directors, senior management and shareholders who individually or jointly hold more than 5% of the shares of the Company shall be counted separately. The results of separate vote counting shall be disclosed in a timely manner.

- (I) the election or replacement of directors and the determination of the remuneration of directors;
- (II) the appointment or removal of the accounting firm;
- (III) changes in accounting policies and accounting estimates due to reasons other than changes in accounting standards;
- (IV) proposals for the variation of undertakings given by related parties;
- (V) the formulation of profit distribution policy and profit distribution plan;

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

- (VI) significant matters such as related (connected) transactions, provision of guarantees (excluding guarantees provided to subsidiaries within the scope of the consolidated statements), entrusted wealth management, provision of financial assistance, use of the raised proceeds, investment in shares and their derivatives;
- (VII) securities issuance plans, major asset restructuring plans, management buyouts, share equity incentive plans, employee stock ownership plans, share repurchase plans and plans of spin-off of subsidiaries for listing;
- (VIII) the Company's decision to no longer have its shares traded on the Shanghai Stock Exchange;
- (IX) matters that independent non-executive directors believe may potentially harm the legitimate rights and interests of minority shareholders;
- (X) other matters as required by laws, administrative regulations or the relevant rules of the Shanghai Stock Exchange.

No voting rights shall attach to the shares held by the Company, and such shares shall not be counted among the total number of shares with voting rights present at a shareholders' general meeting.

If a shareholder's purchase of shares with voting rights of the Company violates the provisions of paragraphs (I) and (II) of Article 63 of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted into the total number of voting shares held by shareholders attending the meeting within thirty-six months after the purchase.

The Board of Directors, independent non-executive directors, shareholders holding more than 1% of the voting shares of the Company or investor protection institutions established in accordance with laws and regulations may publicly solicit shareholders' rights, including the right to submit proposals and voting rights. The solicitor shall disclose the solicitation announcement and the relevant solicitation documents in accordance with the applicable requirements, fully disclose the information necessary for shareholders to grant proxies, and disclose the progress and results of the solicitation in accordance with the applicable requirements, and the Company shall provide cooperation accordingly. If the solicitor holds the Company's shares, it shall promise not to transfer the shares held before the announcement of the resolution of the shareholders' general meeting to deliberate the solicitation proposal. Solicitation of shareholders' rights by way of

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

compensation or disguised compensation is prohibited. Subject to statutory conditions, the Company and the convenor of the shareholders' general meeting shall not impose any conditions on the solicitor.

Article 35 Where more than two non-independent non-executive directors or more than two independent non-executive directors are to be elected at a shareholders' general meeting, cumulative voting system shall be adopted in accordance with the Articles of Association.

The cumulative voting system referred to in the preceding paragraph means a system where in the election of directors (including independent non-executive directors) at a shareholders' general meeting, the voting rights carried by each share is equal to the number of the directors to be elected, and the voting rights held by a shareholder may be used collectively in voting.

When the Company convenes a shareholders' general meeting to elect an independent non-executive director, the Board of Directors shall explain whether the independent non-executive director candidate received objection from the SSE. The Company shall not submit such independent non-executive director candidate who received objection from the SSE to the shareholders' general meeting for election. If the proposal has been submitted to the shareholders' general meeting for deliberation, the proposal shall be cancelled.

Article 36 The convener shall reasonably arrange the proposals for the shareholders' general meeting to ensure that the voting results on the same matter are clear and definite. Except for the cumulative voting system, the shareholders' general meeting shall resolve on all the proposals separately. In the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted, and shareholders (including their proxies) shall not vote in favor of different proposals on the same matter simultaneously at the shareholders' general meeting. Unless the shareholders' general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the shareholders' general meeting.

Article 37 No amendment shall be made to a proposal when it is considered at a shareholders' general meeting. If any amendment is made, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the shareholders' general meeting.

Article 38 A voting right can only choose one of on-site or other voting methods. If more than one vote is cast for a voting right, only the first vote is recorded.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Article 39 Shareholders present at the shareholders' general meeting shall express their opinions to vote for, against or abstain from voting on proposals, except where the securities registration and clearing organization, as the nominee of the shares issued through the Mainland-Hong Kong Stock Connect, makes a declaration according to the intention of the actual holder.

Voting papers which are not completed or cast, or are completed incorrectly or illegible shall be deemed as a waiver of the voting rights of the voters, and the voting result for shares held by the voters shall be counted as "abstain".

Article 40 Before the shareholders' general meeting votes on a proposal, two shareholders' representatives shall be elected to participate in vote counting and scrutineering. If the matter to be considered is related (connected) to the shareholders, relevant shareholders and proxies shall not participate in the vote counting and scrutineering.

If the shareholders' general meeting votes on a proposal, the lawyers, shareholders' representatives and other scrutineers appointed under the securities regulatory rules of the place where the Company's shares are listed shall be jointly responsible for vote counting and scrutinizing, and the voting results shall be announced on-site.

Shareholders or their proxies voting via other means are entitled to verify their voting results through the relevant voting system.

Article 41 The closing time of the in-person meeting of the shareholders' general meeting shall not be earlier than that of voting through other means. The presider shall announce the status and results of voting in respect of each proposal at the meeting site, and whether or not such proposal has been passed based on such voting results.

Before the voting result is announced, the relevant parties including the company, counting officer, monitoring officer, shareholders, and network service providers involved in on-site and other voting means of the at shareholders' general meeting shall have the confidentiality obligation in respect of the voting status.

CHAPTER 6 RESOLUTIONS OF SHAREHOLDERS' GENERAL MEETING

Article 42 The resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

- (I) An ordinary resolution may be adopted by a simple majority of the votes held by the shareholders (including proxies of shareholders) attending the shareholders' general meeting. The following matters shall be approved by the shareholders' general meeting through ordinary resolutions:
1. work report of the Board of Directors;
 2. plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;
 3. appointment or dismissal of the members of the Board of Directors, and their payment and payment methods;
 4. other matters other than those approved by special resolution stipulated in the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed or the Articles of Association.
- (II) A special resolution can be adopted by more than two-thirds of the votes held by the shareholders (including proxies of shareholders) attending the shareholders' general meeting. The following matters shall be approved by special resolution at the shareholders' general meeting:
1. the increase or decrease of the registered capital of the Company;
 2. division, merger and dissolution of the Company or the change of form of the Company;
 3. the spin-off of subsidiaries for listing;
 4. amendment to the Articles of Association and their appendices (including the Rules of Procedures for the Shareholders' General Meetings and the Rules of Procedures for the Board of Directors);
 5. substantial assets acquired or disposed of or security provided for an amount exceeding 30% of the latest audited total assets of the Company within one year;
 6. the issuance of stocks, convertible corporate bonds, preference shares and other securities approved by the CSRC;

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

7. the Repurchase of shares for the purpose of reducing the registered capital;
8. substantial asset restructuring;
9. share equity incentive plans;
10. a resolution of the shareholders' general meeting of the Company to voluntarily withdraw the listing of its shares from trading on the Shanghai Stock Exchange, and to decide not to trade on the Exchange or to apply for trading or transfer of its shares to other trading venues;
11. other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and as approved by ordinary resolution of the shareholders' general meeting which are believed could materially affect the Company and need to be approved by special resolution.

The proposals referred to in items 3 and 10 above shall, in addition to being passed by more than two-thirds of the votes held by the shareholders attending the meeting, also be passed by more than two-thirds of the votes held by other shareholders attending the meeting other than the directors, senior management members and shareholders who individually or jointly hold more than 5% of the shares of the Company.

Resolutions of the shareholders' general meeting shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares held by the holders entitled to attend the meeting and vote on the resolutions at the meeting and the proportion of these shares to the total number of the voting shares of the Company, the total number of shares who are entitled to attend the meeting but are required to abstain from voting in favor of the resolution as set out in Rule 13.40 of the Hong Kong Listing Rules, the total number of shares held by the holders of shares who are required to abstain from voting in favor of the resolution under the Hong Kong Listing Rules, the total number of shares actually voting in favor of the resolution and the total number of shares actually voting against the resolution, the voting method, the voting result of each resolution and the details of each of the resolutions passed, whether the person who expresses his/her intention to vote against the relevant resolution or abstain from voting right actually acts according to it at the shareholders' general meeting, and the attendance rate of directors at the shareholders' general meeting.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Article 43 If the proposal is not approved, or the resolution of the previous shareholders' general meeting is changed at the current shareholders' general meeting, a special note shall be included in the announcement of the resolution of the shareholders' general meeting.

Article 44 The secretary to the Board of Directors shall be responsible for taking the minutes of the shareholders' general meeting, which shall include the following items:

- (I) the timing, place, agenda and name of the convener of the meeting;
- (II) the names of the presider and the directors and senior management present or in attendance at the meeting;
- (III) the number of shareholders and proxies present at the meeting, the total number of voting shares held and the proportion of voting shares held to the total number of shares of the Company;
- (IV) consideration process, key points of speeches and voting results of each proposal;
- (V) shareholders' opinions or suggestions and corresponding replies or explanations;
- (VI) the names of the lawyers, vote counters and scrutineers;
- (VII) other contents that shall be recorded in the minutes of the meeting as specified by the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The directors, secretary to the Board of Directors, convener or their representatives and presider present or in attendance at the meeting shall sign the minutes of the meeting and ensure that the contents of the minutes are true, accurate and complete. The minutes of the meeting shall be kept together with the shareholders' attendance book and proxy forms, and valid information relating to voting online and via other means, for a period of not less than 10 years.

Article 45 The convener shall ensure that the shareholders' general meeting is held without interruption until a final resolution is made. If the shareholders' general meeting is suspended or no resolution can be made due to special reasons including force majeure, necessary measures shall be taken to resume the shareholders' general meeting as soon as possible or the shareholders' general meeting shall be terminated immediately, and an announcement shall be made in a timely manner. Meanwhile, the convener shall report to the dispatched office of the CSRC and the stock exchange at the locality of the Company.

APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETINGS

Article 46 If the shareholders' general meeting approves the proposal on the election of directors, the new directors shall assume their duties in accordance with the Articles of Association.

Article 47 Where a proposal on the distribution of cash dividends or bonus shares or capitalization of capital reserves is passed at a shareholders' general meeting, the Company shall implement a specific plan thereon within 2 months upon the conclusion of such shareholders' general meeting. Where otherwise provided by laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Article 48 The resolutions of the shareholders' general meeting of the Company are invalid if they violate laws and administrative regulations.

The controlling shareholders and de facto controllers of the Company shall not restrict or obstruct minority investors from exercising their voting rights in accordance with laws, and shall not prejudice the lawful rights and interests of the Company and minority investors.

If the convening procedure and voting method of the shareholders' general meeting violate laws, administrative regulations or the Articles of Association, or the resolution violates the Articles of Association, the shareholders may request the people's court to cancel the resolution within 60 days from the date of making the resolution, except where there are only minor defects in the convening procedure or voting method of the shareholders' general meeting, which do not materially affect the resolutions.

Where the Board of Directors, shareholders and other relevant parties dispute regarding matters such as the qualifications of the convener, the convening procedures, the legality of the proposal and the validity of a resolution passed at the shareholders' general meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgment or ruling to rescind the resolution, the relevant parties shall execute the resolution of the shareholders' general meeting. The Company, the directors and senior management members shall duly perform their duties, promptly implement the resolutions of the shareholders' general meeting, and ensure the normal operation of the Company.

If the people's court makes a judgement or ruling on the relevant matters, the Company shall perform its information disclosure obligations in accordance with the laws, administrative regulations, and the provisions of the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they shall be handled in a timely manner and the corresponding information disclosure obligations shall be fulfilled.

**APPENDIX V PROPOSED AMENDMENTS OF THE RULES OF PROCEDURES
FOR THE SHAREHOLDERS' GENERAL MEETINGS**

CHAPTER 7 SUPPLEMENTARY ARTICLES

Article 49 The terms “more than” and “within” as stated in these rules shall all include the given figure; the terms “a majority of”, “lower”, “exceed”, and “less than” shall all exclude the given figure.

Article 50 The Board of Directors is responsible for the interpretation of these rules.

Article 51 These rules shall be reviewed and passed by the shareholders' general meeting of the Company and shall take effect and be put into force from the date of the Company's initial public offering of shares and listing on the Sci-Tech Board of the Shanghai Stock Exchange.

Shanghai HeartCare Medical Technology Corporation Limited**RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS
(DRAFT)****CHAPTER 1 GENERAL PROVISIONS**

Article 1 In order to further standardize the procedure and decision-making process of Board of Directors of the Company and to enable the Directors and the Board of Directors to effectively perform their duties and improve the standardized operation and scientific decision-making ability of the Board of Directors, these rules have been formulated in accordance with relevant requirements of the Company Law of the People's Republic of China (the "**Company Law**"), the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (the "**Articles of Association**"), which serve as the code of conduct for the operation of the Board of Directors.

**CHAPTER 2 COMPOSITION AND FUNCTIONS AND POWERS OF
THE BOARD OF DIRECTORS**

Article 2 The Board of Directors shall comprise nine Directors and shall have one chairman. Directors are classified into executive Directors, non-executive Directors and independent non-executive Directors, among them independent non-executive Directors shall represent one third or more of the total number of members of the Board.

Directors shall strictly fulfill their obligations of loyalty and diligence as Directors in accordance with the Company Law and the Articles of Association.

Article 3 The Board of Directors has established the strategy committee, the audit committee, the remuneration committee and the nomination committee. The special committees are composed of Directors, among them independent non-executive Directors shall represent more than half of the members of the audit committee, the remuneration committee and the nomination committee, and independent non-executive Directors shall serve as the conveners. At least one of members in the audit committee shall be an independent non-executive Director who possesses appropriate professional qualifications as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), or has appropriate

accounting or related financial management expertise. The convenor of the audit committee shall be a professional accountant. The Board shall be responsible for formulating the working rules of the special committees.

Article 4 An office of the Board of Directors has been established under the Board to deal with daily affairs of the Board.

The secretary to the Board or securities affair representative shall serve concurrently as the officer in charge of the office of the Board of Directors and keep the seal of the Board.

Article 5 The Board of Directors exercises the following powers:

- (I) convene the shareholders' general meetings and report on work to the general shareholders' meeting;
- (II) implement the resolutions of the shareholders' general meetings;
- (III) determine the business and investment plans of the Company;
- (IV) devise the profit distribution plan and loss makeup plan of the Company;
- (V) formulate the plans for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;
- (VI) formulate plans for material acquisitions, purchase of shares of the Company, or merger, division, spin-off, dissolution or transformation of the Company;
- (VII) decide on external investment, acquisition and disposal of assets, pledge of assets, matter in relation to external guarantee, entrusted wealth management, related (connected) transactions, external donations, etc. of the Company within the scope of mandate of the general shareholders' meeting;
- (VIII) decide on the setup of the Company's internal management organization;
- (IX) decide on appointment or dismissal of the general manager and secretary of the Board of Directors of the Company, and determine his/her remunerations, rewards and penalties; based on the nomination of the general manager, decide on appointment or dismissal of senior management of the Company such as the deputy general manager and the financial officer in-charge, and determine his/her remunerations, rewards and penalties;

- (X) draft the establishment plan for the Board's special committees and submit it to the general shareholders' meeting for approval, and determine the selection of personnel for the Board's special committees;
- (XI) set the basic management systems of the Company;
- (XII) make the modification plan to the Articles of Association;
- (XIII) manage the information disclosure of the Company;
- (XIV) propose the appointment or replacement of the accounting firm that offers audit service for the Company at the general shareholders' meeting;
- (XV) attend to the work report of the Company's general manager and review the work of the general manager;
- (XVI) conduct an annual assessment of the independence of the incumbent independent non-executive Directors and issue a special opinion;
- (XVII) take charge of the establishment and improvement and efficient implementation of internal control systems;
- (XVIII) other powers and duties authorized by laws, administrative regulations, regulations of the authorities, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the general shareholders' meeting.

Any matters beyond the scope of authorization granted by the general shareholders' meeting shall be submitted at the general shareholders' meeting for consideration.

Major matters of the Company shall be subject to collective decision by the Board of Directors. No authorization shall be granted to, among others, the chairman of the Board of Directors and the general manager to exercise powers that shall be exercised by the Board of Directors in accordance with laws.

CHAPTER 3 CONVENING, PRESIDING AND PROPOSALS OF THE BOARD MEETING

Article 6 Board meetings are divided into regular meetings and extraordinary meetings. Regular meetings shall be held by the Board at least two times every year (representing the annual Board meeting and the interim Board meeting, which should be convened within four months after

the end of the Company's accounting year and within two months after the end of the first half of the Company's accounting year, respectively, mainly to review the Company's annual report and other related matters and the Company's interim report and other related matters).

Article 7 Before issuing a notice to convene regular meetings of the Board, the office of the Board shall solicit the views of all Directors adequately to form an initial meeting proposal to be submitted to the chairman of the Board of Directors for preparation.

In preparing proposals, the chairman of the Board of Directors shall, if necessary, seek the views of the general manager and other senior management.

Article 8 The Board of Directors shall convene an extraordinary meeting if:

- (I) proposed by shareholders representing more than one-tenth of the voting rights;
- (II) proposed jointly by more than one-third of the Directors;
- (III) proposed by the audit committee;
- (IV) proposed by a majority of independent non-executive Directors;
- (V) other circumstances as stipulated in the Articles of Association.

The chairman of the Board of Directors shall convene and chair a meeting of the Board of Directors within ten days after receiving the proposal.

Article 9 If an extraordinary meeting of the Board of Directors is proposed in accordance with the preceding article, a written proposal signed (sealed) by the proposer shall be submitted to the chairman of the Board of Directors through the office of the Board of Directors or directly. The written proposal shall indicate the following items:

- (I) the name of the proposer;
- (II) the reasons of the proposal or the objective reasons on which the proposal is based;
- (III) proposed timing or duration, place and manner of the meeting;
- (IV) clear and specific matters;

(V) contact information of the proposer and the date of the proposal, etc.

The proposal shall be covered by the scope of authority of the Board of Directors as specified in the Articles of Association, and the materials related to the proposal shall be submitted together with the proposal.

The office of the Board of Directors shall, upon receipt of the above written proposal and relevant materials, hand them over to the chairman of the Board of Directors on the same day. If the chairman of the Board of Directors considers that the contents of a proposal are not clear or specific or relevant materials are inadequate, it may request the proposer to modify the proposal or supplement the relevant materials.

The chairman of the Board of Directors shall convene and chair the Board meeting within ten days after receiving the proposal.

Article 10 The meetings of the Board shall be convened and presided over by the chairman. In the event that the chairman of the Board cannot or fails to perform his duties, one Director elected jointly by the majority of the Directors will convene and preside.

CHAPTER 4 NOTICE AND CONVENING OF BOARD MEETINGS

Article 11 For convening regular and extraordinary Board meetings, the office of the Board of Directors shall deliver a written notice of meeting to all Directors fourteen days and three days in advance, respectively, by means of personal delivery, mail, facsimile or email.

If the meeting notice is served personally, the recipient shall sign (or affix the seal) on the return receipt, and the date of signing shall be the date of service; if the notice is sent by fax, it is deemed to have been delivered when the fax is sent; if the notice is sent by e-mail, it is deemed to be delivered by entering the e-mail system of the recipient.

With the unanimous consent of all Directors of the Company, the time limit for notification in respect of the convening of regular meetings of the Board of Directors as mentioned above may be shortened or waived. If the situation is urgent and it is necessary to convene an extraordinary meeting of the Board of Directors as soon as possible, notice of the meeting may be given at any time by telephone or other verbal means, but the convenor shall make an explanation to that effect at the meeting.

Article 12 The notice of a meeting shall at least include the following:

- (I) date and place of the meeting;
- (II) duration of the meeting;
- (III) whether the Directors may attend the meeting by telephone or video;
- (IV) reasons and details of the matter(s) to be discussed;
- (V) the date on which the notice is given;
- (VI) contact person and contact information.

The oral meeting notice shall at least include the contents specified in items (I) and (II) above, as well as the explanation for convening an extraordinary meeting of the Board of Directors as soon as possible in case of emergency.

Article 13 If it is necessary to change the timing and place of the meeting or add, change or cancel a proposal of the meeting after the written notice of the regular meeting of the Board of Directors is given, the written notice of change shall be given three days before the original meeting date, explaining the situation, the relevant contents of the new proposal and relevant materials. If the written notice of change is given less than three days before the original meeting date, the meeting shall be postponed accordingly, or held as scheduled with the approval of all Directors to be present.

If it is necessary to change the timing and place of the meeting or add, change or cancel a meeting proposal after the notice of the extraordinary meeting of the Board of Directors is given, the approval of all Directors to be present shall be obtained in advance and corresponding records shall be kept.

When two or more independent non-executive Directors consider the meeting materials inadequate or the proof unclear or not provided in time, they may jointly propose in writing to the Board of Directors for postponing the meeting or the consideration of the matters, the Board of Directors shall adopt such proposal and the Company shall disclose the relevant information in a timely manner.

Article 14 Meetings of the Board of Directors shall be held with the presence of a majority of the Directors. Where any relevant Director refuses or is negligent in attending the meeting resulting in the number of attendants falls short of the minimum number required for convening the meeting, the chairman of the Board and the secretary to the Board shall promptly report to the regulatory authority.

If the general manager and the secretary to the Board do not concurrently serve as Directors, they shall also be present at the meeting. If the chairman of the meeting considers it necessary, he/she may notify other relevant persons to be present at the meeting.

A Director who neither attends a Board meeting nor appoints a proxy to attend shall be deemed to have waived his/her voting right at that meeting.

If the Director fails to attend the meetings of the Board of Directors either in person or entrust other Directors to attend on his/her behalf two times consecutively, the Director shall be deemed incapable of performing the duty, and the Board of Directors shall make a proposal to the shareholders' general meeting to dismiss such Director.

If the independent non-executive Director fails to attend the meetings of the Board of Directors either in person or entrust other independent non-executive Directors to attend on his/her behalf two times consecutively, the Board of Directors shall make a proposal to the shareholders' general meeting to dismiss such independent non-executive Director within 30 days from the date of the occurrence of such fact

Article 15 In principle, the Directors shall attend the meeting of the Board of Directors in person. If a Director is unable to attend the meeting for any reason, he/she shall peruse the meeting documents in advance, form definite opinions, and appoint another Director in writing to attend the meeting on his/her behalf. The proxy form shall indicate the following:

- (I) names of the principal and the trustee;
- (II) brief opinions of the principal on each proposal;
- (III) matters authorized to be acted upon, the scope and valid period of authorization by the principal and indications of voting intentions for proposals;
- (IV) signature of the principal, date, etc.

The proxy shall submit a written proxy form to the chairman of the meeting, and indicate the attendance by proxy in the attendance book.

Article 16 Appointing or acting as a proxy to attend a meeting of the Board of Directors shall comply with the following principles:

- (I) in consideration of related (connected) transactions, unrelated (unconnected) Directors shall not appoint related (connected) Directors to attend the meetings on their behalf, while related (connected) Directors shall not accept the appointment by unrelated (unconnected) Directors;
- (II) the independent non-executive Directors shall not authorize the non-independent non-executive Directors to attend the meeting on their behalf, and the non-independent non-executive Directors shall also not accept the appointment of independent non-executive Directors;
- (III) directors shall not give a carte blanche to any other Director to attend the meeting on their behalf without indicating their personal opinions and voting intentions on proposals, and relevant Directors shall not accept any carte blanche or appointment with unclear authorization;
- (IV) a Director shall not accept the appointment by more than two Directors, or appoint another Director who accepts the appointment by two other Directors to attend a meeting on his/her behalf.

Article 17 The Board meeting, in principle, is to be held physically on-site. On the premise of ensuring the Directors fully express their opinions, the Board meetings may, if necessary, be convened by voting via video, telephone, facsimile or e-mail and other means with the consent of the convener (chairman of the meeting) or the proposer. The Board meetings may also be held by the on-site method and by other means at the same time.

Article 18 The chairman of the meeting shall advise the Directors attending the meeting to express clear opinions on each proposal.

The following matters shall be deliberated at a special meeting of independent non-executive Directors, which will then be submitted to the Board of Directors for deliberation after being approved by more than half of all independent non-executive Directors of the Company:

1. related (connected) transactions that should be disclosed;

2. the plan for the Company and related parties to change or waive the commitment;
3. the decisions and measures taken by the board of directors of the listed company to be acquired in connection with the acquisition;
4. other matters stipulated by laws, administrative regulations, requirements of the CSRC and the Articles of Association.

A Director who hinders the normal process of the meeting or affects the speech by other Directors shall be promptly stopped by the chairman of the meeting. For the avoidance of doubt, this article does not bind or regulate matters that need to be considered by an independent Directors' committee composed of independent non-executive Directors under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or other regulations, which shall be reviewed in accordance with relevant regulations.

Unless the unanimous consent of all Directors attending the meeting is obtained, the meeting of the Board of Directors shall not vote on proposals not included in the notice of the meeting. The Directors who are entrusted by other Directors to attend the meeting on their behalf shall not vote on proposals not included in the notice of the meeting on behalf of such other Directors.

Article 19 The Directors shall read relevant meeting materials carefully. When deliberating matters submitted to the Board for decision, Directors shall thoroughly gather information and carefully assess whether the matter being deliberated involves their own interests, falls within the Board's authority, is supported by sufficient materials, follows lawful voting procedures, and express their opinions independently and prudently on the basis of knowing the circumstances well. When the Board of Directors deliberates on major matters of the Company, it should give due consideration to investors' interests and return.

The Directors may gather the information necessary for the decision-making from the office of the Board, the meeting convener, the general manager and other senior management, various special committees, accounting firms and law firms and other relevant personnel and organizations before the meeting, or to suggest during the meeting that the presider invites the above-mentioned persons and the representatives of the above-mentioned organizations to attend the meeting to explain the relevant situations.

CHAPTER 5 CONSIDERATION AT BOARD MEETINGS

Article 20 When the Board of Directors considers authorization matters, Directors shall make prudent judgements on the scope, validity, rationality and risks.

Article 21 When the Board of Directors considers major matters, Directors shall obtain a detailed understanding of the reasons underlying the transactions and carefully assess their impact on the listed company's financial condition and long-term development.

Article 22 When the Board of Directors considers external investment matters, Directors shall analyze project feasibility, investment prospects, relevance to the principal business, and sources of funding.

Article 23 When the Board of Directors considers the matters relating to the provision of guarantees, Directors shall actively understand the operational and financial status, creditworthiness and tax payment status of the guaranteed party.

Article 24 When the Board of Directors considers the guarantees provided for controlled/invested companies, Directors shall focus on whether other shareholders provide proportional guarantees or counter-guarantees according to the proportion of equity.

Article 25 When the Board of Directors considers the changes in accounting policies/estimates, Directors shall pay attention to the reasonableness of such changes, their impact on periodic reports, retrospective adjustments, and the risk of profit manipulation.

Article 26 When the Board of Directors considers the financial assistance matters, Directors shall understand the basic circumstances of the assisted party and exercise prudent judgment on compliance, reasonableness, and repayment capacity.

Article 27 When the Board of Directors considers the financial assistance provided to specific subsidiaries, Directors shall pay attention to whether other shareholders provide financial assistance in proportion to their capital contributions.

Article 28 When the Board of Directors considers the disposal of core competitive assets, Directors shall pay attention to whether there exists any circumstance that may prejudice the legitimate rights and interests of the Company and its minority shareholders.

Article 29 When the Board of Directors considers the entrusted asset management matters, Directors shall focus on the delegation of approval authority, risk control systems, and the status of the entrusted party.

Article 30 When the Board of Directors considers the high-risk investments, Directors shall focus on the internal control systems, risk controllability, investment scale, and sources of funding.

Article 31 When the Board of Directors considers the acquisition and restructuring matters, Directors shall conduct due inquiry into the acquisition intent, the creditworthiness and financial condition of the counterparty, and the fairness of the transaction price.

Article 32 When the Board of Directors considers the profit distribution plans, Directors shall focus on the compliance and reasonableness of such plans, as well as their alignment with the Company's status.

CHAPTER 6 VOTING AT BOARD MEETINGS

Article 33 After each proposal has been fully discussed, the presider shall call for a vote of the Directors present in due course.

Voting at the meeting shall be conducted on a one-person, one-vote basis by a show of hands or by ballot.

The voting intention of the Directors is divided into for, against or abstain. The Directors attending the meeting shall choose one of the above intentions. If no choice is made or if more than two intentions are chosen at the same time, the presider shall ask the Directors concerned to choose again. If he/she refuses to choose, he/she shall be deemed to have abstained from voting. Those who leave the meeting venue in the middle of the meeting and do not return without making a choice shall be deemed to have abstained from voting.

Article 34 After the voting of the Directors present at the meeting, the securities representative and relevant personnel of the office of the Board of Directors shall timely collect the Directors' votes, and pass them to the secretary to the Board of Directors for calculation under the supervision of one independent non-executive Director; alternatively, the secretary to the Board of Directors shall tally the results of the Directors' show-of-hands voting under the supervision of one independent non-executive Director.

If the meeting is convened on site, the chairman of the meeting shall announce the voting results forthwith. In other cases, the chairman of the meeting shall require the secretary to the Board of Directors to notify the Directors of the voting results before the next business day after conclusion of the specified voting time.

If the Directors vote after the chairman of the meeting announces the voting results or after conclusion of the specified voting time, their votes shall not be counted.

Article 35 For the Board of Directors to review and approve a meeting proposal and pass a relevant resolution, affirmative votes in favor of such proposal must be cast by more than half of the total number of Directors of the Company. Save as otherwise required by applicable laws, administrative regulations and the Articles of Association for a Board resolution to be adopted with the consent of a greater number of Directors, such provisions shall prevail.

When the Board passes resolutions in respect of guarantee matters within its scope of authority pursuant to the Articles of Association, such resolutions shall be adopted not only by more than half of all Directors of the Company, but also by more than two-thirds of the Directors present at the meeting.

If any resolutions conflict with one another in content and meaning, the resolution made at a later time shall prevail.

Article 36 Under any of the following circumstances, Directors shall abstain from voting on the related resolutions:

- (I) where the Directors themselves consider that they shall abstain from voting;
- (II) circumstances under which a director is required to recuse himself/herself by reason of having a related (connected) relationship with the enterprise or individual to which the proposals for the meeting relate, as stipulated in the Articles of Association;
- (III) circumstances requiring a director's recusal as prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and other normative documents.

Where a Director has a related (connected) relationship with the enterprise or individual involved in the matter to be resolved at a meeting of the Board, or where a Director or any of his/her close associates (as defined under the Hong Kong Listing Rules) has a material interest in any contract, arrangement or any other proposal to be resolved at the Board meeting (save for the exceptions set out in the Hong Kong Listing Rules), such Director shall promptly make a written report to the Board. A Director with a related (connected) relationship shall not exercise voting rights in respect of such resolution, nor shall he act as a proxy for other Directors to exercise voting rights. Where Directors are required to recuse themselves from voting, the Board meeting may be convened if attended by more than half of the unrelated (unconnected) Directors. Any resolution passed at such Board meeting shall be adopted by a simple majority of the votes cast by

unrelated (unconnected) Directors present. If fewer than three unrelated (unconnected) Directors are present at the Board meeting, the matter shall be submitted to the shareholders' general meeting for consideration and approval.

Related (connected) Directors referred to in the preceding paragraph shall mean any Directors falling under any of the following categories or satisfying any one of the following circumstances:

1. the counterparties;
2. taking office at the counterparties, or at a legal person or any other organization which can directly or indirectly control the counterparties, or a legal person or any other organization which is under direct or indirect control of the counterparties;
3. having direct or indirect control over the counterparties;
4. close family members of the counterparties or their direct or indirect controllers include spouses, parents and parents of one's spouse, siblings and their spouses, children aged 18 or above and their spouses, siblings of one's spouse, and parents of one's children's spouses;
5. close family members of the directors, supervisors and senior management personnel of the counterparty to the transaction or its persons exercising direct or indirect control shall specifically include: spouses, parents and parents of spouses, siblings and their spouses, children aged 18 or above and their spouses, siblings of one's spouse, and parents of one's children's spouses;
6. persons whose independent business judgment may be affected for other reasons as identified by the Company.

Article 37 The Board of Directors shall act strictly in accordance with the authorizations granted by the shareholders' general meeting and the Articles of Association, and shall not pass resolutions in excess of its authority. Within the scope of authorization conferred by the shareholders' general meeting, the specific approval authority of the Board for reviewing and approving all matters other than those required to be submitted to the shareholders' general meeting for approval is set out as follows:

- (I) In respect of the following transactions entered into by the Company, namely asset acquisitions and disposals, external investments (excluding the purchase of low-risk bank wealth management products), transfer or assignment of research and development

projects, execution of license agreements, provision of guarantees (including guarantees for holding subsidiaries, etc.), lease-in or lease-out of assets, entrustment of or acceptance of entrustment for asset and business management, donation or acceptance of donated assets, creditor's right and debt restructuring, provision of financial assistance (including interest-bearing or interest-free loans, entrusted loans, etc.), waiver of rights (including waiver of pre-emptive purchase rights, pre-emptive capital subscription rights, etc.), the approval authority of the Board shall be as follows:

1. the total assets involved in the transaction account for more than 10% of the Company's most recent audited total assets, both the book value and appraisal value being available, whichever is higher shall be adopted as the calculation data;
2. the subject of the transaction (such as equity) generated operating revenue in the most recent accounting year that accounts for more than 10% of the Company's audited operating revenue in the most recent accounting year, and the absolute amount exceeds RMB10,000,000;
3. the subject of the transaction (such as equity) generated net profit in the most recent accounting year that accounts for more than 10% of the Company's audited net profit in the most recent accounting year, and the absolute amount exceeds RMB1,000,000;
4. the transaction consideration accounts for more than 10% of the Company's market value;
5. the profit generated from the transaction accounts for more than 10% of the Company's audited net profit in the most recent accounting year, and the absolute amount exceeds RMB1,000,000;
6. the net assets of the subject matter of the transaction (such as equity) in the most recent accounting year accounts for more than 50% of the Company's market value.

Upon entering into the aforesaid "asset acquisition or disposal" transactions, the higher of the total asset value and the transaction consideration shall be taken as the calculation benchmark. Calculation shall be made on a cumulative basis within any consecutive twelve-month period by reference to the category of transactions. Where the cumulative

amount reaches 30% of the Company's latest audited total assets, such transaction shall further be submitted to the shareholders' general meeting for consideration and adopted by not less than two-thirds of the voting rights held by the shareholders present at the meeting.

If the data involved in the calculation of the above indicators is negative, the absolute value of the data shall be used. "Market value" refers to the arithmetic mean of the closing market values for the ten trading days immediately preceding the transaction.

- (II) Any provision of guarantees by the Company (referring to guarantees provided by the Company for other parties, including guarantees granted to its controlled subsidiaries) shall be reviewed and approved by the Board of Directors, adopted by more than two-thirds of the Directors present at the Board meeting and disclosed to the public in a timely manner. Where the Company intends to provide guarantees falling within the scope prescribed under Article 48 of the Articles of Association, such guarantee arrangements shall be submitted to the shareholders' general meeting for approval following their adoption by the Board.
- (III) In respect of related (connected) transactions entered into by the Company (excluding provision of guarantees), the approval authority of the Board of Directors shall be as follows:
 - 1. transactions between the Company and related (connected) natural persons where the related (connected) transactions exceed RMB300,000;
 - 2. related (connected) transactions between the Company and related (connected) legal persons where the transaction consideration exceeds RMB3,000,000 and accounts for more than 0.1% of the Company's most recent audited total assets or market value;
- (IV) Except as otherwise provided in the Articles of Association, any provision of financial assistance by the Company shall be reviewed and approved by the Board of Directors. In addition to requiring the approval of more than half of all Directors, it shall also be adopted by more than two-thirds of the Directors present at the Board meeting and disclosed to the public promptly. Where the Company provides financial assistance specified in the Articles of Association, such matter shall be submitted to the shareholders' general meeting for approval after being passed by the Board. The provisions of this paragraph shall not apply where the recipient of financial assistance is

a subsidiary within the scope of the Company's consolidated financial statements, and none of the other shareholders of such subsidiary are the controlling shareholder, de facto controller of the listed company or their related persons.

If the data involved in the calculation of the above indicators is negative, the absolute value of the data shall be used.

The aforesaid asset acquisitions and disposals shall exclude the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets related to daily operations; provided that such assets acquired or disposed of pursuant to asset swaps shall still be included therein. If any matter falling within the scope of decision-making authority of the Board pursuant to this article is required to be submitted to the shareholders' general meeting for review and approval under the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association of the Company, such matter shall be dealt with in accordance with the relevant provisions.

Where the various matters set out in the preceding paragraphs of this article fail to reach the corresponding minimum thresholds prescribed herein, the Board shall authorize the general manager of the Company to examine and approve such matters.

Article 38 If the proposal is not approved, the Board of Directors shall not reconsider any proposal with identical contents at any Board meeting within one month, unless material changes have occurred to the relevant conditions and factors.

Article 39 If more than one-half of the Directors present at the meeting or two or more independent non-executive directors consider that a proposal is not clear or specific, or they are unable to make a judgment on relevant matters due to other reasons such as insufficient meeting materials, the chairman of the meeting shall request the meeting to postpone the voting on the topic.

A Director proposing a postponement of voting shall specify clear conditions which shall be met for re-submission of the proposal for consideration.

Article 40 Where an independent non-executive Director casts a dissenting vote or an abstention vote on a proposal submitted to the Board of Directors, he/she shall specify the detailed reasons and supporting grounds, the legality and compliance of the matters covered by the proposal, potential risks involved, as well as the impacts on the interests of the Company and

minority shareholders. When the Company discloses the Board resolutions, it shall concurrently disclose the dissenting opinions put forward by the independent non-executive director, and such opinions shall be recorded in the Board resolutions and meeting minutes.

Article 41 The secretary to the Board shall arrange staff members of the office of the Board of Directors to take proper minutes of each meeting of the Board of Directors. Minutes of a meeting shall include the following contents:

- (I) the session of the meeting, the date and place of the meeting and name of the convener;
- (II) the issuing of the meeting notice;
- (III) person who convened and presided over the meeting;
- (IV) the names of the Directors present and names of Directors being appointed to attend the meeting of the Board of Directors on the other's behalf (proxy);
- (V) proposals considered at the meeting, the main points and principal opinions of each Director's speeches on related matters, and Directors' voting intentions for the proposals;
- (VI) agenda of the meeting;
- (VII) the voting method and result of each resolution (with the voting result specifying the number of votes for, against or abstaining);
- (VIII) other matters that attending Directors consider should be recorded.

Article 42 Directors present at the meeting shall sign to confirm the meeting minutes and resolutions both in their own capacity and on behalf of the Directors who have appointed them to attend the meeting by proxy. The secretary to the Board and the minute-taker shall also sign to confirm the meeting minutes. Any Director who holds a different opinion on the meeting minutes or resolutions may set forth a written explanation at the time of signing, or issue a public statement where necessary. If a Director neither signs for confirmation in accordance with the provisions of the preceding paragraph nor issues a public statement regarding his differing opinions, he/she shall be deemed to have fully agreed to the contents of the meeting minutes and resolutions.

Where a meeting of the Board of Directors is convened by off-site means, the secretary to the Board shall request the participating Directors to affix their signatures in counterpart to the Board meeting resolutions and meeting minutes within a reasonable and appropriate period of time.

Article 43 Directors shall be responsible for resolutions of the Board of Directors. If a resolution of the Board of Directors violates the laws, administrative regulations or the Articles of Association of the Company and the Company suffers serious losses as a result thereof, the Directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Director may be released from such liability.

Article 44 The chairman of the Board of Directors shall urge relevant personnel to implement the resolutions of the Board of Directors, inspect the implementation of the resolutions, and report the implementation of the resolutions at subsequent meetings of the Board of Directors.

Article 45 Archives of meetings of the Board of Directors, including meeting notices and supporting materials for meetings, attendance registers, powers of attorney for Directors attending meetings by proxy, voting slips, meeting minutes confirmed and signed by the Directors present at the meeting, resolutions and other documents, shall be kept and maintained by the secretary to the Board.

The archives of Board meetings shall be preserved for a period of not less than ten years.

Article 46 Where a resolution of the Board of Directors of the Company concerns matters required to be reviewed by the shareholders' general meeting, or material matters as stipulated under the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Company shall disclose an announcement of the Board resolution and an announcement in respect of the relevant material matters separately.

Article 47 Where the Board of Directors of the Company is unable to convene meetings in the normal manner, irregularities occur during the holding of any Board meeting, or disputes arise in respect of the validity of any Board resolutions, the Company shall promptly disclose information that enables investors to ascertain the actual circumstances of the Company, including the relevant matters, contentions put forward by all disputing parties and the current status of the Company, together with a special legal opinion issued by legal advisers.

Upon the occurrence of the circumstances specified in the preceding paragraph, the Board of Directors shall maintain the normal production and operational order of the Company, safeguard the interests of the Company and all shareholders, and treat all shareholders equally and fairly.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 48 As stated in these rules, the terms “more than” and “within” shall all include the given figure; the terms “above”, “less than”, “not exceeding” and “more than half” shall all exclude the given figure.

Article 49 These rules shall be reviewed and passed by the shareholders’ general meeting of the Company and shall take effect and be put into force from the date of the Company’s initial public offering of shares and listing on the Sci-Tech Board of the Shanghai Stock Exchange.

Article 50 The Board of Directors is responsible for the interpretation of these rules.

Shanghai HeartCare Medical Technology Corporation Limited**DECISION-MAKING POLICIES
FOR RELATED (CONNECTED) TRANSACTIONS (DRAFT)**

Article 1 In order to further improve the corporate governance structure of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the “**Company**”), promote the Company’s standardized operations, enhance the independence and scientific nature of the Company’s decision-making, and better protect the lawful rights and interests of all shareholders, particularly minority shareholders, these policies have been formulated in accordance with the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (hereinafter referred to as the “**SSE Listing Rules**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other laws, regulations and normative documents as well as the relevant provisions of the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the “**Articles of Association**”).

Article 2 Related (connected) transactions of the Company shall comply with the following basic principles:

- (I) related (connected) transactions shall comply with the principle of good faith to ensure the legality, necessity, reasonableness, and fairness of related (connected) transactions;
- (II) the Company shall enter into written agreements for related (connected) transactions with related (connected) persons; such agreements shall be entered into in accordance with the principles of equality, voluntariness, fairness, equivalence, and compensation;
- (III) directors and shareholders who have any conflict of interest with the related (connected) party shall withdraw when voting on matters related to such related (connected) transactions;
- (IV) the Board of Directors of the Company shall make a clear determination regarding the necessity, fairness, and genuine intent of related (connected) transactions, as well as their impact on the Company, paying particular attention to the pricing policies and basis for such transactions;
- (V) related (connected) transactions shall not be used to adjust financial indicators, fabricate profits, transfer benefits to related (connected) persons, and harm the legitimate rights and interests of the Company and minority shareholders.

Article 3 In accordance with the SSE Listing Rules, a related transaction of the Company refers to matters involving the transfer of resources or obligations between the Company or its controlling subsidiaries and the Company's related persons. Such transactions primarily include the following:

- (I) the purchase or sale of assets;
- (II) the external investments (except for the purchase of low-risk bank wealth management products);
- (III) transfer or acquisition of research and development projects;
- (IV) signing license agreements;
- (V) provision of guarantees (including guarantees for controlling subsidiaries, etc.);
- (VI) lease-in or out of assets;
- (VII) appointing or being appointed by others to manage assets and businesses;
- (VIII) giving or being given assets as gifts;
- (IX) restructuring of claims or debts;
- (X) providing financial assistance (including interest-bearing or interest-free loans, entrusted loans, etc.);
- (XI) waiver of rights (including waiver of preemptive purchase rights, priority subscription rights, etc.);
- (XII) purchase of raw materials, fuel, and power;
- (XIII) sale of products and commodities;
- (XIV) provision or receipt of labor services;
- (XV) sale by other persons engaged by the Company or sale by the Company engaged by other persons;

(XVI) other matters that may result in the transfer of resources or obligations under an agreement.

Article 4 In accordance with the provisions of the Hong Kong Listing Rules, a connected transaction refers to a transaction between the Company and its subsidiaries and a connected person, as well as designated category transactions with a third party, where such designated category transactions may enable connected person to benefit from their interest in an entity involved in the transaction. Such transactions may be one-time transactions or ongoing transactions.

The foregoing transactions include both capital and revenue transactions, regardless of whether they are conducted in the ordinary course of business of the Company and its subsidiaries. This includes the following categories of transactions:

- (I) the purchase or sale of assets by the Company or its subsidiaries, including deemed disposals;
- (II) the Company or its subsidiaries grant, accept, exercise, transfer, or terminate an option to purchase or sale of assets, or to subscribe for securities (provided that the termination of an option in accordance with the terms of the original agreement, where the Company and its subsidiaries have no discretion regarding such termination, does not constitute a transaction); or the Company or its subsidiaries decide not to exercise the option to purchase or sell assets, or to subscribe for securities;
- (III) entering into or terminating a finance lease, an operating lease, or a sublease;
- (IV) making a compensation guarantee, or providing or accepting financial assistance. Financial assistance includes granting credit, lending funds, or providing a compensation guarantee, collateral, or mortgages for loans;
- (V) entering into an agreement or arrangement to establish a joint venture in any form (such as a partnership or a corporation) or to engage in any other form of joint venture arrangement;
- (VI) issuing new securities of the Company or its subsidiaries, including underwriting or sub-underwriting securities offerings;
- (VII) providing, accepting, or sharing services; or

(VIII) purchasing or supplying raw materials, semi-finished goods and/or finished goods.

Article 5 The related (connected) persons of the Company include related (connected) legal persons and related (connected) natural persons as defined in the SSE Listing Rules, as well as connected persons as defined in Chapter 14A of the Hong Kong Listing Rules. The Company's directors, senior management member, shareholders holding more than 5% of the shares and their persons acting in concert, and de facto controllers shall promptly submit a list of the related (connected) persons of the Company and an explanation of the related (connected) relationships to the Company's Board of Directors, so that the Company may properly manage the registration.

The related (connected) parties of the Company shall promptly notify the office of the Board of Directors of the Company of any related (connected) relationships they have with the Company. In the event of any changes to information about related (connected) parties, the office of Board of Directors must be promptly notified of such changes. All departments of the Company, as well as its branches and subsidiaries shall promptly submit information regarding the Company's related (connected) parties arising from transactions they conduct directly to the office of the Board of Directors of the Company. When any changes to such related (connected) parties information occur, the details of any changes shall be promptly submitted to the office of the Board of Directors.

Article 6 According to the SSE Listing Rules, a natural person, legal person or other organization that meets any of the following circumstances shall be considered a related (connected) person of the Company:

- (I) a natural person, legal person or other organization that directly or indirectly controls the Company;
- (II) a natural person that directly or indirectly holds more than 5% of the shares of the Company;
- (III) a director and senior management of the Company;
- (IV) a family member who is closely related to the related (connected) natural persons referred to in item (I), item (II) and item (III) of this article, including spouse, children aged 18 or above and their spouses, parents and parents of the spouses, siblings and their spouses, siblings of spouses, parents of children's spouses;
- (V) a legal person or any other organization that directly holds more than 5% of the shares of the Company and their persons acting in concert;

- (VI) a director, supervisor, senior management or any other principal responsible person of the legal person or other organization that directly or indirectly controls the Company;
- (VII) a legal person or any other organization that is directly or indirectly controlled by the related (connected) legal person or natural person specified in items (I) to (VI) of this article, or in which the above related (connected) natural persons (other than an independent directors) act as directors or senior management, except for the listed company and its controlled subsidiaries;
- (VIII) a legal person or other organization that indirectly holds more than 5% of the shares of the Company and its persons acting in concert;
- (IX) a legal person or other organization determined by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the Shanghai Stock Exchange (hereinafter referred to as the “SSE”) or the Company based on the principle of substance over form, as having a special relationship with the Company, which may tilt the interests of the Company in its favor.

Article 7 In accordance with the SSE Listing Rules, any legal person or natural person falling under any of the following circumstances shall be deemed a related person of the Company:

- (I) a legal person or natural person that, as a result of entering into an agreement or making an arrangement with the Company or its related person, meets any of the circumstances specified in Article 6 of these policies after the agreement or arrangement takes effect, or within the next 12 months;
- (II) a legal person or natural person that has had any of the circumstances specified in Article 6 of these policies within the past 12 months.

Article 8 In accordance with the Hong Kong Listing Rules, subject to the exceptions specified therein, the connected persons of the Company generally include the following parties:

- (I) directors, supervisors, chief executive, or substantial shareholders (i.e., persons entitled to exercise or control the exercise of 10% or more of the voting rights at the shareholders’ general meeting of the Company) of the Company or any of its subsidiaries;

- (II) any person who has served as a director of the Company or any of its subsidiaries within the past 12 months (together with persons described in item (I) of this article as “**Basic Connected Person**”);
- (III) an associate of any Basic Connected Person, including:
1. if the Basic Connected Person is an individual:
 - (1) his or her spouse; the individual (or his or her spouse’s) children (biological or adopted) or stepchildren under the age of 18 years (each referred to as an “**Immediate Family Member**”);
 - (2) the trustees, acting in their capacity as trustees under any trust of which the individual or his/her Immediate Family Member is a beneficiary or, in the case of a discretionary trust, is (to his/her knowledge) a discretionary object of the trust (such trust excludes an employee stock plan or occupational retirement security plan established for a broad class of participants, where the aggregate interest of the connected persons in such plan is less than 30%) (hereinafter referred to as “**Trustee**”); or
 - (3) a 30% controlled company held directly or indirectly by the individual, his or her Immediate Family Members, and/or the Trustees (individually or jointly), or any subsidiary of such company; or
 - (4) a person cohabiting with him/her as a spouse, or the his/her children, stepchildren, parents, stepparents, brothers, stepbrothers, sisters, or stepsisters (each referred to as a “**Family Member**”); or
 - (5) a majority-controlled company held, directly or indirectly, by the Family Members (individually or jointly), or held by the Family Members, together with the individual, his or her Immediate Family Members, and/or the Trustees, or any subsidiary of such company; or
 - (6) if the individual, their Immediate Family Member and/or the Trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or other percentage specified by Chinese law in relation to triggering a

mandatory public offer or establishing the legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be an associate of such a Basic Connected Person.

2. if the Basic Connected Person is a company
 - (1) its subsidiary or controlling company, or a fellow subsidiary of the controlling company;
 - (2) the trustees, acting in their capacity as trustees under any trust of which such company is a beneficiary or, in the case of a discretionary trust, is (to his/her knowledge) a discretionary object of the trust (hereinafter referred to as “**Trustee**”);
 - (3) a 30% controlled company held directly or indirectly by the company, the company described in paragraph (1) above and/or the Trustee (individually or jointly), or any subsidiary of such 30% controlled company; or
 - (4) if the company, any of its subsidiaries, controlling company, fellow subsidiary of the controlling company and/or the Trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or other percentage specified by Chinese law in relation to triggering a mandatory public offer or establishing the legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be an associate of such a Basic Connected Person.

(IV) connected subsidiaries, including:

1. non-wholly-owned subsidiaries of the Company that meet the following conditions: namely, a connected person at the corporate level may, individually or collectively, exercise 10% or more of the voting rights at the shareholders’ general meeting of such subsidiary; wherein the 10% threshold does not include any indirect interest in such subsidiary held by such connected person through the Company; or
2. any subsidiary of the non-wholly-owned subsidiary described in paragraph 1 above.

- (V) a person deemed to be a connected party by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”).

Article 9 In accordance with the Hong Kong Listing Rules, Basic Connected Person does not include director, chief executive, substantial shareholder, or supervisor of the non-material subsidiaries under the Company. For this purpose:

- (I) “non-material subsidiary” means a subsidiary whose total assets, profits, and revenue, compared to those of the Company and its subsidiaries, meet the following conditions:
1. the relevant percentage ratios for each of the most recent three fiscal years (or, if fewer than three fiscal years are involved, calculated from the date of registration or establishment of such subsidiary) are less than 10% annually; or
 2. the relevant percentage ratio for the most recent fiscal year is less than 5%.
- (II) if a relevant person has connections with two or more subsidiaries of the Company, the Stock Exchange will aggregate the total assets, profits, and revenue of such subsidiaries to determine whether they collectively constitute a “non-material subsidiary” of the Company; and
- (III) in calculating the relevant percentage ratios, 100% of the total assets, profits, and revenue of such subsidiaries will be used as the basis for calculation. If the calculated percentage ratio results in an anomalous result, the Hong Kong Stock Exchange may disregard the calculation and instead consider an alternative test provided by the Company.

At the same time, in case of the following circumstances, a subsidiary of the Company shall not be a connected person: (I) a subsidiary directly or indirectly wholly owned by the Company; or (II) the relevant subsidiary which meets the definition of a connected person solely because it is a substantial shareholder of another subsidiary of the Company or an associate of a director (or a person who has served as a director within the past 12 months), chief executive, or substantial shareholder of any subsidiaries of the Company.

Article 10 In accordance with the SSE Listing Rules, proposed related transactions (excluding the provision of guarantees) between the Company and related persons that meet one of the following conditions shall be submitted to the Board of Directors for consideration:

- (I) a transaction with related natural persons with a transaction amount of more than RMB0.3 million;
- (II) a transaction with related legal persons with the transaction amount exceeding RMB3 million and accounting for more than 0.1% of the Company's latest audited total assets or market value;

If a transaction is subject to approval by the shareholders' general meeting in accordance with the Hong Kong Listing Rules, it may be implemented only after such approval has been obtained.

Proposed related transactions between the Company and related persons (excluding the provision of guarantees or financial assistance) that do not meet the corresponding minimum amount specified in the preceding provisions of this article shall be reviewed and approved by the general manager of the Company.

Article 11 Where a proposed related transaction between the Company and a related person meets any of the following criteria, it shall be submitted to the shareholders' general meeting for consideration:

- (I) a material related transaction (excluding cases where the Company provides a guarantee) with a transaction amount of more than RMB30 million, and representing more than 1% of the Company's latest audited total assets or market value. Where the Company intends to engage in a material related transaction, it shall provide an audit or valuation report on the subject matter of the transaction issued by a securities service institution that complies with the provisions of the Securities Law. The Company may be exempt from the requirement for an audit or valuation when engaging in transactions with related persons under any of the following circumstances: 1. ordinary related transactions reasonably estimated by category; 2. transactions in which all parties, including related persons, contribute capital in cash, and the equity interests of each party in the investee entity are determined based on their respective capital contribution ratios; 3. other circumstances specified by the SSE.
- (II) guarantees provided by the Company to related persons. If the Company provides guarantees for a related person, such guarantees must not only be considered and approved by a majority of all non-related directors but also be approved by a resolutions

passed by at least two-thirds of the non-related directors present at the meeting of the Board of Directors, and submit them to the shareholders' general meeting for consideration. If the Company provides guarantees for its controlling shareholder, de facto controller and its related parties, the controlling shareholder, de facto controller and its related parties shall provide counter-guarantees. If, as a result of a transaction, the guaranteed party becomes a related person of the Company, the Company shall, concurrently with the execution of such transaction or related transaction, fulfill the corresponding consideration procedures and information disclosure obligations regarding the existing related guarantee. If the Board of Directors or the shareholders' general meeting has not considered and approved the related guarantee matters specified in the preceding paragraph, the parties to the transaction shall take effective measures, such as terminating the guarantee early.

Article 12 If the Board of Directors of the Company considers a related transaction, the related directors shall withdraw from voting and shall not exercise their voting rights on behalf of other directors, their voting rights shall not be counted toward the total number of voting rights. The meeting of the Board of Directors shall be attended by a majority of the non-related directors, and resolutions made at the meeting shall be approved by a majority of the non-related directors. If there are less than three non-related directors present at the meeting of the Board of Directors, the Company shall submit the transaction to the shareholders' general meeting for consideration.

If the shareholders' general meeting of the Company considers a related transaction, the related shareholders shall withdraw from voting and shall not exercise their voting rights on behalf of other shareholders. The number of voting shares represented by related (connected) shareholders shall not be included in the total number of voting shares required to be counted for the relevant resolution.

Article 13 Related (connected) directors as described in Article 12 of these policies include a director who:

- (I) is a counterparty;
- (II) works for the counterparty, or a legal person or any other organization that directly or indirectly controls the counterparty or is directly or indirectly controlled by the counterparty;
- (III) has direct or indirect control over a counterparty;

(IV) is a close family member of the counterparty or its direct or indirect controller (for the specific scope, see item (IV) of Article 6);

(V) is a close family member of the directors, supervisors and senior management of the counterparty or its direct or indirect controller (for the specific scope, see item (IV) of Article 6 of these policies);

(VI) is a person whose independent business judgment may, in the opinion of the CSRC, the SSE and The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”) or the Company for other reasons, be affected.

Article 14 Related shareholder as described in Article 12 of these policies includes a shareholder who:

(I) is a counterparty;

(II) has direct or indirect control over a counterparty;

(III) is directly or indirectly controlled by the counterparty;

(IV) is directly or indirectly controlled by the same natural person or legal person as the counterparty;

(V) is a close family member of the counterparty or its direct or indirect controller (for the specific scope, see item (IV) of Article 6);

(VI) works for the counterparty, or a legal entity that directly or indirectly controls the counterparty or is directly or indirectly controlled by the counterparty (as applicable when the shareholder is a natural person);

(VII) has its voting rights restricted or affected due to outstanding equity transfer agreements or other agreements with the counterparty or its related persons;

(VIII) is a legal person or natural person determined by the CSRC, the SSE and Hong Kong Stock Exchange, which may result in the tilting of Company’s interests in its favor.

Article 15 Where the subject of the transaction consists of equity interests and meets the criteria specified in Article 11 of these policies, the Company shall provide an audit report on the financial reports of the subject of the transaction for the latest one year and one period; where the

subject of the transaction consists of non-cash assets other than equity interests, the Company shall provide an appraisal report. The closing date for the audit of the aforementioned audit report shall not be more than 6 months prior to the date of the shareholders' general meeting convened to consider the transaction, and the valuation benchmark date of the appraisal report shall not be more than 1 year prior to the date of the shareholders' general meeting convened to consider the transaction.

The audit reports and appraisal reports specified in the preceding paragraph shall be issued by securities service institutions qualified to conduct securities and futures-related business.

Even if a transaction does not meet the criteria set forth in Article 11 of these policies, the Company shall disclose the audit or appraisal reports in accordance with the provisions of the preceding paragraph if the SSE or the Hong Kong Stock Exchange deems it necessary.

Article 16 In accordance with the SSE Listing Rules, the Company shall not provide financial assistance to related person as defined in these policies, except in cases where financial assistance is provided to a related invested company which is not controlled by the listed company's controlling shareholder or de facto controller, and the other shareholders of such invested company provide financial assistance on equal terms in proportion to their capital contributions. Where the Company provides financial assistance to a related invested company as specified in the preceding paragraph, such assistance must not only be considered and approved by a majority of all non-related directors but also by at least two-thirds of the non-related directors present at the meeting of the Board of Directors, and must be submitted to the shareholders' general meeting for consideration.

Article 17 In accordance with the SSE Listing Rules, the provisions of these policies shall apply to the following related transactions of the Company conducted within 12 consecutive months based on the principle of summation:

- (I) transactions with the same related person;
- (II) transactions related to subject under the same transaction category with different related persons.

The same related person mentioned above includes other related person that is under the control of the same entity as that related person or that have a mutual equity control relationship with it. Transactions for which the approval procedures under these policies have already been completed shall not be included in the relevant scope of summation.

Article 18 In accordance with the provisions of the Hong Kong Listing Rules, if a series of connected transactions are all conducted or completed within the same 12-month period, or if the relevant transactions are interrelated, such transactions shall be aggregated and treated as a single transaction. The Company must comply with the connected transaction rules applicable to the category of transactions to which such connected transactions belong after aggregation. If the connected transactions constitute a series of asset acquisitions and the aggregation of such acquisitions would constitute an anti-acquisition, the aggregation period shall be twenty-four months. In determining whether to aggregate connected transactions, the following factors must be considered:

- (I) Whether such transactions are conducted between the Company and the same party, or with persons who are connected to one another;
- (II) Whether such transactions involve the acquisition or disposal of a component of an asset or securities or equity interests in a company (or a group of companies); or
- (III) Whether such transactions, would collectively result in the Company's significant involvement in a new business.

Article 19 Where the Company and a related person jointly contribute capital to establish a company, the Company's capital contribution shall be used as the transaction amount, and the provisions of these policies shall apply.

Where the Company intends to directly or indirectly waive its rights, such as priority purchase or capital contribution with respect to equity interests in a controlled subsidiary, resulting in a change in the scope of consolidated statements, the amount waived and the relevant financial indicators of such controlled subsidiary shall serve as the basis for calculation, and the provisions of these policies shall apply; where the waiver of the aforementioned rights does not result in a change in the scope of consolidated statements, the amount waived and the relevant financial indicators calculated based on the proportion of the change in equity interest held shall serve as the basis for calculation, and the provisions of these policies shall apply.

Article 20 The Company may reasonably estimate the annual amount of ordinary related transactions by category, perform the consideration procedures and disclose relevant information; if the actual execution exceeds the estimated amount, the relevant consideration procedures and disclosure obligations shall be re-performed according to the excess;

The Company's annual report and semi-annual report shall disclose ordinary related transactions by class.

If the term of an ordinary related transaction agreement between the Company and a related person exceeds three years, the Company shall re-perform the relevant decision-making procedures and disclosure obligations every three years in accordance with the provisions of these policies.

Article 21 An agreement on ordinary related transactions shall at least include the key terms such as the transaction price, pricing principles and basis, total transaction volume or its determination method, and payment mean.

Article 22 When estimating ordinary related transactions in accordance with the relevant provisions of the SSE Listing Rules, the Company shall make separate estimates based on factors such as the counterparty and transaction type. If there are a large number of related persons and it is difficult for the Company to disclose information on all of them, the Company may simplify the disclosure provided that the reasons are fully explained. In such cases, if the estimated transaction amount with a single legal person reaches the disclosure threshold specified in the SSE Listing Rules, the estimated transaction amount and information on the related person shall be listed separately; information on other legal entities may be consolidated and listed under the common control basis.

When the Company estimates ordinary related transactions and applies the provisions regarding actual execution exceeding the estimated amounts, it shall compare the aggregate amount of all types of related transactions actually conducted between the Company and each related person under common control with the corresponding total estimated amount. The amounts of related transactions between the Company and different related persons not under common control shall not be aggregated.

Article 23 Where the Company entrusts a related person to sell various products or goods produced or operated by the Company, or is entrusted by a related person to sell on its behalf various products or goods produced or operated by such related person, except in cases where an outright purchase entrustment arrangement is adopted, the relevant provisions of the SSE Listing Rules may be applied based on the commission fees payable or receivable during the contract period.

Article 24 In accordance with the SSE Listing Rules, when the Company engages in ordinary related transactions with related persons, the pricing shall be fair and shall be determined in accordance with the following principles:

- (I) if a transaction is subject to government-set prices, such prices may be applied directly;

- (II) if a transaction is subject to government-guided prices, the transaction price may be reasonably determined within the range of the government-guided prices;
- (III) except where government-set prices or government-guided prices apply, if there are comparable market prices or fee standards from independent third parties for the transaction, such prices or standards may be used as the primary reference for determining the transaction price;
- (IV) if there are no comparable market prices from independent third parties for the related matters, the transaction price may be determined by reference to the prices of non-related transactions between the related party and a third party independent of the related party;
- (V) if neither market price from independent third parties nor price of independent non-related transactions is available as reference, the price should be determined based on a reasonable price which consists of reasonable cost plus reasonable profit.

Article 25 Any proposed related transaction by the Company that is subject to disclosure shall be submitted to the Board of Directors for consideration only after obtaining the approval of more than half of all independent non-executive directors of the Company.

Article 26 In accordance with the SSE Listing Rules, the following transactions between the Company and its related persons are not required to be considered and disclosed as related transactions:

- (I) subscription by a party in cash for shares, convertible corporate bonds or other derivatives issued by the other party to non-specific investor and the publicly issued corporate bonds (including enterprise bonds);
- (II) underwriting by a party, as an underwriting syndicate member, of shares, convertible corporate bonds or other derivatives issued by the other party to non-specific investor and the publicly issued corporate bonds (including enterprise bonds);
- (III) receipt by a party of dividends, bonuses or remuneration according to the resolutions of the shareholders' general meeting of the other party;
- (IV) participation by a party in the public bidding or auction by the other party, except that it is difficult to form a fair price for the bidding or auction;

- (V) transactions in which the Company unilaterally obtains benefits, including receipt of cash assets as gifts, obtaining of debt relief, receipt of guarantees and financial assistance;
- (VI) the pricing of related transactions is subject to national provisions;
- (VII) transactions in which a related person provides funds to the Company at an interest rate no higher than the Loan Prime Rate prescribed by the People's Bank of China, and the Company provides no corresponding guarantee for such financial assistance;
- (VIII) provision by the Company of products and services to the directors and senior management under the same terms as those of transactions with non-related persons.
- (IX) other transactions as determined by the SSE.

Article 27 The SSE may, in accordance with the principle of substance over form, classify transactions between the Company and the related parties as related transactions. The Company shall follow the deliberation procedures prescribed in these policies.

Article 28 For non-fully exempted continuing connected transactions as defined under the Hong Kong Listing Rules by the Hong Kong Stock Exchange, the following requirements shall be observed:

- (I) the Company must enter into a written agreement with the connected party for each connected transaction, and the content of such agreement shall reflect standard commercial terms and specify the pricing basis.
- (II) the term of the agreement must be fixed and shall generally not exceed three years. Where the term must exceed three years due to the nature of the transaction, a written confirmation opinion must be obtained from the financial adviser.
- (III) an annual cap shall be set for the transaction volume for each year during the term of the agreement.
- (IV) the procedures for reporting, public announcement, (if applicable) independent shareholders' approval, and annual review must be performed.

Article 29 For the connected transactions defined by the Hong Kong Stock Exchange, the Company shall comply with the requirements of the Hong Kong Listing Rules in terms of reporting, announcement, and independent shareholder approval procedures (if applicable) based on the different categories of connected transactions defined by the Hong Kong Stock Exchange in the Hong Kong Listing Rules, namely fully exempted connected transactions, partially exempted connected transactions, and non-exempted connected transactions.

Article 30 Unless otherwise provided by the securities regulatory rules of the place where the Company's shares are listed, the Company's disclosure of related (connected) transactions shall include the following information:

- (I) an overview of the related (connected) transactions;
- (II) basic information about the related (connected) parties;
- (III) basic information about the subject matter of the related (connected) transactions;
- (IV) the pricing policy and basis for the related (connected) transactions, including the relationship between the transaction price and the book value, appraised value, or fair market price of the transaction subject, as well as any other specific matters related to pricing that require explanation due to the unique nature of the transaction subject; if there is a significant discrepancy between the transaction price and the book value, appraised value, or market price, the reasons must be explained. If the transaction is not conducted on an arm's-length basis, the direction of the transfer of benefits arising from the related (connected) transaction must also be disclosed;
- (V) the main terms of the related (connected) transaction agreement, including the transaction price, settlement method, nature and proportion of the related (connected) persons' interests in the transaction, conditions for the agreement to take effect, effective date, performance period, delivery status of the transaction subject, delivery and transfer dates, and arrangements for profits and losses during the transition period;
- (VI) other arrangements related to the related (connected) transaction;
- (VII) the purpose of the transaction and its impact on the Company, including the necessity and genuine intent behind the related (connected) transaction, the impact on the financial position and operating results of the current period and the future, the source of funds for payments or the intended use of proceeds, the impact on the counterparty, and an analysis of performance capabilities of the counterparty;

- (VIII) the total amount of all types of related (connected) transactions that have occurred cumulatively with the related (connected) person from the beginning of the current year to the disclosure date;
- (IX) the consent of a majority of the independent non-executive directors;
- (X) the conclusions of the opinions issued by intermediaries (if applicable);
- (XI) other information required to be disclosed for generally material transactions in accordance with the rules of the Shanghai Stock Exchange;
- (XII) other information required by the Securities Regulatory Rules of the Place where the Company's Shares are Listed that helps clarify the substance of the transaction.

Article 31 The Company's Board of Directors Office is responsible for coordinating the Company's related (connected) transactions, and the Company's Finance Department and the secretary of the Board of Directors shall provide support.

With regard to related (connected) transactions, the heads of each department and each controlled subsidiaries (hereinafter referred to as "**each unit**") shall be the primary responsible persons; each unit shall also designate a contact person responsible for the reporting, approval, and statistical tracking of related (connected) transactions.

Article 32 The secretary of the Board of Directors is responsible for establishing a database of information of the related (connected) persons, conducting an annual review of such information at the beginning of each year, compiling information on any changes, and updating the database in a timely manner. After updates, the secretary of the Board of Directors shall send the updated information of the related (connected) persons via email to the related (connected) transaction liaisons of each unit.

Due to the difficulties and uncertainties involved in identifying indirect related (connected) persons, each unit shall actively assist in supplementing information on related (connected) persons and promptly remind the secretary of the Board of Directors to update the database.

The Company's data on related (connected) persons is for internal reference only. In the event of a data breach, the Company reserves the right to hold relevant personnel accountable in accordance with applicable laws.

Article 33 The term “more than” as stated in these policies shall all include the given figure; the term “a majority of”, “exceed”, “higher” shall all exclude the given figure.

Article 34 Any matters not covered by these policies, or any inconsistency between these rules and the relevant laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company’s Shares are Listed and the Articles of Association, shall be handled in accordance with the relevant laws, administrative regulations, Securities Regulatory Rules of the Place where the Company’s Shares are Listed and the Articles of Association.

Article 35 These policies shall be formulated by the Board of Directors of the Company and submitted to the shareholders’ general meeting of the Company for consideration.

Article 36 The Board of Directors of the Company shall be responsible for the interpretation of these policies.

Article 37 These policies shall be reviewed and passed by the shareholders’ general meeting of the Company and shall take effect and put into force from the date of the Company’s initial public offering of shares and listing on the Sci-Tech Board of the SSE.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Shanghai HeartCare Medical Technology Corporation Limited

TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS (DRAFT)

CHAPTER 1 GENERAL PROVISIONS

Article 1 To further improve the corporate governance structure of the Company and enhance the standard operation of the Company, the rules have been formulated in accordance with Company Law of the People's Republic of China (the “**Company Law**”), the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (the “**Articles of Association**”).

Article 2 Independent non-executive directors are directors holding no positions other than that of directors in the Company, and having no direct or indirect interest in, or other potentially influential relationship that might affect his or her ability to make independent and objective judgments with, the Company and its substantial shareholders or de facto controllers

Independent non-executive directors shall perform their duties and responsibilities independently without being subject to the influence of the Company and its substantial shareholders and de facto controllers or other entities or individuals.

Article 3 The independent non-executive directors bear the obligations of loyalty and diligence to the Company and all shareholders, and shall conscientiously perform their duties in accordance with the laws, administrative regulations, the requirements of the China Securities Regulatory Commission (the “**CSRC**”), the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association, play the role of participating in decision-making, supervision and checks and balances, professional consultation in the board of directors (the “**Board**”), safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

Article 4 In principle, the independent non-executive directors can concurrently serve as independent non-executive directors in up to three domestic listed companies (including the Company), up to six companies listed on the Hong Kong Stock Exchange, and up to seven companies listed on any stock exchange (including the Company), and shall ensure that they have enough time and energy to effectively perform their duties.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Article 5 The proportion of independent non-executive directors on the Board of the Company shall not be less than one-third of the total number of the Board, at least one independent non-executive director must be ordinarily resident in Hong Kong, and the Board shall include at least one accounting professional. The candidate nominated to be an independent non-executive director as an accounting professional shall have extensive accounting expertise and experience, and shall at least fulfil one of the following conditions:

- (I) qualified as a certified public accountant;
- (II) qualified as a senior professional, associate professor or obtained doctorate degree in accounting, auditing or financial management;
- (III) qualified as a senior professional in economic management and with more than 5 years of full-time working experience in professional posts such as accounting, auditing or financial management.

Article 6 Independent non-executive directors and proposed independent non-executive directors shall, in accordance with the requirements of the CSRC, participate in training organized by the CSRC and its authorized agencies.

CHAPTER 2 ELIGIBILITY OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Article 7 Independent non-executive directors shall meet the following basic requirements:

- (I) having the qualifications as directors of the listed company in accordance with the laws, administrative regulations and other relevant provisions;
- (II) possessing the independence required by the Measures for the Administration of Independent Directors of Listed Companies;
- (III) having basic knowledge about operations of listed companies, and proficient in relevant laws, regulations and rules;
- (IV) having more than five years' experience in legal, accounting, or economic work or other work required for fulfilling the duties of independent non-executive directors;
- (V) having good personal morality with no records of poor credit;

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

- (VI) other conditions specified in laws, administrative regulations, the rules of CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

In assessing the independence requirements set forth in the above eligibility criteria, a comprehensive determination should be made by reference to the factors listed in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Each factor does not necessarily lead to a definitive conclusion, but if the relevant circumstances arise, there is a greater likelihood that a director's independence will be called into question.

Article 8 Independent non-executive directors must remain independent. None of the following persons shall serve as independent non-executive directors:

- (I) a person who holds a position in the Company or any of its subsidiaries, or any immediate relative and major social relation of such person;
- (II) a natural person who directly or indirectly holds at least 1% of issued shares in the Company or is among the top ten shareholders of the Company, or any immediate relative of such shareholder;
- (III) The director has obtained any interest in securities of the Company from a core connected person (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) or the Company itself by way of gift or other financial assistance. However, subject to Note 1 to Rule 3.13(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, he will still be regarded as an independent non-executive director if he receives any interest in shares or securities of the Company or its subsidiaries (but not Core Connected Persons) as part of his director's fee or pursuant to a share scheme in accordance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

- (IV) that director is or has been a director, partner or principal of, or an employee of, a professional adviser who is or has been involved in the provision of services to the following companies/persons:
- (a) the Company, its holding company or any of their respective subsidiaries or core connected persons; or
 - (b) any person who has been a controlling shareholder of the Company or, if the Company has no controlling shareholder, a chief executive or director (other than an independent non-executive director) of the listed issuer, or any of his close associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited), in the two years preceding the date of the proposed appointment of such person as an independent non-executive director;
- (V) that director has or has had a material interest in any of the principal business activities of the Company, its holding company or any of their respective subsidiaries, either now or within one year before the date of his proposed appointment as an independent non-executive director; or is involved or has been involved in a material commercial transaction with the Company, its holding company or their respective subsidiaries or with any core connected person of the Company;
- (VI) the director serves on the Board for the purpose of protecting an entity whose interests are different from those of the shareholders as a whole;
- (VII) the director has been connected with a director, chief executive or substantial shareholder of the Company for the time being or within two years prior to the date of his proposed appointment as an independent non-executive director;
- (VIII) the director was (or has been within two years prior to the date on which he/she is proposed to be appointed as a director) an executive or director (other than an independent non-executive director) of the Company, its holding company or any of its respective subsidiaries or any core connected person of the Company;
- (IX) the director is financially dependent on the Company, its holding company or any of their respective subsidiaries, or a core connected person of the Company;
- (X) other persons who do not possess independence as determined by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors shall conduct a self-examination of their independence on an annual basis and submit the self-examination to the Board. The Board shall conduct an annual assessment of the independence of the incumbent independent non-executive directors and issue special opinions thereon, which shall be disclosed together with the annual report.

Article 9 Independent non-executive directors shall possess good personal character and shall not have any of the following bad records:

- (I) administrative punishment imposed by the CSRC or criminal punishment by judicial organs due to the violations or crimes on securities and futures dealing in last 36 months;
- (II) being placed on file for investigation by the CSRC or judicial organs due to suspected violations or crimes on securities and futures dealing, with no definite conclusions made;
- (III) any public censure or three or more times of public criticism by the stock exchanges within the last 36 months;
- (IV) any material dishonest acts or other misconduct records;
- (V) the former independent non-executive director who was removed by the Board at a shareholders' general meeting for a period of less than 12 months due to failure to attend in person for two consecutive Board meetings without alternative independent non-executive director appointed to attend the meetings on his/her behalf;
- (VI) other circumstances prescribed by the securities regulatory rules of the place where the shares of the Company are listed.

CHAPTER 3 NOMINATION, ELECTION AND APPOINTMENT

Article 10 The Board, or shareholders individually or collectively holding more than 1% of the shares of the Company may nominate candidates for independent non-executive director to be elected at the shareholders' meeting.

An investor protection institution formed in accordance with the law may publicly request shareholders to entrust it with exercise of the right to nominate the independent non-executive directors.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The nominator shall not nominate a person who has interest in the nominator or any other close relationship that may affect the independent performance of duties as a candidate for the independent non-executive director.

Before nominating an independent non-executive director, the nominator shall obtain the consent of the nominee. The nominator shall know sufficiently about the occupation, educational background, professional title, detailed work experience and all the concurrent positions of the nominee and whether there is any bad record such as major dishonesty, and shall express an opinion on the eligibility and independence of the nominee for serving as independent non-executive director. The nominee shall make a public statement on his/her independence and other conditions for acting as an independent non-executive director. When announcing the shareholders' general meeting for the election of independent non-executive directors, the information relating to the candidates for independent non-executive directors (including but not limited to the nominators' statements, the nominees' statement and profiles, the nominee's curriculum vitae, other information required under B.3.4 of the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) shall be disclosed in an appropriate form in accordance with the laws and other rules applicable to the Company.

Article 11 Where a Nomination Committee is set up under the Board, the Nomination Committee shall examine the qualifications of the nominees and issue a clear opinion on such examination.

The Company shall submit the relevant documents concerning all nominees to the securities regulatory authority of the place where the shares of the Company are listed not later than the time of the publication of the notice of the shareholders' general meeting for election of independent non-executive directors. If the Board disputes the particulars pertaining to the nominee, the written opinions of the Board shall also be submitted. The securities regulatory authority of the place where the shares of the Company are listed shall examine the relevant materials of candidates for independent non-executive directors in accordance with the relevant provisions, and prudently judge whether a candidate for independent non-executive director has qualifications for appointment and is entitled to raise objections. If the securities regulatory authority of the place where the shares of the Company are listed raises an objection thereto, the Company shall not submit it to the shareholders' general meeting for election.

Article 12 At the time the shareholders' general meeting to elect an independent non-executive director is held, the Board shall elaborate on whether the stock exchange had any objections against the candidates for the post of independent non-executive director.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors elected by the shareholders' meeting shall submit necessary statements, commitments, and other written documents to stock exchange according to relevant provisions of the securities regulatory rules of the place where the shares of the Company are listed.

Article 13 Candidates for independent non-executive directors shall make declarations and undertakings as to whether they comply with the laws and regulations and the requirements in the securities regulatory rules of the place where the shares of the Company are listed in respect of the conditions and qualifications for appointment and independence. The nominators of independent non-executive directors shall prudently verify whether the candidates for independent non-executive directors meet the conditions and qualifications for appointment, whether there are any circumstances that may affect their independence, and shall make declarations and undertakings in respect of the results of such verification.

Article 14 Where the shareholders' general meeting of the Company elects more than two independent non-executive directors, the cumulative voting system shall be adopted.

The votes of minority shareholders shall be counted separately and disclosed.

Article 15 The term of office of an independent non-executive director shall be the same as that of other directors of the Company. Upon the expiry of his/her term, he or she may serve another term if re-elected. However, his/her consecutive term shall not exceed 6 years.

Any person who has served as an independent non-executive director of the Company for a continuous period of six years or more may not be nominated as a candidate for the position of independent non-executive director of the Company within 36 months from the date on which such period is completed. For independent non-executive directors who were already in office prior to the Company's initial public offering, their tenure shall be calculated on a continuous basis.

Article 16 Independent non-executive directors shall attend the Board meetings in person. If an independent non-executive director is unable to attend such meetings in person for any reason, he or she shall review the meeting materials in advance, form specific opinions, and authorize in writing another independent non-executive director to attend such meetings on his or her behalf.

Where an independent non-executive director fails to attend 2 consecutive Board meetings in person and fails to entrust another independent non-executive director to attend such meetings on his or her behalf, the Board shall, within 30 days from the date of occurrence of such a fact, propose the convening of a shareholders' general meeting to remove the independent non-executive director from office.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Article 17 The independent non-executive directors can be removed from their office by the Company through legal procedures prior to the expiry of the term of service. If the Company removes an independent non-executive director from office before the expiration date, it shall promptly disclose the specific reasons and basis therefor. If an independent non-executive director has any objection to the removal, the Company shall disclose it in a timely manner.

Any independent non-executive director who fails to meet the independence criteria or eligibility requirements after assuming office shall immediately cease the performance of his or her duties and resign. If he or she fails to submit a resignation, the Board shall immediately remove him or her from office in accordance with the relevant provisions as soon as it knows or should have known the fact.

If an independent non-executive director submits his or her resignation or is removed from office since he or she fails to comply with any of the circumstances specified in the preceding paragraph, resulting in the failure of reaching the required ratio of independent non-executive directors in the Board or its special committees in complying with the laws and regulations, provisions of the CSRC or the Articles of Association, or in a lack of accounting professionals among the independent non-executive directors, the Company shall complete the by-election within 60 days after the occurrence of the aforesaid fact.

Article 18 An independent non-executive director may tender his/her resignation before the expiry of his/her term of office. An independent non-executive director who intends to resign shall tender a written resignation to the Board indicating matters in relation to his/her resignation that, in his/her opinions, needs to be brought to the attention of shareholders of the Company and creditors. The Company shall disclose the reasons for the resignation of the independent non-executive director and any matters of concern.

If the resignation of an independent non-executive director results in the proportion of independent non-executive director on the Company's Board or its special committees falling below the minimum requirement specified in relevant provisions, or lack of accounting professionals among independent non-executive directors, the resignation report of such independent non-executive director shall take effect only after a successor independent non-executive director fills the vacancy or under other circumstances as stipulated in the regulatory rules of the Company's stock listing venue. The Company shall promptly notify the stock exchange and announce the relevant details and reasons and complete the by-election within 60 days from the date on which the independent non-executive director submits their resignation.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAPTER 4 FUNCTIONS AND POWERS

Article 19 The independent non-executive directors shall perform the following duties:

- (I) to participate in the decision-making of the Board and offer specific opinions on the matters deliberated;
- (II) to supervise the matters on potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors, and senior management members specified in Articles 20, 30, 31 and 32 of these rules, urge the decision-making of the Board in the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders;
- (III) to provide professional and objective advice on the operation and development of the Company and promote the improvement of the decision-making level of the Board;
- (IV) to perform other duties prescribed by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Independent non-executive directors shall perform their duties independently and impartially, and shall not be influenced by the Company or its substantial shareholders, de facto controllers or other entities or individuals. If it finds that the matters under consideration affect its independence, it shall declare to the Company and withdraw. During the term of office, if there is any circumstance that obviously affects the independence, the Company shall be notified in a timely manner, and the solution measures shall be proposed, and if necessary, the resignation shall be submitted.

An independent non-executive director shall perform his duties as a director in accordance with the law, fully understand the operation of the Company and the agenda of the Board, play an active role in decision-making, oversight and checks and balances, safeguard the interests of the Company and all shareholders, and protect to the protection of the legitimate rights and interests of minority shareholders.

In the event of any conflict between shareholders or directors of the Company, which has a significant impact on the operation and management of the Company, the independent non-executive directors shall perform their duties and safeguard the overall interests of the Company.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Article 20 The following matters shall be submitted to the Board for deliberation with the consent of more than half of all independent non-executive directors of the Company:

- (I) connected transactions that should be disclosed;
- (II) plans for the Company and relevant parties to change or waive commitments;
- (III) decisions made and measures taken by the Board of the Company in relation to the acquisition;
- (IV) other matters specified by law, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Article 21 To give full play to the role of independent non-executive directors, in addition to the powers conferred on directors by the Company Law, other relevant laws and regulations, and these Articles of Association, independent non-executive directors shall also have the following special powers:

- (I) independently engage intermediary institutions to conduct audits, provide consulting services, or conduct verifications on specific matters of the Company;
- (II) propose to the Board the convening of an extraordinary shareholders' general meeting;
- (III) propose the convening of a board meeting;
- (IV) publicly solicit voting rights from shareholders in accordance with law;
- (V) express independent opinions on matters that may prejudice the interests of the Company or the minority shareholders;
- (VI) other powers and duties stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The exercise by an independent non-executive director of the powers and duties set out in (I) to (III) of the preceding paragraph shall be subject to the approval of a majority of all the independent non-executive directors.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company shall disclose in a timely manner any exercise of the powers and duties listed in the first paragraph by an independent non-executive director. In the event that the aforesaid powers and duties cannot be exercised properly, the Company shall disclose the specific circumstances and reasons therefor.

The Company shall bear the costs incurred by independent non-executive directors for engaging intermediaries and other expenses necessary for the performance of their duties.

Article 22 Prior to the convening of a board meeting, independent non-executive directors may communicate with the secretary of the Board to make inquiries, request for supplementary materials, and offer opinions and suggestions on the matters to be considered. The Board and other relevant personnel shall seriously study the questions, requests and opinions raised by the independent non-executive directors and provide timely feedback to the independent non-executive directors on the revision of the motions.

Article 23 Independent non-executive directors who vote against or abstain from voting on resolutions of the Board shall explain the specific reasons and basis, and the compliance requirements of the laws and regulations of the matters to be considered by the Board, potential risks and the impact on the rights and interests of the Company and the minority shareholders, etc. The dissenting opinions of the independent non-executive directors shall also be disclosed at the same time when the Company discloses the resolutions of the Board, and shall be stated in the resolutions of the Board and the minutes of the meeting.

Article 24 Independent non-executive directors shall continue to pay attention to the implementation of the resolutions of the Board in relation to the matters as stated in Articles 20, 30, 31 and 32 of the rules, and shall report to the Board in a timely manner and may require the Company to make written explanations if they find any violation of laws, administrative regulations, regulations of the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, or violation of the resolutions of the shareholders' general meeting and the Board. If the disclosure is involved, the Company shall disclose it in a timely manner.

If the Company fails to give an explanation or make a timely disclosure in accordance with the provisions mentioned above, the independent non-executive directors may report the failure to the CSRC and the stock exchange.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Article 25 When an independent non-executive director issues an independent opinion, the opinion shall be clear and unambiguous and shall at least include the following:

- (I) the basic information of the material matters;
- (II) the basis of the issued opinions, including procedures followed, the documents verified and details of on-site inspection, etc.;
- (III) the legality and compliance of material matters;
- (IV) impact on the Company and the interests of minority shareholders, possible risks and the effectiveness of the measures taken by the Company;
- (V) conclusive opinions expressed. Should a qualified opinion, an adverse opinion, or an inability to express an opinion be raised on material matters, the relevant independent director shall explicitly state the reasons therefor or the obstacles that prevent him/her from expressing an opinion.

The independent opinion issued shall be signed by the independent non-executive directors for confirmation and shall be promptly reported to the Board, and shall be published simultaneously with the corresponding announcement of the Company.

Article 26 The Company shall regularly or irregularly convene meetings attended by all independent non-executive directors (the “**Special Meetings of Independent Non-executive Directors**”). Matters listed in Article 20 and Items (I) to (III) to Paragraph 1 of Article 21 of the rules shall be considered at the Special Meetings of Independent Non-executive Directors.

The Special Meetings of Independent Non-executive Directors shall be convened and presided over by an independent non-executive director jointly nominated by a majority of the independent non-executive directors; in the event that the convener fails to perform duties or is unable to perform duties, two independent non-executive directors and above may convene a meeting themselves and nominate a representative to preside over the meeting.

Article 27 An independent non-executive director shall actively perform his/her due diligence obligations and make a report to the stock exchange, in a timely manner, and if necessary, engage an intermediary to carry out special inspections, if the independent non-executive director finds that the Company:

- (I) fails to submit material events to the Board for consideration as required;

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

- (II) fails to perform the information disclosure obligation in a timely manner;
- (III) disclose information which contains misrepresentations, misleading statements, or material omissions;
- (IV) is otherwise suspected of violating laws and regulations or damaging the legitimate rights and interests of minority shareholders.

Article 28 The independent non-executive directors shall submit the work report to the Company's annual general meeting to state the performance of their duties. The annual work report shall include the information specified in the Measures for the Administration of Independent Directors of Listed Companies.

The annual work report of the independent non-executive directors shall be disclosed no later than the time when the Company issues the notice of the annual general meeting.

Article 29 Independent non-executive directors shall perform their duties on the special committees of the Board of Directors in accordance with laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association. Independent non-executive directors shall attend Board meetings in person. If, for any reason, they are unable to attend the meetings in person, the independent non-executive directors shall review the materials of the meetings in advance, form a clear opinion and appoint in writing other independent non-executive directors to attend on their behalf. Independent non-executive directors who are concerned about major issues of the Company within the scope of duties of the special committees may submit them to the special committees for discussion and deliberation in a timely manner in accordance with the procedures.

Article 30 The Company's Audit Committee of the Board shall be responsible for review of the Company's financial information and disclosure thereof, supervision and evaluation of internal and external audit and internal control. The following matters shall, upon obtaining consent of a majority of all the members of the Audit Committee, be submitted to the Board for consideration:

- (I) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (II) appointment or dismissal of the accounting firm that undertakes the Company's audit business;

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

- (III) appointment or dismissal of the Company's financial officer in-charge;
- (IV) changes in accounting policies, accounting estimates, or corrections of significant accounting errors due to reasons other than changes in accounting standards;
- (V) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Audit Committee shall meet at least once every quarter. An extraordinary meeting may be convened at the request of two or more members, or when the convener deems it necessary. A meeting of the Audit Committee may be held only if more than two-thirds of its members are present.

Article 31 The Company's Nomination Committee of the Board of the Company shall be responsible for formulating the selection criteria and procedures for directors and senior management members, screening and reviewing candidates for directors and senior management members and their qualifications, and making recommendations to the Board on the following matters:

- (I) the nomination or appointment of directors,
- (II) the appointment and removal of senior management members;
- (III) other matters as required under laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the Nomination Committee, the Board resolution shall set out the Committee's views and the specific reasons for not adopting them, and such matters shall be disclosed.

Article 32 The Company's Remuneration Committee of the Board is responsible for formulating the assessment standards for directors and senior management members, conducting assessments, formulating and reviewing the remuneration policies and plans for directors and senior management members. The committee shall make recommendations to the Board on the following matters:

- (I) the remuneration of directors and senior management members;

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

- (II) the formulation or amendment of equity incentive plans, employee stock ownership plans, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients;
- (III) the arrangement of stock ownership plans for directors and senior management members in the event of a proposed spin-off of a subsidiary;
- (IV) other matters as required by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Board shall record and disclose in its resolutions the opinion of the Remuneration Committee and the specific reasons for not adopting or fully adopting the recommendations of the Remuneration Committee.

Article 33 The independent non-executive directors should spend not less than fifteen days a year on-site at the Company. In addition to attending shareholders' general meetings, meetings of the Board and its special committees, and the Special Meeting of Independent Non-executive Directors in accordance with the requirements, the independent non-executive directors may perform their duties by various means, such as obtaining information on the Company's operations on a regular basis, receiving reports from management, communicating with the person in charge of the internal audit organization and intermediaries such as the accounting firm undertaking the Company's auditing business, conducting on-site inspections, and communicating with the minority shareholders.

Article 34 Meeting minutes shall be prepared for meetings of the Board and its special committees and the Special Meeting of Independent Non-executive Directors as prescribed, and the opinions of independent non-executive directors shall be stated in the meeting minutes. Independent non-executive directors shall affix signatures to the meeting minutes for confirmation.

Independent non-executive directors shall maintain work records to record in detail the performance of their duties. Information obtained by the independent non-executive directors in the course of performing their duties, minutes of relevant meetings, records of communications with staff of the Company and the intermediaries, etc. shall form an integral part of the work records. With respect to the important contents of the work records, the independent non-executive directors may request the secretary of the Board and other relevant personnel to sign to confirm the same, and the Company and the relevant personnel shall cooperate with such request.

Work records of the independent non-executive directors and information provided by the Company to independent non-executive directors should be kept for ten years.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAPTER V SAFEGUARDS FOR THE PERFORMANCE OF DUTIES BY INDEPENDENT NON-EXECUTIVE DIRECTORS

Article 35 The Company shall provide independent non-executive directors with necessary working conditions and personnel support to perform their duties, and shall designate specialized departments (such as the Board Office) and personnel (including the Board Secretary) to assist independent non-executive directors in fulfilling their responsibilities.

The Board Secretary shall ensure smooth information flow between independent non-executive directors and other directors, senior management, and relevant personnel, and shall guarantee that independent non-executive directors have access to sufficient resources and necessary professional advice when performing their duties.

Article 36 The Company shall ensure that independent non-executive directors enjoy the same right to information as other directors. To facilitate the effective exercise of their functions, the Company shall regularly brief independent non-executive directors on corporate operations and provide relevant materials; and organize or facilitate field investigations and similar activities for independent non-executive directors.

For major or complex matters requiring Board deliberation, the Company may arrange for independent non-executive directors to participate in preparatory research and discussions prior to board meetings. The Company shall solicit independent non-executive directors' opinions in a comprehensive manner; and provide timely feedback on how such opinions are addressed.

Article 37 The Company shall promptly issue a notice of board meetings to independent non-executive directors and provide the meeting materials no later than the notice period for board meetings stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and shall establish effective communication channels for independent non-executive directors. If a meeting of a special committee of the Board is convened, the Company shall, in principle, provide the relevant materials and information no later than three days before the committee meeting. The Company shall retain the aforementioned meeting materials for at least ten years.

If two or more independent non-executive directors determine that the meeting materials are incomplete, inadequately substantiated, or not provided in a timely manner, they may submit a written request to the Board to postpone the meeting or delay the deliberation of the matter, and the Board shall accept such a request.

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Board and special committee meetings shall, in principle, be held physically on-site. Under circumstances where all attending directors can fully communicate and express their opinions, meetings may, when necessary, be conducted via video, telephone, or other means in accordance with prescribed procedures.

Article 38 When independent non-executive directors exercise their powers, the directors, senior management members, and other relevant personnel of the Company shall cooperate and shall not refuse, obstruct, or conceal relevant information, nor interfere with the independent exercise of such powers.

If independent non-executive directors encounter obstruction in the lawful exercise of their powers, they may report the situation to the Board, request cooperation from directors, senior management members, and other relevant personnel, and record the specific circumstances and resolution process in their work records. If the obstruction cannot be eliminated, they may report the matter to the CSRC and stock exchange.

Where the performance of independent non-executive directors' duties involves information that is subject to disclosure, the Company shall promptly handle the disclosure matters. If the Company refuses to make such disclosures, the independent non-executive directors may apply for disclosure directly or report the matter to the CSRC and stock exchange.

Article 39 The Company shall provide independent non-executive directors with an allowance commensurate with their responsibilities. The allowance standard shall be formulated by the Board, approved by the shareholders' general meeting, and disclosed in the Company's annual report.

Apart from the aforementioned allowance, independent non-executive directors shall not receive any additional, undisclosed benefits from the Company and its substantial shareholders, or any interested entities or individuals with a conflict of interest.

Article 40 The Company shall establish the insurance mechanism for independent non-executive directors to minimize risks possibly incurred by normal performance of the duties of the independent non-executive directors.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 41 For any matters not covered herein shall be dealt with in accordance with the relevant laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association. In the event of any conflict between

APPENDIX VIII PROPOSED AMENDMENTS OF THE TERMS OF REFERENCE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

these rules and the provisions of laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association, the provisions of relevant laws, administrative regulations, the Securities Regulatory Rules of the Place where the Company's Shares are Listed and the Articles of Association shall prevail. These rules shall apply to the Company and its controlled subsidiaries.

Article 42 These rules shall be interpreted by the Board of Directors of the Company as authorized by the shareholders' general meeting.

Article 43 Any amendment to these rules shall be proposed by the Board for consideration and approval at the shareholders' general meeting.

Article 44 These rules shall be considered and approved by the shareholders' general meeting of the Company and shall take effect and be put into force from the date of the Company's initial public offering of shares and listing on the Sci-Tech Board of the Shanghai Stock Exchange.

Shanghai HeartCare Medical Technology Corporation Limited**MANAGEMENT POLICIES FOR
EXTERNAL GUARANTEES (DRAFT)****CHAPTER 1 GENERAL PROVISIONS**

Article 1 In order to protect the legitimate interests of investors, standardize the Company's external guarantee activities, control the risks associated with the Company's asset operations and promote the Company's healthy and stable development, the Company has formulated these policies in accordance with the relevant requirements of the Company Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Regulatory Guidelines No. 8 for Listed Company — Regulatory Requirements for Capital Transactions and External Guarantees of Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the “**Articles of Association**”).

Article 2 The external guarantees referred to in these policies shall represent guarantees provided by the Company to other parties, including guarantees provided by the Company to its controlled subsidiaries (including wholly-owned subsidiaries).

Article 3 The Company shall implement a multi-level approval and supervision system for the management of external guarantees.

The finance department of the Company serves as the review and daily management function for the Company's external guarantees, responsible for accepting and reviewing all guarantee applications submitted by the guaranteed parties and the daily management and ongoing risk control of external guarantees.

The office of the Board of Directors is the department responsible for compliance review and related information disclosure of the Company's external guarantees. It is responsible for reviewing the compliance of the Company's external guarantees, submitting resolutions to the Board of Directors or shareholders' general meeting for approval and fulfilling the relevant information disclosure obligations.

Article 4 The shareholders' general meeting and the Board of Directors serve as the decision-making bodies for external guarantees, and all external guarantees provided by the Company shall be subject to the approval of the shareholders' general meeting or the Board of Directors of the Company pursuant to the procedures stipulated in these policies. No external guarantees shall be made by the Company without the approval of the shareholders' general meeting or the Board of Directors of the Company.

Article 5 No entity or individual shall compel the Company to provide guarantees for others, and the Company has the right to refuse any act compelling it to provide guarantees for others.

Article 6 If the Company provides guarantees for the controlling shareholders, de facto controllers and their related (connected) parties, such guarantees shall be made in compliance with the securities regulatory rules of the place where the Company's shares are listed, and the controlling shareholders, de facto controllers and their related (connected) parties shall provide counter-guarantees.

CHAPTER 2 GUARANTEED PARTIES FOR EXTERNAL GUARANTEES

Article 7 The Company may provide guarantee to an enterprise which is an independent legal person and meets any of the following criteria:

- (I) it is a mutual guarantee entity due to business needs of the Company;
- (II) it is an entity that has an actual or potential important business relationship with the Company;
- (III) it is a controlled subsidiary or equity investee of the Company;
- (IV) notwithstanding the criteria set out above, the Company may still provide guarantees to parties not meeting such criteria upon the approval of the Board of Directors or the shareholders' general meeting of the Company, if the development of business relationship and partnership with such guaranteed parties is deemed necessary by the Company and such parties possess strong debt repayment capacity and sound credit standing.

Article 8 Except for controlled subsidiaries, the Company shall not provide any guarantee for any enterprise that falls under any of the following circumstances.

- (I) It does not comply with the provisions specified in Article 7;

- (II) The guaranteed party has unclear or disputed ownership;
- (III) The guaranteed party engages in production and operational activities that do not comply with national industrial policies;
- (IV) The guaranteed party provides false credit information or other information or commits fraudulent acts when applying for a guarantee, or there is malicious collusion among the guaranteed party, counter-guarantor and creditor;
- (V) The guaranteed party has adverse credit records such as overdue bank loans, interest arrears, tax evasion, or tax underpayment;
- (VI) The debts for which the guaranteed party seeks guarantees from the Company are illegal or in violation of laws and regulations;
- (VII) The business and financial condition of the guaranteed party has deteriorated or is expected to deteriorate, and the guaranteed party may not be able to pay off the debt as scheduled;
- (VIII) The guaranteed party suffered significant losses in the previous year, or is expected to suffer significant losses in the current year;
- (IX) The counter-guarantee provided by the counter-guarantee provider is insufficient or the property used as counter-guarantee is subject to title defects, or such property is prohibited or restricted from circulation or cannot be transferred in accordance with the laws and regulations;
- (X) The valid assets used for the counter-guarantee or other counter-guarantee measures have not been implemented effectively;
- (XI) The guaranteed party is involved in pending or potential material litigation, arbitration or administrative penalties, which may affect its ability to repay debts due.

Article 9 Before making decision to provide a guarantee for others, the Board of Directors or shareholders' general meeting of the Company shall obtain the information on the debtor's objective credit status, make a sufficient analysis of the benefits and risks associated with such guarantee, and disclose the same in detail in relevant announcements from the Board of Directors

or the shareholders' general meeting. The secretary to the Board of Directors shall keep detailed minutes of the discussions and voting at the meetings of the Board of Directors or shareholders' general meeting.

CHAPTER 3 PRE-EXAMINATION OF EXTERNAL GUARANTEES

Article 10 The Company shall obtain the information on the credit status of the guaranteed party prior to its provision of a guarantee. The finance department of the Company shall be responsible for the investigation and assessment of the credit status of the guarantee applicant, and conduct sufficient analysis and discussion of the risks and benefits of such guarantee. The finance department of the Company shall request the guarantee applicant to provide the following information:

- (I) the basic information about the enterprise (including its name, registered address, legal representative, scope of business, its related (connected) relationships and other relationships with the Company);
- (II) the audit reports or financial reports for the past three years and analysis of its solvency;
- (III) the name of the creditor;
- (IV) the method, duration and amount of guarantee, etc.;
- (V) the principal terms of the master debt contract or draft of contract;
- (VI) the guaranteed party's explanation on the repayment plan in respect of guaranteed debts and the source of funds;
- (VII) other important information.

Article 11 The finance department of the Company shall conduct an investigation and analysis on the information provided by the guarantee applicant, and verify the authenticity of the information, as well as issue an application report to express its review opinions.

CHAPTER 4 APPROVAL AUTHORITY FOR EXTERNAL GUARANTEES

Article 12 In the case of a related-party (connected-party) guarantee, the related (connected) directors shall not exercise voting rights on such resolution in relation to such guarantee, nor shall they exercise voting rights on behalf of other directors. The meeting of the Board of Directors may

APPENDIX IX	PROPOSED AMENDMENTS OF THE MANAGEMENT POLICIES FOR EXTERNAL GUARANTEES
--------------------	---

be held when more than half of the non-related (non-connected) directors attend the meeting. The resolution of the meeting of the Board of Directors shall be passed by more than two-thirds of the non-related (non-connected) directors. If the number of non-related (non-connected) directors attending the meeting is less than 3, the matter shall be submitted to the shareholders' general meeting for consideration.

Article 13 Where a guarantee falls under any of the following circumstances, it shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the Board of Directors:

- (I) any single guarantee with an amount exceeding 10% of the Company's latest audited net assets;
- (II) any guarantee provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the Company's latest audited net assets;
- (III) any guarantee provided to the guaranteed party whose debt asset ratio exceeds 70%;
- (IV) any guarantee provided after the total amount of guarantees provided by the Company and its controlled subsidiaries exceeds 30% of the Company's latest audited total assets;
- (V) any guarantee with an amount exceeding 30% of the Company's latest audited total assets within any consecutive twelve-month period;
- (VI) the guarantee to be provided to shareholders, de facto controllers and their related (connected) parties;
- (VII) other circumstances subject to consideration by the shareholders' general meeting as stipulated by the securities regulatory rules of the place where the Company's shares are listed or under the Articles of Association.

When a guarantee is considered by the Board of Directors, in addition to obtaining approval by a majority of all directors, it shall also be considered and agreed upon by more than two-thirds of directors present at the meeting of Board of Directors. When the guarantee specified in item (V) above is considered at the shareholders' general meeting, it must be passed by more than two-thirds of voting rights held by the shareholders attending the meeting.

Article 14 When considering the resolution of providing guarantee to shareholders, de facto controllers and their related (connected) persons at the shareholders' general meeting, such shareholders or shareholders controlled by such de facto controller shall abstain from voting on such resolution. Such resolution shall be subject to the approval of more than half of the voting rights of other shareholders attending the shareholders' general meeting.

Article 15 If the Company provides a guarantee for a wholly-owned subsidiary, or provides a guarantee for a non-wholly-owned controlled subsidiary where other shareholders of the controlled subsidiary provide a proportional guarantee in accordance with their respective rights and interests, and such matter falls within items (I) to (III) of paragraph 2 of Article 13, it may be exempted from submission to the shareholders' general meeting for consideration, unless otherwise provided in the Articles of Association.

Article 16 Where a controlled subsidiary of the Company provides a guarantee for a legal person or other organization within the scope of the Company's consolidated statements, the Company shall disclose such guarantee in a timely manner following the completion of the controlled subsidiary's internal review procedures.

The provisions of the preceding paragraph shall not apply to guarantees provided to the Company by its controlled subsidiaries. Where a controlled subsidiary of the Company provides a guarantee to entity other than those specified in the first paragraph of this article, such guarantee shall be deemed as a guarantee provided by the Company and shall be subject to the relevant provisions of these policies.

Article 17 The provision of counter-guarantees by the Company and its controlled subsidiaries shall be conducted in accordance with the relevant provisions governing guarantees and shall comply with the corresponding review procedures and information disclosure obligations based on the amount of the counter-guarantee provided, except where the Company and its controlled subsidiaries provide counter-guarantees for guarantees based on their own debts.

Article 18 The finance department of the Company shall truthfully provide the certified public accountants responsible for the finance and audit of the Company with complete information regarding all the Company's external guarantees in accordance with the requirements.

CHAPTER 5 APPROVAL PROCEDURES FOR EXTERNAL GUARANTEES

Article 19 Where the Company provides a guarantee for a third party other than a controlled subsidiary, the finance department of the Company shall, after verifying and analyzing the basic information of the guaranteed entity, submit an application report with verification opinions to the

APPENDIX IX PROPOSED AMENDMENTS OF THE MANAGEMENT POLICIES FOR EXTERNAL GUARANTEES

general manager upon approval by the financial officer. Upon approval of the general manager, the report shall be forwarded to the office of the Board of Directors for compliance review. Upon completion of such review, the office of the Board of Directors shall prepare the relevant proposal and submit it to the Board of Directors or the shareholders' general meeting for consideration in accordance with the approval authority stipulated in these policies, leading to the issuance of a resolution by the Board of Directors or shareholders' general meeting.

Before considering the proposal to provide guarantee, the Board of Directors of the Company shall thoroughly investigate the operation and credit status of the guaranteed party, carefully review and analyze the financial position, operating condition, credit situation and industry prospects of the guaranteed party, and make decisions prudently and in accordance with the law. The Company may engage external professional institutions to assess the risks relating to the guarantees as a basis for decision-making by the Board of Directors or the shareholders' general meeting when necessary.

Article 20 Where a controlled subsidiary requires the Company to provide a guarantee for it, it shall submit an application for external guarantee limit approval to the Company's finance department in advance. After verifying and analyzing the approval application, the finance department of the Company shall, subject to approval by the financial officer, submit an application report with verification opinions to the general manager. Upon approval of the general manager, the report shall be forwarded to the office of the Board of Directors for compliance review. Upon completion of such review, the office of the Board of Directors shall prepare the relevant proposal and submit it to the Board of Directors or the shareholders' general meeting for consideration in accordance with the approval authority stipulated in these policies, leading to the issuance of a resolution by the Board of Directors or shareholders' general meeting.

Article 21 Within the annual guarantee limit, where a controlled subsidiary applies to the Company for a guarantee, it shall provide the information required under Article 10 of these policies to the finance department of the Company in a timely manner. Upon review and approval of the relevant information, the finance department of the Company shall, subject to approval by the financial officer, submit an application report with verification opinions to the general manager.

Article 22 Where a controlled subsidiary of the Company is required to provide a guarantee to another controlled subsidiary, the matter shall be executed upon a resolution passed by the board of directors or the shareholder's general meeting of the relevant controlled subsidiary, and shall be promptly reported to the Company's finance department and office of the Board of Directors to fulfill the information disclosure obligations in a timely manner.

Article 23 Except as provided in these policies, controlled subsidiaries shall not, in principle, provide guarantees for others. Where a guarantee for others is truly necessitated by business needs, the finance department of the controlled subsidiary shall first review and analyze the basic information of the guaranteed entity and submit an application report clearly stating the review opinions. Upon execution and approval by the legal representative of the controlled subsidiary, the application report shall be submitted to the Company's finance department. The Company's finance department shall, upon receipt of such application report, review and approve such external guarantee by such controlled subsidiary pursuant to the provisions of these policies.

Article 24 Following the Company's provision of a guarantee for a third party other than a controlled subsidiary or for a controlled subsidiary, or a controlled subsidiary's provision of a guarantee for another controlled subsidiary or for others, the Company shall fulfill corresponding information disclosure obligations in accordance with its relevant information disclosure management system.

CHAPTER 6 ENTERING INTO GUARANTEE CONTRACT

Article 25 Subject to a decision by the Board of Directors or the shareholders' general meeting of the Company, the Chairman or any person authorized by the Chairman shall enter into a guarantee contract on behalf of the Company. The guarantee contract and the counter-guarantee contract shall be made in writing. The content and form of such contracts shall comply with the Civil Code of the People's Republic of China and other applicable laws and regulations, with clear and unambiguous principal terms.

Article 26 All terms of the guarantee contract shall be first reviewed by the legal department of the Company, and, where necessary, shall be reviewed by the law firm engaged by the Company for the verification of their legality and validity.

Article 27 If the guarantee contract entered into is a standard form contract, the finance department of the Company shall strictly review all obligatory clauses. Where any mandatory obligatory clauses in such standard form contract may expose Company to unanticipated risks, the finance department shall refuse to provide the guarantee to the guaranteed party, and report the matter to the Board of Directors with specific remarks.

Article 28 The guarantee contracts shall include the following clauses:

- (I) the creditor and the debtor;
- (II) the type and amount of the principal debt to be secured;

- (III) the form of guarantee;
- (IV) the scope of guarantee;
- (V) the term of guarantee;
- (VI) the rights and obligations of the parties, and liabilities for breach of contract;
- (VII) an effectiveness clause stipulating that the guarantee contract shall only be executed and take effect after the official counter-guarantee contract is executed;
- (VIII) other matters deemed necessary by both parties.

Article 29 When accepting a mortgage or pledge as a counter-guarantee, the finance department of the Company shall, together with the office of the Board of Directors (or the law firm engaged by the Company), complete the relevant legal procedures and documents and complete the mortgage or pledge registration procedures in a timely manner, where statutorily required.

Article 30 The counter-guarantee or other effective risk prevention measures provided by the guaranteed party must correspond to the amount of the guarantee, and shall be verified by the finance department of the Company. Where the assets provided by the guaranteed party as a counter-guarantee are prohibited from circulation or non-transferrable under applicable laws or regulations, the Company shall refuse to provide such guarantee.

Article 31 The guarantee contracts shall be kept properly in accordance with the Company's internal management regulations and shall simultaneously be reported to the secretary to Board of Directors and the finance department.

CHAPTER 7 DISCLOSURE OF INFORMATION ON GUARANTEES

Article 32 External guarantees considered and approved by the Board of Directors or the shareholders' general meeting of the Company shall be disclosed in a timely manner on information disclosure newspapers or designated websites.

Article 33 The office of the Board of Directors shall be the functional management department for the disclosure of information on guarantees of the Company, and the disclosure of such guarantee information shall be conducted in accordance with applicable laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and the Management Policies for Information Disclosure of the Company.

Article 34 For guarantees that have been disclosed, the Company shall also disclose in a timely manner in any one of the following circumstances:

- (I) the guaranteed party fails to fulfill its repayment obligation within 15 trading days after the debt is due;
- (II) the guaranteed party enters bankruptcy, liquidation or faces other circumstances that seriously affect its repayment ability.

CHAPTER 8 LIABILITY AND PENALTIES

Article 35 If the Company's directors, general manager and other management members fail to act in accordance with the provisions of these policies and sign a guarantee contract beyond their authority without authorization, thereby causing damage to the Company, they shall assume liability for compensation.

Article 36 If any of the responsible officers fails to perform his/her duties, thereby causing damage to the Company, he/she shall assume liability for compensation.

Article 37 The Company shall establish and improve the supervision and inspection systems for the control of external guarantees.

CHAPTER 9 SUPPLEMENTARY PROVISIONS

Article 38 For matters not covered by these policies or conflict with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association promulgated or amended after these policies come into effect, provisions of such laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail.

Article 39 Unless otherwise specified, the terms used herein have the same meanings as those in the Articles of Association.

Article 40 These policies shall be reviewed and passed by the shareholders' general meeting of the Company and shall take effect and be put into force from the date of the Company's initial public offering of shares and listing on the Sci-Tech Board of the Shanghai Stock Exchange.

Article 41 Any amendment to these policies shall be proposed by the Board of Directors and submitted to the shareholders' general meeting for consideration and approval.

Article 42 These policies shall be subject to the interpretation by the Board of Directors of the Company.

Shanghai HeartCare Medical Technology Corporation Limited**MANAGEMENT MEASURES
FOR EXTERNAL INVESTMENTS (DRAFT)****CHAPTER 1 GENERAL PROVISIONS**

Article 1 These measures are formulated in accordance with relevant provisions under the laws, regulations, normative documents, such as the Company Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (hereinafter referred to as the “**SSE Listing Rules**”), the Self-Regulatory Guideline for Listed Companies on the Science and Technology Innovation Board of the Shanghai Stock Exchange No. 1 — Standardized Operation (hereinafter referred to as the “**Standardized Operation**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules of the Hong Kong Stock Exchange**”), and the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the “**Articles of Association**”) with a view to regulating external investments made by Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the “**Company**”) and its controlled subsidiaries, improving the efficiency of capital operations, protecting the interests of the Company and its shareholders, establishing a standardised, effective and scientifically-sound decision-making system and mechanism for investment, preventing investment decision errors, mitigating investment risks, enhancing the economic benefits of the investment, and preserving and increasing assets of the Company.

Article 2 External investment mentioned herein refers to the investment by the Company of disposable resources such as cash, physical assets and intangible assets in other organizations or individuals with the objective of expanding production and business scale and obtaining long-term returns, including entrusted asset management, investment in subsidiaries (excluding establishment of or capital increase in wholly-owned subsidiaries), securities investment, futures and derivatives trading, engaging in joint ventures, cooperative ventures, mergers, or equity acquisitions and transfers with other entities.

Securities investment mentioned herein shall include allotment or subscription of new shares, securities repurchase, investment in stocks and depositary receipts, bond investment, and other investment activities recognized by the Shanghai Stock Exchange (hereinafter referred to as the “**SSE**”).

Futures trading mentioned herein refers to trading activities whose subject matter is futures contracts or standardized options contracts. Derivatives trading mentioned herein refers to trading activities other than futures trading, whose subject matter is swap contracts, forward contracts, non-standardized options contracts and combinations thereof. Underlying assets of futures and derivatives may include securities, indices, interest rates, exchange rates, currencies, commodities or other underlying assets, or combinations thereof.

Entrusted asset management mentioned herein refers to the Company entrusting professional financial management institutions such as banks, trust companies, securities firms, fund management companies, futures companies, insurance asset management institutions, financial asset investment companies, and private fund managers to invest and manage its assets or to purchase related wealth management products.

Securities investment, entrusted asset management, futures and derivatives trading undertaken by the Company shall be considered and approved by the Board of Directors or the shareholders' general meeting of the Company, and such approval authority shall not be delegated to individual directors or management personnel.

For external investments undertaken by the Company that involve high-risk investments as defined under these measures and the Standardized Operation, the decision-making procedures shall be strictly implemented in accordance with relevant laws, regulations, normative documents, the Articles of Association and these measures.

Article 3 All external investment decisions of the Company and the controlled subsidiaries included within the scope of its consolidated financial statements shall be subject to these measures.

Article 4 In principle, the Company's external investments shall be undertaken by the Company in a centralized manner. External investments made by controlled subsidiaries of the Company shall be deemed external investments made by the Company and subject to these measures.

For external investments made by affiliated companies or external investments made with related parties of the Company that may have a significant impact on the trading price of the shares and derivatives of the Company, the Company shall fulfill its disclosure obligations pursuant to these measures.

Article 5 Principles to be followed in external investments:

- (I) must comply with state laws, regulations;
- (II) must align with the Company's development strategy;
- (III) must be of appropriate scale within the Company's capacity so as not to affect the development of its main business;
- (IV) must adhere to the principle of prioritising efficiency.

CHAPTER 2 APPROVAL AUTHORITY FOR EXTERNAL INVESTMENTS

Article 6 External investments of the Company shall be subject to professional management and a hierarchical approval system.

Article 7 For the Company's investment activities referred to in Article 2 of these measures, approvals shall be obtained, in accordance with the Articles of Association, from the general manager, the Board of Directors and the shareholders' general meeting of the Company, respectively.

- (I) If an external investment by the Company (excluding securities investment, futures and derivatives trading, entrusted asset management and other investment matters otherwise stipulated in these measures and the securities regulatory rules of the place where the Company's shares are listed, and purchase of low-risk bank wealth management products) meets any of the following criteria, it shall be promptly disclosed and submitted to the shareholders' general meeting for consideration and approval:
 - 1. The total assets involved in the external investment account for more than 50% of the Company's latest audited total assets. If the total assets involved in such investment have both book value and appraised value, the higher value shall be used for calculation;
 - 2. The transaction amount of the external investment accounts for more than 50% of the Company's market value;
 - 3. The net assets related to the subject matter of the external investment (such as equity) in the most recent accounting year account for more than 50% of the Company's market value;

4. The operating revenue related to the subject matter of the external investment (such as equity) in the most recent accounting year accounts for more than 50% of the Company's latest audited operating revenue, and the absolute amount exceeds RMB50 million;
 5. The profit generated by the external investment accounts for more than 50% of the Company's audited net profit in the most recent accounting year, and the absolute amount exceeds RMB5 million;
 6. The net profit related to the subject matter of the external investment (such as equity) in the most recent accounting year accounts for more than 50% of the Company's latest audited net profit, and the absolute amount exceeds RMB5 million;
 7. Other investment activities by the Company that should be submitted to the shareholders' general meeting for consideration in accordance with relevant securities regulatory rules of the place where the Company's shares are listed.
- (II) If an external investment by the Company (excluding securities investment, futures and derivatives trading, entrusted asset management and other investment matters otherwise stipulated in these measures and the securities regulatory rules of the place where the Company's shares are listed, and purchase of low-risk bank wealth management products) meets any of the following criteria, it shall be promptly disclosed and submitted to the Board of Directors for consideration and approval:
1. The total assets involved in the external investment account for more than 10% of the Company's latest audited total assets. If the total assets involved in such investment have both book value and appraised value, the higher value shall be used for calculation;
 2. The transaction amount of the external investment accounts for more than 10% of the Company's market value;
 3. The net assets related to the subject matter of the external investment (such as equity) in the most recent accounting year account for more than 100% of the Company's market value;

4. The operating revenue related to the subject matter of the external investment (such as equity) in the most recent accounting year accounts for more than 10% of the Company's latest audited operating revenue, and the absolute amount exceeds RMB10 million;
5. The profit generated by the external investment accounts for more than 10% of the Company's audited net profit in the most recent accounting year, and the absolute amount exceeds RMB1 million;
6. The net profit related to the subject matter of the external investment (such as equity) in the most recent accounting year accounts for more than 10% of the Company's latest audited net profit, and the absolute amount exceeds RMB1 million;
7. Other investment activities by the Company that should be submitted to the Board of Directors for consideration in accordance with relevant securities regulatory rules of the place where the Company's shares are listed.

(III) External investment matters of the Company that do not meet the thresholds for consideration by the Board of Directors or the shareholders' general meeting as set forth in this Article (excluding securities investment, futures and derivatives trading, entrusted asset management and other investment matters otherwise stipulated in these measures and the securities regulatory rules of the place where the Company's shares are listed, and purchase of low-risk bank wealth management products), shall be considered and approved by the general manager.

(IV) Calculation rules for relevant indicators set out in this Article:

1. If the data used to calculate the above indicators are negative, their absolute values shall be used for the calculation.
2. Except for providing guarantees, financial assistance, and entrusted asset management and other matters as otherwise stipulated by the laws, regulations and the SSE Listing Rules, when the Company makes investments of the same category involving related subject matters, the principle of cumulative calculation within 12 consecutive months shall apply for purposes of applying the thresholds in Article 7 of these measures. If the obligations required by the foregoing provisions have already been fulfilled, such investments shall no longer be included in the relevant cumulative calculation. Transactions or related transactions that have been

disclosed by the Company but have not yet completed shareholders' meeting consideration procedures shall still be included in the cumulative calculation in order to determine the procedures to be fulfilled.

3. When the Company establishes a limited liability company, a joint-stock company or other organization through external investment, the total amount of capital contributions agreed in the relevant agreement shall be used as the standard and Article 7 of these measures shall apply accordingly.
4. When the Company purchases or sells equity, the relevant financial indicators shall be calculated based on the proportion of change in equity held by the Company, and Article 7 of these measures shall apply.

If the transaction causes a change in the scope of the Company's consolidated financial statements, the financial indicators of the target company corresponding to the equity shall be used and be subject to Article 7 of these measures.

5. If the Company directly or indirectly waives its pre-emptive purchase or capital contribution rights for controlled subsidiaries, resulting in a change in the scope of consolidated financial statements, the waiver amount and the relevant financial indicators of the entity shall be subject to Article 7 of these measures.

If the Company waives such rights without causing a change in the scope of the Company's consolidated financial statements but the proportion of equity held in the entity decreases compared with not waiving such rights, the waiver amount and relevant financial indicators calculated based on the change in equity proportion shall be subject to Article 7 of these measures.

If the Company partially waives its rights, the waiver amount, the relevant financial indicators of the entity or the relevant financial indicators calculated based on the change in equity proportion, and the actual amount of transfer or capital contribution shall also be subject to Article 7 of these measures.

If the Company waives or partially waives its pre-emptive purchase rights or rights to subscribe for capital contributions in respect of its subordinate non-company entities, cooperative projects or similar arrangements, the foregoing provisions shall be applied by reference.

- (V) For transactions through which when the Company purchases or sells assets, the higher of total assets and the transaction amount shall be used as the calculation standard. If the cumulative amount within any 12 consecutive months by transaction type reaches 30% of the latest audited total assets, in addition to disclosure and audit or appraisal as required by these measures, the matter shall also be submitted to the shareholders' general meeting for consideration, and must be approved by more than two-thirds of the voting rights of shareholders present at the meeting. If the obligations referred to above have already been fulfilled, such transactions shall no longer be included in the relevant cumulative calculation.

If decision-making authority for external investment matters is otherwise governed by other laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, those provisions shall prevail.

Article 8 Provisions regarding the Company's engagement in securities investment, futures and derivatives trading are as follows:

- (I) If it is impractical to perform consideration procedures and disclosure obligations for each securities investment due to reasons such as transaction frequency or timing requirements, the Company may reasonably estimate the scope, amount and term of securities investments for the next 12 months. If the estimated amount of securities investments exceed and extent of authority of the Board of Directors, it shall also be submitted to the shareholders' general meeting for consideration.

The term for the use of such amount shall not exceed 12 months, and the transaction amount at any point during the term (including the reinvested amount from the income generated by the aforementioned investment) shall not exceed the securities investment amount.

If the Company engages in securities investment with related parties, the securities investment amount shall also be used as the calculation standard and relevant related transaction provisions of the Company shall apply.

- (II) The Company shall prepare a feasibility analysis report and submit it to the Board of Directors for consideration when engaging in futures and derivatives trading.

If futures and derivatives trading falls into any of the following circumstances, it shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the Board of Directors:

1. The cap of trading margin and premium (including value of collateral provided for trading, estimated credit lines from financial institutions, margin reserved for emergency measures, etc., the same applies hereinafter) utilised is expected to account for more than 50% of the Company's latest audited net profit, and the absolute amount exceeds RMB5 million;
2. The highest contract value held on any trading day is expected to account for more than 50% of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million;
3. The Company engages in futures and derivatives trading for purposes other than hedging.

If it is impractical to perform consideration procedures and disclosure obligations for each futures and derivatives transaction because of frequency or timing, the Company may reasonably estimate the scope, amount and term of futures and derivatives transactions for the next 12 months and perform consideration procedures based on that estimate.

The term for the use of such amount shall not exceed 12 months, and the transaction amount at any point during the term (including the reinvested amount from the income generated by the aforementioned transaction) shall not exceed the approved amount.

- (III) The Company shall arrange and use funds reasonably, strive to develop its main business, and shall not use raise funds for securities investment or futures and derivatives trading.

Hedging business undertaken by the Company refers to futures and derivatives trading activities that achieve a basic match with the underlying risks to manage specific exposures such as foreign exchange risk, price risk, interest rate risk and credit risk. The types of futures and derivatives used by the Company for hedging should be limited to products, raw materials and foreign exchange related to the Company's production and operation, and in principle their types, scale and terms should be controlled to match the risk exposures to be managed. Futures and derivatives used for hedging must have an

economic relationship of mutual risk hedging with the related risk exposures being managed, so that the values of those futures and derivatives and the related risk exposures move in opposite directions when exposed to the same risk factors.

- (IV) When engaging in securities investment and futures and derivatives trading, the Company shall establish and improve internal control systems, reasonably allocate professional personnel for investment decision-making, operations and risk control, formulate strict decision-making procedures, reporting systems and risk monitoring measures, and clarify specific requirements such as scope of authorization, operational key points, accounting treatment and information disclosure. The Company shall determine the types, scales and terms of futures and derivatives trading based on its risk tolerance.

The Company shall designate relevant committees of the Board of Directors to review the necessity, feasibility and risk control for futures and derivatives trading, and may engage professional institutions to prepare feasibility analysis reports where necessary. The relevant committees of the Board of Directors shall strengthen evaluation and supervision related risk control policies and procedures related to futures and derivatives trading, promptly identify internal control deficiencies and take remedial measures.

The Company shall formulate feasible emergency response plans to deal promptly with major emergencies that may occur during trading. The Company shall set appropriate stop-loss limits (or loss warning thresholds) for various futures and derivatives or different counterparties, clarify stop-loss processing procedures and strictly enforce them.

- (V) If recognized profit or loss together with variable losses from the Company's futures and derivatives trading reaches 10% of the Company's latest audited net profit attributable to shareholders of the listed company and the absolute amount exceeds RMB10 million, the Company shall make timely disclosure. If the Company is engaged in hedging business, changes in the value of the hedging instruments and the hedged items may be aggregated for purposes of the foregoing disclosure requirement.

If the Company incurs losses in hedging business as described in the preceding paragraph, it shall re-evaluate the effectiveness of the hedging relationship, disclose the reasons why changes in fair value or cash flows of the hedging instrument and hedged item did not offset as expected, and separately disclose value changes of the hedging instrument and the hedged item.

Article 9 Provisions regarding the Company's engagement in entrusted asset management are as follows:

- (I) If it is impractical to perform consideration procedures and disclosure obligations for each entrusted asset management due to transaction frequency or timing, the Company may reasonably estimate the investment scope, amount and term. When calculating the proportion of net assets based on the estimated entrusted asset management amount, the relevant provisions of Article 7 of these measures shall apply.

The term for the use of such amount shall not exceed 12 months, and the transaction amount at any point during the term (including the entrusted asset management reinvested amount from the income generated by the aforementioned entrusted asset management) shall not exceed the entrusted asset management amount.

If the Company engages in entrusted asset management with related parties, such entrusted amounts shall also be used for calculation and related transaction provisions of the Company shall apply.

- (II) The Company shall select qualified professional financial management institutions with sound credit and financial condition, no adverse integrity records and strong profitability as entrusted parties, and shall sign written contracts specifying amount, term, investment types, rights and obligations of each party and legal liability for entrusted asset management.
- (III) The Company shall not use entrusted asset management to circumvent consideration procedures and information disclosure obligations applicable to purchase of assets or external investments, nor shall it disguise provision of financial assistance to others.

If the Company is able to exercise control or significant influence over the investment direction of funds underlying a wealth management product, it shall fully disclose the ultimate investment direction of the funds, counterparties involved or detailed information on underlying assets, and adequately disclose investment risks and the Company's mitigation measures.

(IV) If any of the following occurs in entrusted asset management undertaken by the Company, relevant progress and proposed mitigation measures shall be promptly disclosed:

1. Failure to raise funds for the wealth management product, failure to complete filing or registration, early termination, or inability to recover funds at maturity;
2. Changes in the principal terms of the wealth management product agreement or related guarantee contracts;
3. The entrusted party or the fund user experiences major operational or financial risk events;
4. Other circumstances that may harm the Company's interests or have a significant impact.

Article 10 Provisions regarding joint investment and cooperation with professional investment institutions are as follows:

- (I) The “joint investment and cooperation with professional investment institutions” mentioned in this Article refers to the Company jointly establishing investment funds such as merger funds or industry funds (collectively “investment funds”, with organizational forms including but not limited to corporate forms, general partnerships or limited partnerships) with professional investment institutions; subscribing for shares in investment funds initiated by professional investment institutions; conducting subsequent asset transactions with such investment funds; and the Company entering into cooperation agreements such as strategic cooperation, market value management, financial advisory and business consulting with professional investment institutions (hereinafter referred to as “**cooperation agreements**”).

If the Company's controlling shareholders, de facto controllers, shareholders holding more than 5% of the Company's shares, directors, or senior management cooperate with professional investment institutions and such cooperation involves arrangements such as purchasing from or transferring assets to the Company, provisions of this Article shall apply by reference.

If the Company enters into cooperation agreements such as financial advisory and business consulting with intermediaries in accordance with applicable regulations as a result of securities issuance, equity changes and equity incentive matters, such cooperation agreements may be exempted from this Article.

Professional investment institution mentioned in this Article refers to institutions that professionally engage in investment activities, such as private equity funds, private fund managers, fund management companies, securities firms, futures companies, asset management companies and securities investment consulting institutions.

- (II) When the Company jointly invests with professional investment institutions, it shall promptly disclose the matter regardless of the participation amount and perform relevant consideration procedures under the relevant provisions for external investments based on the maximum loss amount it may bear. If the transaction constitutes a related transaction, related transaction consideration procedures shall also be followed.

The “maximum loss amount” mentioned in the preceding paragraph shall be determined based on the higher of the total investment amount the Company may lose as a result of the investment, the amount of loss that may arise from equity interests, or other liabilities it may assume.

- (III) When the Company jointly invests with professional investment institutions, it shall promptly disclose announcements and file relevant agreements with the Shanghai Stock Exchange. Announcement content shall include basic information on the professional investment institution, explanations of any related or other interest relationships, specific details of the investment fund, management model, investment model and profit distribution, principal terms of the investment agreement, an explanation of the impact on the Company and potential risks, and whether the arrangement may give rise to competition in the same industry or related transactions.

If the Company’s controlling shareholders, de facto controllers, shareholders holding 5% or more of the Company’s shares, directors, or senior management subscribe for shares in an investment fund or hold positions in relevant professional investment institutions or investment funds, their specific circumstances shall also be explained in the announcement.

- (IV) The Company shall not jointly invest with professional investment institutions within 12 months after permanently supplementing working capital with surplus raised funds.

The provisions of the preceding paragraph does not apply where the Company jointly invests with professional investment institutions in investment funds related to its main business, or in market-oriented industrial investment funds for impoverished areas and public welfare poverty-alleviation funds.

(V) If any of the following occurs when the Company jointly invests with professional investment institutions, relevant progress shall be promptly disclosed:

1. The investment fund intended to be established or to be subscribed for shares has completed fundraising or has failed to raise funds;
2. The investment fund has completed filing and registration (where applicable);
3. The investment fund makes investments or acquires assets that have a significant impact on the Company;
4. The investment fund undergoes major changes or significant risk events in its operation that may have a significant impact on the Company.

(VI) If any of the following occurs when the Company signs cooperation agreements with professional investment institutions, relevant progress shall be promptly disclosed:

1. Completion of the principal obligations or planned arrangements as agreed under the cooperation agreement;
2. Planning matters that have a significant impact on the Company under the cooperation agreement;
3. Major changes to or early termination of the cooperation agreement.

(VII) In planning and implementing joint investments and cooperation with professional investment institutions, the Company shall establish effective mechanisms to prevent transfer of benefits and conflicts of interest, improve information segregation systems, and shall not engage in illegal or non-compliance activities such as insider trading, market manipulation or false statements.

(VIII) The Company shall disclose progress of joint investments and cooperation with professional investment institutions in its annual report.

Article 11 Provisions regarding the Company’s financing transactions are as follows:

- (I) If the Company enters into an agreement involving bundled asset sales and repurchases with another party, or if a controlled subsidiary introduces equity investors through capital increases and agrees to equity repurchase arrangements for the purpose of obtaining financing, the Company shall, by reference to the SSE Listing Rules governing asset purchases and sales or external investments, fulfill corresponding consideration procedures and disclosure obligations.

If the repurchase obligation has been fully disclosed and relevant consideration procedures have been completed by the Company at the time of the asset sale or capital increase, it need not repeat consideration procedures when performing the repurchase obligation under the original agreement thereafter, but shall promptly disclose progress. If the Company fails to perform the repurchase obligation under the original agreement, it shall explain the reasons and fulfill the corresponding consideration procedures and information disclosure obligations by reference to SSE Listing Rules governing asset sales, using the higher of the financial indicators of the repurchased assets and the appraised value of related assets as the standard.

- (II) When the Company engages in factoring or sale-and-leaseback transactions involving sale of accounts receivable or other assets, it shall fulfill corresponding consideration procedures and disclosure obligations in accordance with the SSE Listing Rules governing asset sales.

Article 12 Provisions regarding matters involving the Company’s “waiver of rights” are as follows:

- (I) The waiver of rights mentioned in this Article refers to the Company’s voluntary waiver of rights it holds in controlled companies, investee companies, non-company entities and other cooperative projects, except where rights are lost due to administrative allocation or judicial order, including:

1. Waiver of pre-emptive purchase rights under the Company Law;
2. Waiver of pre-emptive capital contribution rights under the Company Law;
3. Waiver of pre-emptive purchase rights under the Partnership Enterprise Law;

4. Waiver of relevant preferential rights provided by the Articles of Association or agreements;
 5. Other instances of waiver of legal rights.
- (II) If the Company directly or indirectly waives its pre-emptive purchase or capital contribution rights for controlled enterprises resulting in a change in the scope of consolidated financial statements, the waiver amount and relevant financial indicators of the entity shall be subject to the relevant provisions on major transactions or related transactions under the SSE Listing Rules.

If the Company waives such rights without changing the scope of its consolidated financial statements but the proportion of equity held in the entity decreases compared with not waiving the rights, the waiver amount and relevant financial indicators calculated based on the change in equity proportion shall be subject to the relevant provisions on major transactions or related transactions under the SSE Listing Rules.

If the Company partially waives its rights, the waiver amount, the relevant financial indicators of the entity or the relevant financial indicators calculated based on the change in equity proportion, and the actual amount of transfer or capital contribution shall also be subject to the relevant provisions on major transactions or related transactions under the SSE Listing Rules.

- (III) For waivers that do not reach the quantitative thresholds but may, in the opinion of the Board of Directors of the Company or the SSE, have a significant impact on the Company, the Company shall promptly fulfill its disclosure obligations.

Article 13 Where the Company's investments involve connected transactions, the relevant provisions of the Articles of Association and the Decision-Making Policies for Related (Connected) Transactions shall apply.

CHAPTER 3 DECISION-MAKING PROCEDURES FOR EXTERNAL INVESTMENTS

Article 14 Consideration for external investments of the Company shall follow the procedures below:

- (I) The office of the Board of Directors of the Company shall conduct market research and economic analysis for proposed investment projects. Where necessary, it may commission a qualified professional institution to prepare a feasibility study for the

proposed investment project, producing a feasibility report, a letter of intent for cooperative investment, or drafts of legal documents such as an investment agreement. A preliminary principled analysis and validation of project feasibility shall be prepared.

- (II) The draft feasibility report shall be finalized after solicitation of opinions from other relevant internal departments and shall be submitted to the general manager's office meeting of the Company for discussion.
- (III) After the general manager's office meeting agrees to the draft feasibility report, if the matter falls within the scope of the Terms of Reference for the Strategy Committee of the Board of Directors, it shall be submitted to the Strategy Committee of the Board of Directors for discussion. If the matter falls within the Board's decision-making authority, it shall be submitted to the Board of Directors of the Company for decision.
- (IV) If, according to these measures, approval by the shareholders' general meeting of the Company is also required, the Board of Directors of the Company shall convene a shareholders' general meeting in accordance with law to consider the external investment.

Article 15 For external equity investment projects that have been approved and implemented, subsidiaries of the Company established through such investments shall be managed in accordance with the Company Law, the Articles of Association, the Management Measures for Sub-subsidiaries of the Company and other laws, regulations, and rules.

Article 16 The Finance Department and the office of the Board of Directors of the Company shall be responsible for archiving external investment activities. Upon completion of an investment, related documents, including but not limited to internal resolution documents of the Company, relevant agreements executed, capital verification reports, asset appraisal reports, approvals from competent authorities and industrial and commercial registration documents, shall be archived.

Article 17 The Audit Committee and the Audit Department of the Company shall, in accordance with their responsibilities, supervise investment projects throughout the process, provide timely corrective opinions for irregularities, submit special reports on major issues, and request the relevant investment approval authority to discuss and address them. If the Audit Committee deems it necessary, it may report directly to the shareholders' general meeting.

CHAPTER 4 INFORMATION DISCLOSURE OF EXTERNAL INVESTMENT

Article 18 The Company's external investments shall strictly fulfill information disclosure obligations in accordance with the relevant provisions of the SSE Listing Rules, the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 19 These Measures shall be considered and approved by the shareholders' general meeting and shall come into effect from the date of the Company's initial public offering of shares and listing on the Sci-Tech Board of the Shanghai Stock Exchange.

Article 20 Matters not covered herein shall be dealt with in accordance with the relevant state laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. In the event of any conflict between these Matters and the subsequently enacted or amended state laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association as amended through legal procedures, the later provisions shall prevail, and these measures shall be amended promptly.

Article 21 These measures shall be interpreted by the Board of Directors of the Company.

Article 22 These Measures shall be considered and approved by the shareholders' general meeting and shall come into effect from the date of the Company's initial public offering of shares and listing on the Sci-Tech Board of the SSE.

Shanghai HeartCare Medical Technology Corporation Limited**MANAGEMENT POLICIES
FOR RAISED PROCEEDS (DRAFT)****CHAPTER 1 GENERAL RULES**

Article 1 In order to regulate the management of the raised proceeds of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the “**Company**”) and enhance the efficiency of use of raised proceed, these policies are formulated in accordance with the requirements of the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, Regulatory Rules for Raised Proceeds of Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws and regulations and regulatory documents, together with the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the “**Articles of Association**”) based on the actual circumstances of the Company.

Article 2 These policies shall apply to the management of raised proceeds of the Company.

Article 3 The term “raised proceeds” as used in these policies refers to proceeds raised by the Company from investors for specific purposes through the issuance of shares or other securities with the nature of equity within the PRC, but does not include proceeds raised by the Company for the implementing of an equity incentive plan. The use and management of raised proceeds from overseas listed foreign shares (H-shares) shall be governed by the relevant requirements of the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited.

Article 4 The Company shall establish and improve systems regarding the deposit, management, use, change of purpose, supervision, and accountability of raised proceeds, clearly define tiered approval authorities, decision-making procedures, risk control measures, and information disclosure requirements for the use of raised proceeds, and standardize the use of raised proceeds.

The Board of Directors of the Company shall continuously monitor the deposit, management, and use of raised proceeds to effectively prevent investment risks and improve the efficiency of the use of the raised proceeds.

In case any breach of the measures has incurred any loss (including financial loss and reputational loss) on the Company, the responsible person shall receive punishment according to the specific situation and bear the corresponding civil compensation liability where necessary.

Article 5 The Directors and senior management of the Company shall perform their duties diligently and ensure the safety of the Company's raised proceeds; they shall not manipulate the Company to change the purpose of the raised proceeds without authorization or in disguised form.

Article 6 Where a raised proceeds investment project is implemented through the Company's subsidiary or other enterprise controlled by the Company, the Company shall ensure that such subsidiary or other enterprise controlled by the Company shall comply with these policies.

CHAPTER 2 DEPOSIT OF RAISED PROCEEDS

Article 7 The Company shall prudently select commercial banks and open special accounts for raised proceeds (hereinafter referred to as the "**Special Account(s)**"). The raised proceeds shall be deposited in the Special Accounts approved by the Board of Directors for centralized management and utilization. Non-raised proceeds shall not be deposited into the Special Accounts, nor shall these accounts be used for other purposes.

If the Company has undergone two or more financings, a separate Special Account for raised proceeds shall be set up for each financing.

Any actual net proceeds in excess of the planned amount (hereinafter referred to as the "**Excess Proceeds**") shall also be managed within the Special Accounts for raised proceeds.

Article 8 The Company shall sign a three-party supervision agreement (hereinafter referred to as the "**Three-party Agreement**") with the sponsor or the independent financial advisor and the commercial bank (hereinafter referred to as the "**Commercial Bank**") with which the proceeds are deposited within one month after the proceeds are in place. The Company may utilize the raised proceeds after signing the relevant agreement. The Three-party Agreement shall at least contain the following:

- (I) The Company shall deposit the proceeds into the Special Account;
- (II) The Commercial Bank shall provide the Company with the bank statement of the Special Account for raised proceeds monthly, and shall forward a copy to the sponsor or the independent financial advisor;

(III) The sponsor or the independent financial advisor may inquire at any time the information of the Special Account at the Commercial Bank;

(IV) The defaulting liabilities for the Company, the Commercial Bank and the sponsor or the independent financial advisor.

(V) Other contents required by the stock exchange.

The Company shall promptly announce the key contents of the above agreement upon its execution.

Where the Company implements a raised proceeds investment project through its subsidiary under its control, a three-party supervision agreement shall be jointly executed by the Company, the controlled subsidiary implementing the raised proceeds investment project, the Commercial Bank and the sponsor or independent financial advisor, and the Company and its controlled subsidiary shall be regarded as a single joint party.

If the above-mentioned agreement is terminated prior to the expiration of its validity period, the Company shall sign a new agreement with the relevant parties within one month from the date of termination and promptly make an announcement.

CHAPTER 3 USE OF RAISED PROCEEDS

Article 9 The raised proceeds of the Company shall be used exclusively for designated purposes. The use of raised proceeds by the Company shall comply with national industrial policies and relevant laws and regulations, implement the concept of sustainable development and fulfil social responsibilities. In principle, raised proceeds shall be applied to the principal business, which is conducive to enhancing the competitiveness and innovation capacity of the Company.

The Company shall use raised proceeds prudently, ensure that the use of raised proceeds is consistent with the commitments set out in the prospectus or offering circular, and shall not alter the purpose of raised proceeds without authorization or change the investment direction of raised proceeds in a disguised form.

The Company's finance department shall establish a dedicated ledger for raised proceeds to record in detail the receipt, payment and transfer of raised proceeds, including without limitation the bank account number, applicable project, project amount, usage time, utilized amount and corresponding accounting voucher number. The Company shall truthfully, accurately and

completely disclose the actual use of raised proceeds. Where any circumstance seriously affecting the normal progress of the raised proceeds investment plan occurs, the Company shall make a timely announcement.

Article 10 The Company shall not engage in the following acts when using the raised proceeds:

- (I) Using raised proceeds to hold financial investments, or to invest, directly or indirectly in any company which mainly engages in the buying and selling of securities;
- (II) Altering the purpose of raised proceeds in a disguised form via pledge, entrusted loans or other means;
- (III) Providing raised proceeds, directly or indirectly, to related parties including the controlling shareholder and actual controller, or facilitating related parties to seek improper gains through the raised proceeds investment projects;
- (IV) Any other acts in violation of the provisions on the administration of raised proceeds.

Where a raised proceeds investment project is implemented overseas, the Company and the sponsor shall also adopt effective measures to ensure the safety and standard use of the raised proceeds invested in the overseas project, and disclose the relevant specific measures and actual effects in the Special Report Relating to the Deposit, Management and Use of the Raised Proceeds of the Company.

Where the Guidelines for the Application of Regulatory Rules — Listed Companies No. 1 contains separate provisions regarding the use of raised supporting proceeds raised through the issuance of shares or convertible corporate bonds by listed companies for asset acquisitions, such provisions shall prevail.

Article 11 The Board of Directors of the Company authorizes the general manager to be specifically responsible for implementing projects within the scope of publicly disclosed raised proceeds investment projects, including but not limited to executing or authorizing others to execute legal documents relating to project implementation within the scope of authority and approving disbursements of raised proceeds. Any matter requiring review and approval by the Board of Directors or the shareholders' general meeting under these policies may only be implemented upon completion of the corresponding review and approval procedures.

Article 12 When the Company conducts project investment, capital expenditure must strictly comply with the Company's capital management system and go through the approval procedures for the use of raised proceeds. All expenditures involving raised proceeds must be proposed by the relevant departments with a plan for the use of raised proceeds. Within the scope of the authorization of the Board of Directors, it will be reported to the finance department after being approved by the person in charge. After review by the finance department, payment shall be made upon sequential approval by the finance principal and the general manager or deputy general manager; anything beyond the scope authorized by the Board of Directors shall be reported to the Board of Directors for approval.

Article 13 The controlling shareholder, actual controllers and other related parties of the Company shall not occupy the raised proceeds of the Company, nor shall they obtain improper benefits by taking advantage of the Company's raised proceeds investment projects.

The Company shall ensure the authenticity and fairness of the use of raised proceeds, preventing the occupation or misappropriation of raised proceeds by the controlling shareholders, de facto controllers, or other connected parties. The Company shall adopt effective measures to prevent connected parties from gaining unlawful benefits through the raised proceeds investment projects.

If the Company discovers that the controlling shareholder, actual controllers or other related parties have occupied the raised proceeds, the Company shall demand prompt repayment and disclose the cause of such occupation, its impact on the Company, the repayment and rectification plan as well as the progress of rectification.

Article 14 Where a raised proceeds investment project is expected to fail to be completed within the originally scheduled time limit and the Company proposes to extend its implementation, the matter shall be reviewed and approved by the Board of Directors in a timely manner, and the sponsor shall issue clear opinions. The Company shall promptly disclose the specific reasons for failure to complete the project on schedule, and explain the current deposit and book status of raised proceeds, whether there are circumstances that seriously affect the normal progress of the plan for the use of raised proceeds, the expected completion time, phased investment plan, and measures to ensure completion on schedule after the extension.

Article 15 Should any of the following situations occur to an investment project for the raised proceeds, the Company shall re-examine the feasibility and expected returns of such project, decide whether to continue with the project:

- (I) Material changes occur to the market environment which involves the investment project for the raised proceeds;
- (II) The investment project for the raised proceeds has been shelved for more than one year after the proceeds have been received;
- (III) The deadline for completing the investment plan for the raised proceeds has expired and the raised proceeds invested fail to reach 50% of the planned amount;
- (IV) Other abnormal conditions occur to the investment project for the raised proceeds.

Where the Company encounters any of the circumstances specified in the preceding paragraph, it shall make a timely disclosure. If an adjustment to the investment plan in respect of raised proceeds is required, the adjusted investment plan in respect of raised proceeds should be disclosed simultaneously; if it involves changing investment projects in respect of raised proceeds, the relevant review procedures for changing the use of raised proceeds shall apply.

The Company shall disclose specific information on the re-examination of raised proceeds investment projects during the reporting period in its latest periodic report.

Article 16 Upon completion of an individual or all investment projects for the raised proceeds, the Company may use the remaining raised proceeds (including interest income) for other purposes, which shall be subject to the consideration and approval by the Board of Directors and following the issuance of a clear opinion by the sponsor or independent financial advisor. Where the remaining raised proceeds (including interest income) amount to less than RMB10.00 million, the procedures set out in the preceding paragraph may be waived; provided that the Company shall disclose the utilization status of the relevant raised proceeds in its annual report.

Article 17 In case the Company replaces any prior self-raised proceeds invested in the investment project for the raised proceeds with the raised proceeds, the replacement shall in principle be carried out within six months after the raised proceeds are deposited into the Special Account.

During the implementation of the raised proceeds investment projects, the raised proceeds shall, in principle, be used for direct payments. Where it is indeed difficult to make direct payments using raised proceeds, such as for paying staff salaries or purchasing overseas products and equipment, replacement may be carried out within six months after payment has been made using self-raised proceeds.

The replacement of the raised proceeds shall be subject to consideration and approval by Board of Directors of the Company, the sponsor shall issue explicit opinions, and the Company shall disclose relevant information in a timely manner.

Article 18 Where the Company uses idle raised proceeds to supplement working capital on a temporary basis, such arrangement shall be implemented through the Special Accounts for raised proceeds, the funds shall only be used for production and operation activities related to the main business, and the following conditions shall be satisfied:

- (I) Use of raised proceeds shall not be changed covertly, and normal progress of the investment plan for the raised proceeds shall not be affected;
- (II) The proceeds must be used exclusively for production and business operations related to the Company's principal business and must not be used, either directly or indirectly, for the allocation or subscription of new shares, or for trading in stocks, their derivatives or convertible corporate bonds;
- (III) The maximum term for any individual temporary replenishment to the working capital shall not exceed 12 months;
- (IV) Any raised proceeds previously used for temporary replenishment of working capital, if applicable, have been returned upon maturity;

Article 19 Where the Company temporarily uses idle raised proceeds to supplement working capital, it shall disclose the following promptly after consideration and approval by the Board of Directors:

- (I) The general information of the raised proceeds, including the time of receipt of raised proceeds, the amount of raised proceeds, net raised proceeds, and investment plan, etc.;
- (II) The information of use of the raised proceeds and the information and reasons for the idle funds;

- (III) The reasons for insufficient working capital and the amount and duration of idle raised proceeds used to supplement working capital;
- (IV) The estimated savings in financial expenses from using idle raised proceeds to supplement working capital, whether there is any disguised change in the use of raised proceeds, and the measures to ensure that the investment projects in respect of raised proceeds will proceed normally without any impact;
- (V) Opinions issued by the sponsor or independent financial advisor;
- (VI) Any other content required by the stock exchange.

Before the due date for the supplementary working capital, the Company shall return a portion of the funds to the Special Account for raised proceeds and make an announcement within two trading days after all funds have been returned. If the Company expects to be unable to return such portion of funds to the Special Account for raised proceeds on schedule, it shall, prior to the due date, fulfill the review procedures as required in the preceding paragraph and make a timely announcement, and the contents of the announcement shall include, among others, the use of funds, reasons for the failure to return the funds, reasons for the continued use of the funds to supplement working capital, and the duration of such use.

Article 20 The Company may use temporarily idle raised proceeds for cash management, such cash management shall be implemented through the Special Accounts for raised proceeds or a publicly disclosed product-specific settlement account. Where a product-specific settlement account is used, the account shall not be used to hold non-raised proceeds or for any other purpose. The Company shall make a timely announcement upon the opening or cancellation of product-specific settlement account.

Cash management products shall meet the following conditions:

- (I) They shall be highly secure products such as structured deposits or large-denomination certificates of deposit, and shall not be non-principal-guaranteed products;
- (II) They shall have good liquidity, with a term not exceeding twelve months;
- (III) The cash management products shall not be pledged.

Article 21 When the Company uses idle raised proceeds for cash management, the matter shall be submitted to the Board of Directors of the Company for review and approval, and the sponsor or independent financial advisor shall issue an explicit consent opinion. The Company shall promptly announce the following contents:

1. The general information of the raised proceeds, including the fundraising date, the amount of raised proceeds, net raised proceeds, and investment plan, etc.;
2. The status of the use of the raised proceeds;
3. The amount and term for cash management, whether there is any disguised change in the intended use of the raised proceeds, and the measures to ensure that the raised proceeds investment projects will proceed normally without any impact;
4. The income distribution method, investment scope and safety of the cash management products;
5. Opinions issued by the sponsor or independent financial advisor.

Article 22 Where the Company discovers major risk circumstances such as deterioration in the financial condition of the issuer of cash management products or potential losses of the invested products, it shall promptly issue a risk warning announcement and specify the risk control and other response measures adopted by the Company to ensure the safety of funds.

Article 23 The Company shall properly arrange the utilization plan for the Excess Proceeds in accordance with its development plans and actual production and operational needs. Excess Proceeds shall be used for projects under construction, new projects, and repurchase of the Company's shares with legitimate cancellation. The Company shall specify the detailed use plan for Excess Proceeds at the latest upon the overall completion of the same batch of investment projects, and use them in accordance with the plan.

The use of Excess Proceeds shall be approved by the Board of Directors through Board resolution in accordance with law, the sponsor shall give a clear opinion, and it shall be submitted to the shareholders' general meeting for deliberation. The Company shall promptly and fully disclose the necessity, rationality and other information in relation to using Excess Proceeds.

Where the Company uses the Excess Proceeds to invest in projects under construction or new projects, it shall invest in its principal business, conduct scientific and prudent feasibility analyses of the investment projects, and fully disclose information such as the construction plan, investment

cycle, and rate of return of the relevant projects. If the projects involve related transactions, asset acquisitions, external investments, or the like, the Company shall also perform the consideration procedures and information disclosure obligations in accordance with the relevant provisions.

In cases where it is necessary to use temporarily idle Excess Proceeds for cash management or temporary supplementation of working capital, the Company shall explain the necessity and rationality. If the Company engages in cash management or temporary supplementation of working capital with temporarily idle Excess Proceeds, the scale, duration and other matters of such use shall be subject to consideration and approval by the Board of Directors, the sponsor shall give a clear opinion, and the Company shall promptly disclose relevant information.

The Company shall, in its Annual Special Report Relating to the Deposit, Management and Use of the Raised Proceeds, explain the use of the Excess Proceeds and the proposed plan for their use in the following year.

Article 24 If the Company has any of the following circumstances, it shall be deemed to be a change in the use of raised proceeds:

- (I) Cancellation or termination of the original investment project for the raised proceeds and implementation of a new project or permanent replenishment of working capital;
- (II) Change of the implementing entity for the investment project for the raised proceeds;
- (III) Change in the implementation method of the investment project for the raised proceeds;
- (IV) Other situations recognized by the securities regulatory authorities of the place where the Company's shares are listed.

If the Company is in the situation specified in the first item of the preceding paragraph, the sponsor shall, in conjunction with the previously disclosed documents related to the raised proceeds, explain in detail the main reasons for the changes in the investment project for the raised proceeds and the rationality of the previous sponsor opinions.

If the implementing entity of an investment project for the raised proceeds changes between the Company and its wholly-owned subsidiaries, or if it only involves a change in the implementation location of the investment project for the raised proceeds, it shall not be considered a change in the use of the raised proceeds, shall not require the completion of shareholders' general meeting approval procedures.

If the Company uses the raised proceeds for cash management, temporary replenishment of working capital, or use of Excess Proceeds, and exceeds the amount, term or purpose determined by the Board of Directors or shareholders' general meeting review procedures, and the circumstances are serious, it will be deemed as an unauthorized change of the purpose of the raised proceeds.

Article 25 The revised investment projects for the raised proceeds shall be invested in the Company's principal business. The Board of Directors of the Company should scientifically and prudently select the new investment project for the raised proceeds proposed following the change, conduct feasibility analyses on new investment projects, guarantee that the investment projects strengthen the Company's competitiveness and innovative capabilities, effectively prevent investment risks and enhance the effectiveness of the use of the raised proceeds.

Article 26 If the Company intends to change the investment project for the raised proceeds to be implemented in the form of joint venture, it should carefully consider the necessity of the joint venture based on a thorough understanding of the joint venture partner's basic situation. The Company should ensure that it holds a controlling stake to maintain effective control over the investment project for the raised proceeds.

Article 27 Any such change shall be publicly announced in a timely manner after consideration and approval by the Board of Directors, disclosing the particulars and reasons for the change, the impact on the implementation of the investment projects for the raised proceeds, and the opinion issued by the sponsor or the independent financial adviser.

CHAPTER 4 MANAGEMENT AND SUPERVISION ON THE RAISED PROCEEDS

Article 28 The Company's financial department shall set up a ledger for the use of raised proceeds, and record in detail the expenditure of raised proceeds and the investment in items funded by the raised proceeds. The Company's internal audit department shall inspect the deposit, management and use of raised proceeds at least once a quarter and report the inspection results to the Audit Committee in a timely manner. If the Audit Committee of the Company believes that there are irregularities or major risks in the management of the Company's raised proceeds, or that the internal audit department fails to submit an inspection report as required by the preceding paragraph, it shall promptly report this to the Board of Directors. The Board of Directors shall report and announce the report to the stock exchange within two trading days after receiving it.

Article 29 The Company shall truthfully, accurately, and completely disclose the actual use of the raised proceeds. The Board of Directors of the Company shall continuously monitor the actual management and use of the raised proceeds, fully examine the status of investment project

for the raised proceeds every half year, issue Semi-annual or Annual Special Report Relating to the Deposit, Management and Use of the Raised Proceeds, and engage an accounting firm for issuance of a verification report based on the conditions of deposit, management and use of raised proceeds for the year. The relevant special report shall include the basic information of the raised proceeds and the deposit, management and use of the raised proceeds as stipulated in the laws and regulations. The Company shall disclose the verification report issued by the accounting firm together with its periodic reports through qualified media channels, until the raised proceeds have been fully utilized and there is no further use of the raised proceeds during the reporting period.

In case the actual investment progress of a raised proceeds investment project differs from the investment plan, the Company shall explain the causes therefor in detail. In case the difference between the annual actually used amount of the raised proceeds in the investment project and the estimated amount of the raised proceeds to be used as disclosed in the latest investment plan exceeds 30%, the Company shall adjust the investment plan of the raised proceeds and disclose, among others, the latest annual investment plan of the raised proceeds, the current actual progress of the investment, the expected annual investment plan after adjustment and the reasons for changes in the investment plan in the Special Report Relating to the Deposit, Management and Use of the Raised Proceeds and regular reports. When investing in products by use of unused raised proceeds for the current period, the Company shall disclose information, including revenue for the reporting period, share of investment at the end of the reporting period, signing parties, product name and maturity term.

Article 30 If the Company uses the raised proceeds in the current year, it shall engage an accounting firm to conduct a special audit on the use of the raised proceeds such as the actual investment projects, the actual investment amount, the actual investment time and the completion degree of the projects while conducting the annual audit and reasonably verify whether the special report issue by the Board of Directors has been prepared in accordance with these rules and relevant format requirements and whether it has faithfully reflected the actual deposit, management and use of the raised proceeds in the year and shall give its conclusion for the assurance. The Company shall disclose the verification conclusion in the Annual Special Report Relating to the Deposit, Management and Use of the Raised Proceeds.

If the verification conclusion is “qualified opinion”, “negative opinion”, or “unable to form an opinion”, the Board of Directors of the Company shall analyze the reasons for the conclusion raised by the certified public accountant in the verification report, propose corrective measures, and disclose them in the annual report.

Article 31 The sponsor shall conduct ongoing supervision over the deposit, management and use of raised proceeds of the Company in accordance with the Administrative Measures for the Sponsorship of Securities Issuance and Listing. If any abnormalities are identified during the ongoing supervision, an on-site inspection shall be conducted promptly. The sponsor or the independent financial advisor shall conduct an on-site inspection of the deposit, management and use of raised proceeds of the Company at least once every six months.

Following the end of each accounting year, the sponsor or the independent financial advisor shall issue a special verification report relating to the annual deposit, management and use of raised proceeds of the Company. The Company shall disclose the special verification conclusions in its Annual Special Report Relating to the Deposit, Management and Use of the Raised Proceeds.

If the accounting firm issues a “qualified opinion”, “negative opinion”, or “unable to form an opinion” in the verification conclusion on the deposit, management and use of raised proceeds of the Company, the sponsor or independent financial advisor shall carefully analyze the reasons for the above conclusions in their verification report and provide clear verification opinions.

If the sponsor or independent financial advisor finds that the Company or the commercial bank has not fulfilled the Three-party Agreement as agreed, or if they discover significant violations or major risks in the Company’s proceeds management during an on-site inspection, they shall report it to the Shanghai Stock Exchange in a timely manner and make a disclosure thereof.

The Company shall cooperate with the sponsor for its continuous supervision, on-site inspection and with the accounting firm for its audit work, and promptly provide, or apply to the bank to provide necessary information related to the deposit, management and use of the raised proceeds.

CHAPTER 5 SUPPLEMENTARY ARTICLES

Article 32 Where any provision of these policies conflicts with any national law, administrative regulation, normative document, or securities regulatory rules of the place where the Company’s shares are listed, or with the Articles of Association, the provisions of such national laws, administrative regulations, normative documents, securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association shall prevail. Matters not covered herein shall be handled in accordance with the provisions of national laws, administrative regulations, normative documents, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Article 33 The term “more than”, “within”, “before”, as stated in these policies shall all include the given figure; the term “above”, “lower”, shall all exclude the given figure.

Article 34 The Board of Directors of the Company shall be responsible for the interpretation of these policies.

Article 35 After consideration and approval at the shareholders’ general meeting of the Company, these policies shall take effect and be put into force from the date on which the shares initially and publicly issued by the Company are listed on the Sci-Tech Board of the Shanghai Stock Exchange.

**Shanghai HeartCare Medical Technology
Corporation Limited
IMPLEMENTATION RULES
FOR ONLINE VOTING (DRAFT)**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to regulate the online voting mechanism for the shareholders' general meeting of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the **"Company"**), facilitate the exercise of voting rights by shareholders, and protect the legitimate rights and interests of investors, the Company has hereby formulated these rules in accordance with provisions of laws, regulations and normative documents including the Company Law of the People's Republic of China, the Rules of Procedures for General Meetings of Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies on the Science and Technology Innovation Board (No. 1) — Standardized Operation and the Articles of Association of Shanghai HeartCare Medical Technology Corporation Limited (hereinafter referred to as the **"Articles of Association"**).

Article 2 The shareholders' general meeting online voting system referred to in these rules (hereinafter referred to as the **"Online Voting System"**) is the information technology system adopted by the Shanghai Stock Exchange (hereinafter referred to as the **"SSE"**), based on the network and communication technologies, to provide services that allow shareholders of the Company to remotely exercise their voting rights at shareholders' general meetings. The Online Voting System includes the trading system voting platform and the Internet voting platform. These rules shall apply to shareholders holding the Company's shares listed on the SSE. Voting arrangements for H-share shareholders shall be implemented in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Article 3 When convening a shareholders' general meeting, the Company shall, besides the physical meeting, provide shareholders with online voting services for the shareholders' general meeting. The physical shareholders' general meeting of the Company shall be convened on a trading day of the SSE.

Article 4 All shareholders registered on the record date of the shareholders' general meeting are entitled to exercise their voting rights through the Online Voting System. A single voting right may only be exercised through one of the following methods: on-site voting, online voting or other voting methods permitted by applicable provisions. Where duplicate voting is submitted in respect of the same voting right, the first voting result shall prevail.

Article 5 If the Company provides online voting services to shareholders through the Online Voting System of the SSE, the Company shall enter into a service agreement with SSE InfoNet Co., Ltd. (hereinafter referred to as the “**Information Company**”).

CHAPTER 2 PREPARATION FOR ONLINE VOTING

Article 6 In the notice for the shareholders’ general meeting, the Company shall provide clear explanations for the voting code, the voting abbreviation, time of voting, proposal of voting, type of proposal and other relevant matters of online voting.

Article 7 The Company shall complete the review of voting information on the trading day preceding the commencement date of voting, confirm that such voting information is true, accurate and complete, and bear all risks and losses that may arise therefrom.

Article 8 The Company shall provide the electronic data of all shareholders whose name appears on the register on the closing date, including the shareholder’s name, account number and number of shares.

There shall be at least two trading days between the record date for the shareholders’ general meeting of the Company and the commencement date of the online voting.

CHAPTER 3 VOTING USING THE TRADING SYSTEM OF THE SSE

Article 9 The time of using the trading system of the SSE to perform online voting shall be the trading hours of the SSE on the date of the shareholders’ general meeting.

Article 10 The trading system of the SSE specifies the voting code and voting abbreviation for the online voting at the shareholders’ general meeting.

Article 11 Shareholders of the Company who vote through the trading system voting platform of the SSE may log on to the trading terminal of their designated securities company to participate in online voting. The online voting period via the trading system voting platform of the SSE shall be the trading hours of the SSE on the date of the shareholders’ general meeting. Shareholders of the Company who vote through the SSE internet voting platform may log on to the SSE internet voting platform and participate in online voting after completing shareholder identity authentication. The online voting period via the SSE internet voting platform shall be from 9:15 to 15:00 on the date of the shareholders’ general meeting.

CHAPTER 4 VOTING THROUGH THE INTERNET VOTING PLATFORM

Article 12 The voting time of the Internet voting platform begins at 9:15 a.m. on the date of the shareholders' general meeting, and ends at 3:00 p.m. on the day when the physical shareholders' general meeting ends.

Article 13 Shareholders of the Company may vote through the Internet voting platform after logging on to the Internet voting platform through shareholder identity authentication, obtain their "Shanghai Stock Exchange Digital Certification" or "Shanghai Stock Exchange Investor's Service Passcode".

Article 14 The following nominee holders of shares who are required to solicit voting advice from the actual holders before exercising the voting rights may entrust the Information Company to request the actual holders to indicate their voting opinions on the matters to be considered at the shareholders' general meeting via the vote indications request system of the shareholders' general meeting (website: www.sseinfo.com) and act in accordance with their opinions:

- (I) the securities companies that hold the securities accounts secured by the credit transactions of the clients of securities margin trading;
- (II) China Securities Finance Corporation Limited (hereinafter referred to as "CSF") that holds the securities accounts secured by refinancing;
- (III) qualified foreign institutional investor (QFII);
- (IV) Hong Kong Securities Clearing Company Limited (hereinafter referred to as the "HKSCC") that holds stocks of Shanghai-Hong Kong Stock Connect;
- (V) the holders or nominal holders of other aggregate accounts identified by the China Securities Regulatory Committee or the SSE.

The advice-seeking period shall be from 9:15 to 15:00 on the trading day preceding the commencement date of voting at the shareholders' general meeting (the advice-seeking date).

The relevant matters on the participation in the online voting of the shareholders' general meetings of the companies in Shanghai-Hong Kong Stock Connect by HKSCC shall be separately stipulated by the SSE.

**CHAPTER 5 RULES FOR VOTING AND COUNTING OF VOTES AT THE
SHAREHOLDERS' GENERAL MEETING**

Article 15 Shareholders of the Company shall participate in online voting through their shareholder accounts as A shares shareholders shall vote through A shares shareholder accounts; B shares shareholders shall vote through B shares shareholder accounts; and preferred shareholders shall vote separately through A shares shareholder accounts. The number of voting rights exercisable by a shareholder shall be the sum of the number of shares of the same class (shares to be classified into A shares, B shares and preferred shares) held in his/her shareholder account.

If a shareholder of the Company holds shares of the same class in the Company through multiple shareholder accounts, he/she is entitled to participate in online voting with any shareholder account through which such shareholder holds shares of the same class in the Company, and by such voting, the shareholder is deemed to have vote with the same opinion as such voting with respect to all shares of the same class under all shareholder accounts owned by such shareholder. If a shareholder votes separately through multiple shareholder accounts, result of the first valid voting shall prevail.

The principle of confirming that multiple shareholder accounts are held by the same shareholder is that registration information for each of those accounts contain the identical “name of account holder” and “valid identity document number”, provided that the registration information for shareholder accounts shall be those that are valid up to the date of record.

Article 16 If a shareholder casts more than one valid vote on any proposal at the shareholders' general meeting through the Online Voting System, such shareholder shall be deemed to have attended the shareholders' general meeting, and the number of shares of the same class held by such shareholder shall be included in the total number of voting rights held by those shareholders present at the shareholders' general meeting. For proposals on which a shareholder does not vote or for which the shareholder's vote does not meet the requirements of these rules, the voting rights held by that shareholder shall be counted as abstentions. The Company shall ensure that all shareholders attending the shareholders' general meeting may listen to the contents of the shareholders' general meeting, speak at the meeting and raise real-time questions in addition to casting votes.

The number of shares held in trust that is reported by qualified foreign institutional investors (QFII), client credit trading guarantee securities account of securities companies, guarantee securities account for refinancing of China Securities Finance Corporation Limited, special securities accounts for agreed repurchase trading, B shares overseas nominees, HKSCC and other clearing account holders or nominee holders through the Internet voting platform shall be included

in the total voting rights held by shareholders present at the shareholders' general meeting; and any vote cast by any of the foregoing through the trading system shall not be considered as a valid vote, and shall not be included in the total number of voting rights held by shareholders present at the shareholders' general meeting.

Article 17 For any proposal subject to non-cumulative voting, a shareholder of the Company shall clearly express his/her consent, opposition or abstention.

Clearing account holders or nominee holders specified in paragraph 1 of Article 14 in these rules shall assemble the solicited opinions represented by the votes and then fill in the number of held in trust on the basis of those opinions, and such holder shall also aggregate and fill in the number of shares corresponding to various voting opinions of the trustor or actual holder for each motion.

Article 18 For proposals subject to the cumulative voting system, one share held by a shareholder of the Company entitles such shareholder to votes equal to the number of directors to be elected under each proposal group. Votes owned by a shareholder shall be cast either for one candidate or for several candidates. Votes to be cast by a shareholder shall be limited to the number of votes for each proposal group. If the number of votes cast by a shareholder exceeds the number of votes he or she owns, or if the number of votes cast by such shareholder in a competitive election exceeds the number of candidates, the votes cast by such shareholder regarding this motion shall not be regarded as valid votes.

If a shareholder holds shares of the same class in the Company through multiple shareholder accounts, the number of votes held by the shareholder shall be calculated by combining the number of shares of the same class under all shareholder accounts owned by the shareholder. Where a shareholder votes with any shareholder account through which shares of the same class in the Company are held, votes to be cast by such shareholder shall be limited to number of votes corresponding to all shares of the same class under all shareholder accounts owned by such shareholder. If a shareholder votes separately through multiple shareholder accounts, the number of votes recorded in the first effective voting result shall prevail.

Article 19 Where the Company sets up a master proposal to facilitate shareholders to cast votes, and a shareholder votes on the master proposal, such shareholder shall be deemed to express the same opinions on all proposals other than those subject to cumulative voting.

Where a shareholder votes on both the master proposal and sub-proposal, the first valid vote shall prevail. If a shareholder votes on a sub-proposal first and then on the master proposal, the voting opinions on sub-proposals on which votes have been cast shall prevail, and the voting

opinions of the master proposal shall prevail for other proposals that have not been put a vote. If a shareholder votes on the master proposal first and then on the sub-proposal, the voting opinions regarding the master proposal shall prevail.

Article 20 Where the Company provides online voting services for shareholders through both the trading system of the SSE and the Internet voting platform, the Online Voting System shall calculate the number of votes by combining the online voting data of the above two methods collectively. If the Company chooses to use the in-person voting assistance system, the aggregation of in-person voting data and online voting data shall be the responsibility of the Information Company.

If the same shareholder repeatedly votes through any two or more of the trading system of the SSE, the Internet voting platform and the in-person voting assistance system, the first valid voting result shall prevail.

Article 21 If a shareholder who is required to avoid voting or undertake to waive voting rights participates in voting through the Online Voting System, the Online Voting System shall provide all voting records for the Company so that the Company excludes the votes cast by any such shareholder from the calculation of the voting results.

If the Company chooses to use the in-person voting assistance system, it shall provide avoidance settings in connection with the resolution with such in-person voting assistance system, and shall enter the information about the shareholders to be excluded into the system in a truthful, accurate and complete manner. The Information Company shall exclude votes made by the relevant shareholders from aggregation and calculation of the in-person voting data and the online voting data.

Article 22 If there are different proposals on the same matter, the Online Voting System shall provide all voting records for the Company, and the Company shall count the results of voting at the shareholders' general meeting in accordance with the relevant regulations and the Articles of Association.

Article 23 In case of voting by shareholders holding special voting rights and preferred shareholders, the Online Voting System only counts the votes for the original voting data, and the voting results shall be converted by the Company on the basis of the original counting data.

Article 24 When material issues affecting the interests of minority shareholders are considered at a shareholders' general meeting, the results of voting made by minority shareholders shall be counted and disclosed separately.

The term “minority shareholders” as mentioned in the preceding paragraph refers to shareholders other than the Company’s directors, officers and shareholders who individually or in aggregate hold more than 5% of the shares in the Company.

Article 25 The Company shall, at the end of the voting at a physical shareholders’ general meeting, obtain the online voting data through the Internet system.

If the Company chooses to use the in-person voting assistance system and entrusts the Information Company to combine and calculate in-person voting data and online voting data, the Information Company shall, at end of the physical shareholders’ general meeting, send online voting data, in-person voting data, combined vote counting data and their details to the Company.

Article 26 The Company and its counsel shall confirm the compliance of the voting data, and finalize the voting result of the shareholders’ general meeting. If the Company and its counsel have an objection to the voting data, they shall promptly submit such objection to the SSE and the Information Company. The Company shall disclose the legal opinions issued by its counsel and the voting results of the shareholders’ general meeting in accordance with the relevant regulations.

Article 27 On the trading day immediately following the conclusion of the shareholders’ general meeting, shareholders who cast votes through the trading system of the SSE may inquire about their voting results through the trading application of the security company.

Shareholders may inquire about the results of online voting that occurred within the past year via the website of the Internet voting platform.

For the voting opinions regarding the master proposal, the results of online voting inquiry are shown as the voting results for each sub-proposal.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 28 The term “or more” in these rules shall include the given figure.

Article 29 These rules shall be interpreted by the Board of Directors of the Company. If any provision of these rules is inconsistent with laws, administrative regulations, departmental rules, normative documents or the Articles of Association, the provisions of such laws, administrative regulations, departmental rules, normative documents or the Articles of Association shall prevail.

Article 30 These rules shall be considered and approved by the shareholders' general meeting of the Company and shall take effect and be put into force from the date of the Company's initial public offering of shares and listing on the Sci-Tech Board of Shanghai Stock Exchange.

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING



Shanghai HeartCare Medical Technology Corporation Limited

上海心璋醫療科技股份有限公司

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

(Stock Code: 6609)

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2026 second extraordinary shareholders' general meeting (the **"EGM"**) of Shanghai HeartCare Medical Technology Corporation Limited (the **"Company"**, together with its subsidiaries, the **"Group"**) will be held at Sealmedical Hall, 4/F, Building 8, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC on Thursday, September 3, 2026 at 10:00 a.m. for the purpose of considering, and if thought fit, passing the following resolutions. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated August 14, 2026 (the **"Circular"**).

SPECIAL RESOLUTIONS

1. To consider and approve the proposed Issue of A Shares as follows (each and every items as a separate resolution):
 - i. Class of new Shares to be issued: Ordinary Shares (A Shares).
 - ii. Place of listing: All A Shares will be listed and traded on the Sci-Tech Board of the Shanghai Stock Exchange.
 - iii. Nominal value of new Shares to be issued: RMB1.00 each.
 - iv. Issue size: The Company proposes to issue not more than 7,025,592 new A Shares (excluding the number of A Shares to be issued pursuant to the over-allotment option), representing approximately 18.1% of the share capital of the Company (excluding treasury Shares) as of the Latest Practicable Date, and approximately 15.3% of the enlarged share capital upon completion of the Issue of A Shares

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

(excluding the number of A Shares to be issued pursuant to the over-allotment option). The Issue of A Shares only involves issue of new Shares, and will not involve sale of Shares by existing Shareholders. The Issue of A Shares can adopt the over-allotment option, which shall not exceed 15% of the Shares initially available under the Issue of A Shares. The final issue size will be determined by the Board after consultation with the lead underwriter(s) according to the authorization (if granted at the EGM), and be subject to final number of A Shares registered by the CSRC.

- v. Target subscribers: Qualified price consultation participants, PRC natural persons, legal persons and other investors who fulfill the relevant rules and requirements relating to the Sci-Tech Board published by the Shanghai Stock Exchange and the CSRC (excluding those in respect of which subscription has been prohibited by laws, regulations and regulatory documents of the PRC).
- vi. Method of issuance: The Issue of A Shares will be conducted through a combination of off-line placement to the price consultation participants and offering by way of on-line subscription by public investors, or other methods of issuance approved by the securities regulatory authorities (including but not limited to offering to strategic investors).
- vii. Method of underwriting: The Issue of A Shares will be underwritten by the lead underwriter(s) by way of standby commitment.
- viii. Pricing methodology and issue price: The issue price for the A Shares will be determined by the Company and the lead underwriter(s) in accordance with applicable laws and regulations, or by other pricing methods recognized by the CSRC and the Shanghai Stock Exchange.
- ix. Schedule of issuance: The Company will proceed with the Issue within 12 months after the Shanghai Stock Exchange issues the approval opinion and CSRC approves the Issue. The Board and the lead underwriter(s) will determine the listing date for the A Shares after the CSRC agrees to the registration of the A Shares and after completion of the offering.

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

- x. Use of the proceeds: The tentative proceeds raised by the Company from the Proposed Issue of A Shares (assuming a preliminary net proceeds of RMB508.0 million representing an implied preliminary offer price of RMB72.31 per A Share, which may be subject to revision, including the number of offer shares to be determined at a subsequent stage) will be used for the projects outlined below (the “**Projects**”) after deducting the issuance expenses. The actual proceeds to be raised from the Proposed Issue of A Shares will be subject to actual market conditions, the Company’s operating results and actual funding needs for various expenditure and investment plans.

No.	Project name	Proposed amount from proceeds raised (RMB) (million)
1	Manufacturing of neuro-interventional devices	155.0
2	Vascular intervention devices research, development and manufacturing	132.0
3	Research, development and registration	171.0
4	Supplement working capital	50.0
	Total	508.0

Before the proceeds raised from the Issue of A Shares are in place, the Company may make an initial investment with its own funds according to the needs of the Projects. As at the Latest Practicable Date, the Projects are in the preliminary preparation stage, and only preliminary investment has been made by now. The Company will not use the global offering’s proceeds from H Shares offering for the construction or implementation of these Projects. After the proceeds raised are in place, the Company can replace the initial investment funds with the proceeds raised from the Issue of A Shares.

- xi. Validity period of the resolutions: The resolutions will be valid for a period of 12 months from the date of approval at the EGM.

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

2. To consider and approve the authorization to the Board of Directors to fully handle matters in connection with the Issue of A Shares and the listing on the Sci-Tech Board.

The authorization proposed to be granted to the Board shall include without limitation:

- i. The formulation and implementation of the specific proposals for this issuance, including but not limited to specific matters such as issue size, target subscribers, method of issuance, timing of issuance, pricing methodology, issue price, method of subscription and strategic placement (including the placement ratio, placement targets, etc.) and other matters related to the issue and listing in accordance with laws and regulations, the relevant requirements of securities regulatory authorities and the securities market conditions, and within the framework and in accordance with the principles adopted by the Shareholders at the EGM.
- ii. The performance of all procedures relating to the Proposed Issue of A Shares and listing on the Sci-Tech Board, including the procedures relating to registration, approval, registration, review, filing with the relevant regulatory authorities, and to sign, execute, amend and complete all necessary documents to be submitted to the government, authority and organization.
- iii. The appropriate adjustment to the specific matters relating to the Proposed Issue of A Shares and listing on the Sci-Tech Board within the effective period for the Issue of A Shares, including the amendment and submission of listing application materials as required by a change of policies or market circumstances.
- iv. The preparation, amendment, signing, submission, publication, disclosure, implementation, suspension and termination of all agreements, contracts, announcement or other documents relating to this issuance and listing (including but not limited to prospectus intentions, prospectus document, sponsoring agreement, underwriting agreement, strategic placement agreement, listing agreement, engagement agreements of intermediaries for the Issue of A Shares and listing on the Sci-Tech Board), the engagement of sponsor(s), underwriter(s), legal adviser(s), auditing firm(s), asset valuer(s), receiving bank(s) and other intermediaries involved in this issuance and listing, and the determination and payment of all expenses relating to this issuance and listing.
- v. The necessary supplement and amendment to the Articles (draft) and the internal management policies of the Company, the “Analysis on Dilution on Immediate Return by the Initial Public Offering of A Shares and Recovery Measures for the

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

Immediate Return, the “Three-Year Dividend Distribution Plan for Shareholders after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board”, the “Share Price Stabilization Plan for the Three Years after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board” and other application documents and undertakings by the Company according to the applicable laws and regulations, requirements and suggestions of the relevant securities regulatory authorities or according to the actual conditions of this issuance.

- vi. The appropriate adjustments to be made to the relevant matters of the investment projects funded by the proceeds raised according to the implementation process of this issuance and listing, market conditions, policy adjustments and comments of the relevant securities regulatory authorities, including but not limited to the confirmation of the process of the investment projects, the allocation of funds when applying the proceeds raised, the confirmation of a special deposit account for the proceeds raised, etc., so long as such adjustments comply with applicable laws.
- vii. After the completion of the Issue of A Shares and listing on the Sci-Tech Board, to handle the procedures for amending the Articles of Association, capital verification, commercial registration changes and relevant approvals, registrations and filings based on the results of this issuance.
- viii. According to the implementation process of this issuance, in accordance with the undertakings of each Shareholder, handling the matters of listing of the A Shares on the Shanghai Stock Exchange and settlement of shareholdings at the China Securities Depository and Clearing Co., Ltd. (including but not limited to the registration, circulation and lock-up of shares).
- ix. The authorization to handle matters in relation to the opening of the depository account for the funds raised.
- x. To the extent permitted by relevant laws, regulations and regulatory documents, the handling of other matters considered to be necessary, desirable or appropriate for this issuance and listing.

The above authorization, if approved, shall be valid for a period of 12 months from the date of approval at the EGM.

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

3. To consider and approve the use of proceeds raised from the Issue of A Shares and the listing on the Sci-Tech Board. The proceeds raised by the Company from the proposed Issue of A Shares will be used for the following projects after deducting the issuance expenses:

No.	Project name	Proposed amount from proceeds raised (RMB) (million)
1	Manufacturing of neuro-interventional devices	155.0
2	Vascular intervention devices research, development and manufacturing	132.0
3	Research, development and registration	171.0
4	Supplement working capital	<u>50.0</u>
	Total	<u><u>508.0</u></u>

Before the proceeds raised from the Issue of A Shares are in place, the Company may make an initial investment with its own funds according to the needs of the projects, and after the proceeds raised are in place, the Company can replace the initial investment funds with the proceeds raised from the Issue of A Shares.

After the proceeds raised from the Issue of A Shares are in place, if the proceeds raised from this issuance cannot meet the capital requirements of the above proposed projects, the Company will invest according to the priority of the projects, the shortfall shall be covered by the Company with its own raised funds. If the proceeds raised from this issuance exceeds the capital requirements of the above projects, the surplus amount will be mainly used to supplement working capital and in accordance with the relevant regulations of the regulatory authorities.

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

4. To consider and approve the proposal for accumulated profit distribution prior to the Issue of A Shares and the listing on the Sci-Tech Board:

As of December 31, 2025, the Company has undistributed accumulated profit of RMB46.8 million. If the Company has undistributed accumulated profit or unrecovered losses before the Issue of A Shares and listing on the Sci-Tech Board, then it is proposed that the new and existing Shareholders shall share such profit or bear such losses in proportion to their respective shareholdings after the Issue of A Shares and listing on the Sci-Tech Board.

5. To consider and approve the analysis on dilution on immediate return by the Company's initial public offering of A Shares and adoption of recovery measures for the immediate return.
6. To consider and approve the Company's three-year dividend distribution plan for Shareholders and profit distribution policy after the Company's initial public offering of A Shares and the listing on the Sci-Tech Board.
7. To consider and approve the Company's Share Price Stabilization Plan for the Three Years after the Initial Public Offering of A Shares and the Listing on the Sci-Tech Board.
8. To consider and approve the undertakings and restraining measures relating to the Issue of A Shares and listing on the Sci-Tech Board, and to authorize the Board to make appropriate undertakings for the purpose of the Issue of A Shares in accordance with the laws, regulations and regulatory documents of the PRC, the relevant regulations and policies of the securities regulatory departments, and combining the review for listing on the Sci-Tech Board in practice and the actual situation of the Company
9. To consider and approve the status of major transactions with related parties during the Track Record Period (i.e. the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026).
10. To consider and approve the proposed amendments to the articles of association of the Company.

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

ORDINARY RESOLUTIONS

11. To consider and approve the amendment to the “Rules of Procedures for the Shareholders’ General Meetings”.
12. To consider and approve the amendment to the “Rules of Procedures for the Board of Directors”.
13. To consider and approve the amendments to or adoption of each of the following internal management policies (each and every items as an ordinary resolution):
 - (a) the “Decision-Making Policies for Related (Connected) Transactions”;
 - (b) the “Terms of Reference for the Independent Non-executive Directors”;
 - (c) the “Management Policies for External Guarantees ”;
 - (d) the “Management Measures for External Investments”;
 - (e) the “Management Policies for Raised Proceeds”; and
 - (f) the “Implementation Rules for Online Voting”.
14. To consider and approve the proposed amendments to the 2025 H Share Incentive Scheme.

By Order of the Board
Shanghai HeartCare Medical Technology Corporation Limited
WANG Guohui
Chairman of the Board

Shanghai, August 14, 2026

Notes:

1. Any voting at the EGM shall be taken by poll. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorized.
3. 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 such power or authority, must be deposited with Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) or the Company's registered office at Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC (for holders of Unlisted Shares) as soon as practicable but in any event not less than 24 hours before the time appointed for holding the EGM (i.e., at or before 10:00 a.m. on Wednesday, September 2, 2026 (Hong Kong Time)), or any adjourned meeting thereof (as the case may be).
4. Completion and return of the form of proxy shall not preclude the shareholders of the Company from attending and voting in person at the EGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. 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.
6. For the purpose of determining the Shareholders of the Company entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, August 31, 2026 to Thursday, September 3, 2026 (both days inclusive). The record date for determining the entitlement of the Shareholders of the Company to attend and vote at the EGM will be September 3, 2026. In order to qualify for the entitlement to attend and vote at the above EGM, H Shareholders must lodge all transfer forms accompanied by the relevant H Share certificates with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Friday, August 28, 2026.
7. The EGM is expected to take less than half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses. Shareholders may contact the Investor Relations Department of the Company at +86 21 5897 5056 or ir@heartcare.com.cn for any enquiries in respect of the EGM.
8. Shareholders of the Company whose names appear on the register of members of the Company on Thursday, September 3, 2026 will be entitled to attend and vote at the EGM or any adjourned meetings.
9. All times set out in this notice refer to Hong Kong local time.

As at the date of this notice, the executive Directors are Mr. Wang Guohui, Ms. Zhang Kun and Mr. Wei Jiawei; the non-executive Directors are Mr. Chen Shaoxiong and Mr. Chen Gang; and the independent non-executive Directors are Mr. Guo Shaomu, Mr. Feng Xiangqian and Mr. Gong Ping.