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

If you have sold or transferred all your shares in **Beijing Chunlizhengda Medical Instruments Co., Ltd.*** (北京市春立正達醫療器械股份有限公司), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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北京市春立正達醫療器械股份有限公司
Beijing Chunlizhengda Medical Instruments Co., Ltd.*
(*A joint stock limited company incorporated in the People's Republic of China with limited liability*)
(**Stock Code: 1858**)

**PROPOSED AMENDMENTS TO THE MANAGEMENT MEASURES
FOR USE OF PROCEEDS OF THE COMPANY
AND
NOTICE OF EGM**

The EGM will be held at 2:30 p.m. on Wednesday, 16 February 2022 at No. 10 Xinmi Xi Er Road, Southern District of Tongzhou Economic Development Zone, Tongzhou District, Beijing, the PRC.

The form of proxy for use at the EGM has been published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.clzd.com>) on Thursday, 20 January 2022. If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish.

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DEFINITIONS

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

“A Share(s)”	the ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in RMB and are listed for trading on the STAR Market of Shanghai Stock Exchange;
“Articles of Association”	the articles of association of the Company currently in force;
“Board”	the board of Directors;
“Company”	Beijing Chunlizhengda Medical Instruments Co., Ltd.*, a joint stock limited company incorporated in the People’s Republic of China with limited liability, with A shares listed on the STAR Market of Shanghai Stock Exchange and H Shares listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“EGM” or “Extraordinary General Meeting”	the 2022 first extraordinary general meeting of the Company to be held at 2:30 p.m. on Wednesday, 16 February, 2022 at No. 10 Xinmi Xi Er Road, Southern District of Tongzhou Economic Development Zone, Tongzhou District, Beijing, the PRC;
“Group”	the Company and its subsidiaries;
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Main Board of the Stock Exchange;
“H Shareholder(s)”	the holder(s) of H Shares;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“Latest Practicable Date”	24 January 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as may be amended, modified or otherwise supplemented from time to time);
“Management Measures for Use of Proceeds”	the Management Measures for Use of Proceeds (《募集资金管理制度》) of the Company as effective at the time;
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region, and Taiwan;
“RMB”	Renminbi, the lawful currency of PRC;
“Share(s)”	the A Share(s) and/or the H Share(s);
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

If there is any inconsistency between the English and Chinese versions of this circular, the English version shall prevail.

* *For identification purpose only*



北京市春立正達醫療器械股份有限公司
Beijing Chunlizhengda Medical Instruments Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability
(Stock Code: 1858)

Executive Directors

Mr. Shi Chunbao
Ms. Yue Shujun
Mr. Xie Feng Bao

Non-Executive Director

Mr. Wang Xin

Registered office and Headquarters in PRC

No.10 Xinmi Xi Er Road
Southern District of Tongzhou
Economic Development Zone
Tongzhou District

Beijing
PRC

Independent Non-Executive Directors

Mr. Ge Changyin
Mr. Wong Tak Shing
Mr. Weng Jie

Principal Place of Business in Hong Kong

20th Floor, Winbase Centre
208 Queen's Road Central
Sheung Wan
Hong Kong

To the Shareholders

Dear Sir or Madam,

**PROPOSED AMENDMENTS TO THE MANAGEMENT MEASURES
FOR USE OF PROCEEDS OF THE COMPANY
AND
NOTICE OF EGM**

1. INTRODUCTION

The purpose of this circular is to give you the notice of the EGM to be held on 16 February 2022, and to provide you with all reasonable and necessary information to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the EGM.

At the EGM, an ordinary resolution will be proposed to consider and, if thought fit, approve:

1. To consider and approve the proposed amendments to the Management Measures for Use of Proceeds of the Company.

LETTER FROM THE BOARD

2. PROPOSED AMENDMENTS TO THE MANAGEMENT MEASURES FOR USE OF PROCEEDS OF THE COMPANY

For the purpose of improving the corporate governance of the Company, the Board proposed to make certain amendments to the relevant provisions of the Management Measures for Use of Proceeds in accordance with the relevant requirements of the Company Law of the People's Republic of China, the provisions of the Articles of Association and the actual circumstances of the Company.

A comparison of the existing Management Measures for Use of Proceeds and the proposed new Management Measures for Use of Proceeds is set out in Appendix I to this circular.

Save for the amendments of provisions as set out in Appendix I to this circular, other provisions of the Management Measures for Use of Proceeds shall remain unchanged or the numbering of provisions are adjusted in accordance with the other provisions inserted or deleted. The proposed amendments to the Management Measures for Use of Proceeds are prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail. The proposed amendments to the Management Measures for Use of Proceeds are subject to the approval of the ordinary resolution at the EGM.

3. EGM

Notice convening the EGM to be held at 2:30 p.m. on Wednesday, 16 February 2022 at No. 10 Xinmi Xi Er Road, Southern District of Tongzhou Economic Development Zone, Tongzhou, District, Beijing, the PRC are set out on pages 28 to 29 to this circular and, together with the proxy form, have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.clzd.com>) on Thursday, 20 January 2022.

In order to be qualified to attend and vote at the EGM, holders of H Shares whose transfers have not been registered must deposit the transfer documents together with the relevant share certificates at the office of the H Share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 15 February 2022.

Holders of H Shares whose names appear on the Company's register of members for H Shares at the close of business on Tuesday, 15 February 2022 are entitled to attend and vote at the EGM.

The form of proxy for use at the EGM has been published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.clzd.com>) on Thursday, 20 January 2022. If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for

LETTER FROM THE BOARD

holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the proposed resolution at the EGM.

None of the Directors has any material interest in the resolution to be proposed at the EGM.

4. PROCEDURES FOR VOTING AT THE EGM

According to Rule 13.39(4) of the Listing Rules, the vote of Shareholders at the EGM will be taken by poll. Accordingly, the resolution could be taken by poll at the EGM pursuant to the Articles of Association.

5. RECOMMENDATION

The Directors believe that the resolution mentioned above is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution to be proposed at the EGM as set out in the notice of the EGM.

6. RESPONSIBILITY STATEMENT

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

By Order of the Board
Beijing Chunlinzhengda Medical Instruments Co., Ltd.*
Shi Chunbao
Chairman

Beijing, the PRC
27 January 2022

* for identification purpose only

APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT MEASURES FOR USE OF PROCEEDS

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

BEIJING CHUNLIZHENGDA MEDICAL INSTRUMENTS CO., LTD.* THE MANAGEMENT MEASURES FOR USE OF PROCEEDS

Comparison Table of Amendments

Before Amendments	After Amendments
Chapter 1 General Rules	Chapter 1 General Rules
Rule 1 These measures is established in accordance with the Company Law, the Securities Law and the Articles of Association of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (hereinafter referred to as the "Articles of Association") and other provisions, and taking into account the actual situation of the Company, in order to regulate the management and utilisation of proceeds of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (hereinafter referred to as the "Company"), safeguard the security of proceeds, enhance the utilisation efficiency of proceeds and protect the interests of investors.	Rule 1 These measures is established in accordance with the Company Law, the Securities Law, the Regulatory Guidance for Listed Companies No. 2 - Regulatory Requirements for the Administration and Use of Proceeds of the Listed Companies (as amended in 2022) , Guidelines on the Issuance and Listing of Securities on the Shanghai Stock Exchange, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange, Guideline No. 1 on the Application of Self-Regulatory Rules for Listed Companies on the Science and Technology Innovation Board of Shanghai Stock Exchange - Regulated Operation and other laws, administrative regulations, departmental rules, and regulatory documents and the Articles of Association of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (hereinafter referred to as the "Articles of Association") and other provisions, and taking into account the actual situation of the Company, in order to regulate the management and utilisation of proceeds of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (hereinafter referred to as the "Company"), safeguard the security of proceeds, enhance the utilisation efficiency of proceeds and protect the interests of investors.

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
Rule 2 Proceeds as mentioned in these measures refer to proceeds raised by issuing shares (including initial public offering, share allotment, issuance of additional shares and non-public offering), or by issuing of convertible bonds or otherwise by the Company (excluding proceeds raised by the share incentives scheme implemented by the Company) for specific purposes. The amount of proceeds raised, in principle, will not exceed the amount required for the projects and will be used for the investment projects financed by proceeds approved by the general meeting of the Company.	Rule 2 Proceeds as mentioned in these measures refer to proceeds raised by issuing shares (including initial public offering, share allotment, issuance of additional shares and non-public offering), or by issuing of convertible bonds or otherwise by the Company (excluding proceeds raised by the share incentives scheme implemented by the Company) for specific purposes.
Addition	Rule 3 After receiving the proceeds by issuing stocks, convertible bonds or other securities, the Company should go through the capital verification procedures in a timely manner. A report on capital verification shall be issued by an accounting firm with securities practitioner qualifications.
Addition	Rule 4 The Company complies with the principles of special account for the proceeds, specific fund for specific use, stringent management, and truthful disclosure of the management of the proceeds.
Addition	Rule 5 The Company shall use the proceeds with discretion to ensure the use of the proceeds to be in line with the committed use in the Prospectus and may not inadvertently change the intended investment of the proceeds. The board of directors of a listed company shall provide adequate justification regarding the feasibility of the Proceeds-funded Projects and believe that the projects to be invested have better prospects and profitability, effectively hedge investment risks, and increase the efficiency of the use of the proceeds.

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 29 Directors, supervisors and senior management of the Company shall be diligent and responsible, supervise the Company to use of proceeds according to regulations, consciously maintain the security of the proceeds of the Company and shall not participate, facilitate or tolerate the Company to change the use of proceed without authorisation or in disguised form.</p> <p>Rule 43 If the senior management of the Company violates the provisions of these measures and change the investment direction of proceeds without any authorisation, the board of directors and the board of supervisors shall order them to make rectification; if the above unauthorised changes to the investment direction of proceeds cause any loss to the Company, the relevant senior management shall compensate for the loss; if the circumstances are serious, the board of directors shall remove their duties. The Company shall pursue the legal liabilities of corresponding person as the case may be.</p> <p>Rule 44 In case the directors, supervisors and senior management of the Company practice fraud or engage in malpractice for personal ends in the course of using the proceeds, they shall be subject to removal from their duties by the general meeting or the board of directors of the Company. In case of any loss of the Company, the Company shall pursue its corresponding legal liabilities.</p>	<p>Rule 6 Directors, supervisors and senior management shall be diligent and responsible, supervise the Company to use of proceeds according to regulations, consciously maintain the security of the proceeds of the Company and shall not participate, facilitate or tolerate the Company to change the use of proceed without authorisation or in disguised form.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 24 The proceeds of the Company shall not be appropriated or misappropriated by individuals, legal persons or other organisations and his/her/its related parties who have actual control over the Company, and effective measures shall be taken to prevent related parties from taking advantage of the investment projects for the proceeds to gain improper benefits.</p>	<p>Rule 7 Controlling shareholders and substantial controllers shall not directly or indirectly occupy or misappropriate the proceeds of the Company and shall not make use of the proceeds of the Company and the Proceeds-funded Project ("Proceeds-funded Project(s)") for inappropriate benefits.</p>
<p>Rule 3 The board of directors of the Company shall be responsible for establishing a sound management measures for proceeds of the Company and ensuring its effective implementation.</p> <p>Rule 45 In relation to investment projects financed by proceeds which are implemented through the subsidiaries of the Company or other entities under the control of the Company, the Company shall, through exercising its shareholder right, ensure such subsidiaries or other entities under control use the proceeds or change the use of proceeds according to these measures, and supervise the actual conditions for the use of proceeds of such subsidiaries or other entities under control according to these measures. For those who use the proceeds in violation of these measures, the Company shall pursue the legal liabilities of the relevant responsible person by exercising its shareholder right.</p>	<p>Rule 8 The board of directors of the Company is responsible for formulating the detailed plan of the use of proceeds and organise the specific execution of the projects using the proceeds. In relation to investment projects financed by proceeds which are implemented through the subsidiaries of the Company or other entities under the control of the Company, the Company shall ensure the subsidiary or other controlled entities shall comply with these measures.</p> <p>Rule 10 In case of any violation of these measures that caused the Company suffers from loss, the related responsible person shall be punished depends on the actual situations and subject to civil liability, when necessary.</p>
Addition	<p>Rule 9 During the consistent supervising period, the Company shall work with the sponsor to perform the duties of the sponsor regarding the management of proceeds of the Company and carry out the supervision of the management of proceeds of the Company on a continuous basis.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
Chapter 2 The Deposit of Proceeds	Chapter 2 The Deposit of Proceeds
<p>Rule 4 The Company adheres to the principles of prudent selection, and easy supervision and management when selecting commercial banks and special account deposits to deposit the proceeds. After receiving and depositing the proceeds into the Company's special account for proceeds, the Company should go through the capital verification procedures in a timely manner. A report on capital verification shall be issued by an accounting firm with securities practitioner qualifications.</p> <p>Rule 5 The opening of the special account by the Company shall be subject to approval by the board of directors of the Company.</p> <p>Rule 6 Except for the special account for proceeds, the Company shall not deposit the proceeds in other bank accounts (including but not limited to basic accounts, other special accounts and temporary accounts). The Company shall not deposit other funds in the special account for proceeds, such as production and operation funds, bank borrowings, and other funds.</p> <p>Rule 7 In principle, the number of special accounts for proceeds shall not exceed the number of investment projects financed by proceeds. If the Company conduct financing for two times or above, the Company shall set up special accounts for proceeds separately.</p> <p>Rule 8 The excess of net proceeds actually raised over the planned proceeds to be raised (hereinafter referred to as the "Excess Proceeds") shall also be placed in the special account for management.</p>	<p>Rule 11 The Company shall prudently select a commercial bank for opening a special proceeds account (hereinafter referred to as "special account"). The proceeds shall be deposited in a special account which is opened with the approval of the board of directors for centralised management. The special account shall not be used to deposit funds other than the proceeds or for other purposes.</p> <p>If the Company conduct financing for two times or above, the Company shall set up special accounts for proceeds separately.</p> <p>The excess of net proceeds actually raised over the planned proceeds to be raised (hereinafter referred to as the "Excess Proceeds") shall also be placed in the special account for management.</p>

APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT MEASURES FOR USE OF PROCEEDS

Before Amendments	After Amendments
<p>Rule 9 The Company shall sign a tripartite supervision and administration agreement (hereinafter referred to as the "Agreement") with the sponsor and the commercial bank in which the proceeds are deposited (hereinafter referred to as the "Commercial Bank") within one month after receiving the proceeds. The Agreement shall at least include the following:</p> <ul style="list-style-type: none"> (1) the Company shall place the proceeds in the special account; (2) the special account number for proceeds, the project for proceeds related to the special account, and the amount and term of the proceeds deposited; (3) where the cumulative amount drawn by the Company from the special amount at one time or in 12 months exceeds RMB10 million or 10% of the net proceeds, the Company and the Commercial Bank shall notify the sponsor in a timely manner; (4) the Commercial Bank shall issue a bank reconciliation statement to the Company on a monthly basis, and copy the same to the sponsor; (5) the sponsor may visit the Commercial Bank to inquire the relevant information of the special account at any time; (6) the rights, obligations and default liabilities of the Company, the Commercial Bank and the sponsor. <p>The Company, the sponsor and the Commercial Bank may stipulate more stringent supervision and administration requirements than the above clauses in the Agreement.</p> <p>The Company shall report to the stock exchange for filing within 2 trading days after signing all Agreements and make an announcement on the main contents of the Agreements. Where the above Agreement is terminated prior to the expiration of the term of validity due to the change of sponsor or Commercial Bank, the Company shall sign a new Agreement with the party concerned within one month upon the date of the termination of the previous Agreement, and make an announcement after reporting to the stock exchange for filing within 2 trading days after signing the new Agreement.</p> <p>Rule 32 Where the investment projects financed by proceeds are carried out by the subsidiaries of the Company or other entities under the control of the Company, such subsidiaries or other entities under the control by the Company shall observe this Management Measures for Use of Proceeds.</p>	<p>Rule 12 The Company shall sign a tripartite supervision and administration agreement (hereinafter referred to as the "Agreement") with the sponsor and the commercial bank in which the proceeds are deposited (hereinafter referred to as the "Commercial Bank") within one month after receiving the proceeds. The Agreement shall at least include the following:</p> <ul style="list-style-type: none"> (1) the Company shall place the proceeds in the special account; (2) When the Company has withdrew an amount exceeds RMB50 million at one time or accumulatively in 12 months and reached 20% of the net proceeds (gross proceeds after deduction of the issuance expenses, hereinafter referred to as "Net Proceeds"), the Company shall notify the sponsor in a timely manner; (3) the Commercial Bank shall issue a bank reconciliation statement to the Company on a monthly basis, and copy the same to the sponsor; (4) the sponsor may visit the Commercial Bank to inquire the relevant information of the special account at any time; (5) the rights, obligations and default liabilities of the Company, the Commercial Bank and the sponsor. <p>The Company shall report to the stock exchange for filing within 2 trading days after signing all Agreements and make an announcement on the main contents of the Agreements. Where the above Agreement is terminated prior to the expiration of the term of validity due to the change of sponsor or Commercial Bank, the Company shall sign a new Agreement with the party concerned within one month upon the date of the termination of the previous Agreement, and make an announcement after reporting to the stock exchange for filing within 2 trading days after signing the new Agreement.</p> <p>When the Company carries out the Proceeds-funded Projects through subsidiaries, the Company, the subsidiaries, the Commercial Bank and the sponsor shall enter into a four-party regulatory agreement with the Company and the subsidiary deemed as one party.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 10 The Company shall actively urge the Commercial Bank to fulfil the Agreement.</p> <p>Where the Commercial Bank fails to issue reconciliation statements to, or notify the sponsor of large-amount withdrawals from the special account in a timely manner three consecutive times, or fails to cooperate with the sponsor in inquiries and investigations of information of the special account, the Company may terminate the Agreement and close the special account for proceeds. The above-mentioned shall be included in the tripartite supervision and administration agreement as mentioned in the preceding rule.</p>	<p>Rule 12 Where the Commercial Bank fails to issue reconciliation statements to, or notify the sponsor of large-amount withdrawals from the special account in a timely manner three consecutive times, or fails to cooperate with the sponsor in inquiries and investigations of information of the special account, the Company may initiate or with the request from the sponsor to terminate the Agreement and close the special account for proceeds.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
Chapter 3 Use of Proceeds and Change in the Use of Proceeds	Chapter 3 Use of Proceeds
<p>Rule 11 The Company shall use the proceeds in accordance with the investment plan of the proceeds as undertaken in the offering application documents and subject to the resolutions of the general meeting and the board of directors. In the event that there is any significant impact on the normal operation of the investment plan of the proceeds, the Company shall timely report to the stock exchange and make an announcement.</p> <p>Rule 12 Use of proceeds shall adhere to the principles of careful planning, standardised operation, openness and transparency. No one shall have the right to change the use of proceeds as undertaken by the Company when raising funds without the resolution of the general meeting of the Company according to law.</p> <p>Rule 13 Projects invested with proceeds shall comply with national industrial policies as well as laws and administrative regulations relating to environmental protection and land management, and shall not compete with controlling shareholders or de facto controllers within the industry or affect the independence of the production and operation of the Company.</p> <p>Rule 35 In case of any one of the following circumstances arises during the implementation of investment projects financed by proceeds, the Company shall reassess the feasibility and projected revenue of the projects to decide whether to continue the implementation of the projects or not:</p> <p>(1) any material changes in market environment in which the investment projects financed by proceeds is involved;</p> <p>(2) where any investment projects financed by the proceeds have been left idled for more than one year;</p> <p>(3) failure to meet the deadline specified in the previous plan of the projects financed by proceeds and less than 50% of the proposed investment amount has been actually invested;</p> <p>(4) any other abnormalities in the investment projects financed by proceeds.</p> <p>The Company shall disclose the progress, reasons for abnormality and the adjusted plan on investment with proceeds in the latest periodic report.</p>	<p>Rule 13 The Company shall comply with the following requirements in the use of proceeds:</p> <p>(1) The Company shall utilise the proceeds according to the plan on the use of proceeds committed in the prospectus;</p> <p>(2) In case of any circumstances which severely affect proper progress of the plan on the use of proceeds, the Company shall report to the Shanghai Stock Exchange for the timely filing and make an announcement;</p> <p>(3) In case of any one of the following circumstances arises during the implementation of investment projects financed by proceeds, the Company shall reassess the feasibility and projected revenue of the Proceeds-funded Projects to decide whether to continue the implementation of the projects or not. The Company shall disclose the progress, reasons for abnormality and the adjusted plan on investment with proceeds in the latest periodic report:</p> <p>1. any material changes in market environment in which the investment projects financed by proceeds is involved;</p> <p>2. where any investment projects financed by the proceeds have been left idled for more than one year;</p> <p>3. failure to meet the deadline of the projects financed by proceeds and less than 50% of the proposed investment amount has been actually invested;</p> <p>4. any other abnormalities in the investment projects financed by proceeds.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 30 Unless otherwise stipulated by the national laws, regulations and normative documents, the proceeds of the Company shall not be used in financial investment such as financial assets held for trading and financial assets held for sale, or loans to others or entrusted financial management. They shall not be invested, directly or indirectly, in companies with principal businesses in the purchase and sale of securities.</p> <p>Rule 31 The Company shall not use the proceeds for pledged and entrusted loans, or any other investment purpose of which is changing the investment direction of proceeds covertly.</p>	<p>Rule 14 The proceeds of the Company shall be mainly used for business operation in principle. The Company shall not use the proceeds for the following purposes:</p> <ul style="list-style-type: none"> (1) carry out financial investments such as entrusted wealth management (except cash management) and entrusted loans, and high-risk investments, such as security investments and derivative investments, and directly or indirectly invest in companies whose principal business is the trading of marketable securities, except for financial enterprises; (2) change the use of the proceeds in disguised form through pledge, entrusted loan or other means; (3) provide the proceeds directly or indirectly to the connected persons, including controlling shareholders and actual controllers, and facilitate the connected persons to obtain improper benefits; (4) other behaviours that violate the provisions on managing the proceeds.
<p>Rule 17 In case the Company replaces any prior self-raised funds invested in the investment projects with proceeds, the replacement shall be subject to consideration and approval by the board of directors of the Company, and shall only be implemented after the issue of a verification report by a certified public accountant, the giving of consent by the independent directors, the board of supervisors and the sponsor, and the disclosure of the relevant information. The time of replacement shall not be more than 6 months from receipt of the proceeds.</p>	<p>Rule 15 When the Company invested in the Proceeds-funded Project in advance with self-raised funds, it may replace its self-raised funds with the proceeds within 6 months after the proceeds are received. Such replacement shall be subject to the consideration and approval by the board of directors, and the independent directors, the board of supervisors and the sponsor shall express their explicit consent. The Company shall report to the Shanghai Stock Exchange within 2 trading days after the meeting of the board of directors and make an announcement.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
Addition	<p>Rule 16 Temporary idle proceeds can be used for cash management, and the products to be invested in are subject to the following conditions:</p> <p>(1) highly secured capital guarantee products, such as structured deposits and certificates of deposit;</p> <p>(2) good liquidity without affecting the proper progress of the investment plan of the proceeds. These investment products shall not be pledged, and the special settlement account for the products shall not be used for the deposition of non-proceeds fund or for other purposes. In case of opening or closing a special settlement account for the products, the listed company shall file with the stock exchange and make an announcement in a timely manner.</p>
Addition	<p>Rule 17 The use of the idle proceeds for investment products shall be subject to the consideration and approval by the board of directors, and the independent directors, the board of supervisors and the sponsor shall express their explicit consent. The Company shall announce the followings within 2 trading days after the meeting of the board of directors:</p> <p>(1) the basic information of the fund raising activity, including the time of the raising, the amount of the proceeds, the Net Proceeds and the investment plan, etc.;</p> <p>(2) the information on the use of proceeds;</p> <p>(3) the quota and duration of the idle proceeds for investing in products, whether there are any disguised changes in the use of the raised proceeds, and measures to ensure that the proper progress of the Proceeds-funded Projects will not be affected;</p> <p>(4) the income distribution method, investment scope and security of the investment products;</p> <p>(5) opinions issued by the independent directors, the board of supervisors and the sponsors.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 26 The Company may temporarily use the idle proceeds to make up working capital under the following conditions:</p> <p>(1) use of proceeds shall not be changed covertly;</p> <p>(2) proper progress of the investment plan of proceeds shall not be affected;</p> <p>(3) the duration of each making up of working capital shall not exceed 6 months;</p> <p>(4) the proceeds previously used to temporarily make up working capital have been returned;</p> <p>(5) the sponsor, the independent directors, the board of supervisors shall express their opinion with explicit consents.</p> <p>The aforesaid matters shall be subject to consideration and approval by the board of directors of the Company. In case the use of idle proceeds to make up working capital exceeds 10% or above of the amount of fund raised, it shall be subject to consideration and approval by the general meeting of the Company, and shall report to the stock exchange within 2 trading days and make an announcement.</p> <p>The use of idle proceeds to make up working capital shall be limited to the production and operation activities relating to the principal businesses, and shall not be utilised directly or indirectly for placement and subscription of new shares or investments of shares and their derivatives as well as convertible corporate bonds. Prior to the expiring date of the supplementary working capital, the Company shall return such funds to the special account for proceeds and report to the stock exchange within 2 trading days after the funds are returned in full and make an announcement.</p> <p>Rule 27 The use of idle proceeds by the Company to make up working capital shall make the following disclosure:</p> <p>(1) basic information of the fund-raising activity, including the time for the raising of the proceeds, the amount and the investment plan of thereof;</p> <p>(2) update on the usage of the proceeds;</p> <p>(3) amount and period in which idle proceeds are used to make up working capital;</p> <p>(4) amount of finance cost expected to be saved by making up working capital with idle proceeds, the reasons for the lack of liquidity whether there is any act of changing the investment direction of proceeds covertly and measures to ensure that the proper operation of fund-raising projects is not affected;</p> <p>(5) opinions expressed by the independent directors, the board of supervisors and the sponsor;</p> <p>(6) other information as required by the stock exchange.</p>	<p>Rule 18 Temporary idle proceeds may be temporarily used to replenish working capital. Temporary replenishment of working capital shall be used only for production and operation in related to the principal business, and shall not be used for the placing and subscription of new shares, or for the trading of stocks and their derivatives, convertible bonds, etc., through direct or indirect arrangements. If the idle proceeds are temporarily used to replenish working capital, they shall be considered and approved by the board of directors of the listed company, and the independent directors, the board of supervisors and the sponsor shall express an explicit consent and disclose the same. A single replenishment of working capital shall not exceed a maximum of 12 months.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 14 The Company shall, within 6 months after receiving the proceeds, properly arrange plans for the use of Excess Proceeds in accordance with the development plans and practical production and operation needs of the Company, and timely make a disclosure after submitting to the board of directors for consideration and approval.</p> <p>Independent directors and the sponsor shall express their independent opinions in respect of the reasonability and necessity of the plan for use of Excess Proceeds, and disclose together with the relevant announcement of the Company. Excess Proceeds shall be used for the principal businesses of the Company, and shall not be used to make any risky investment such as securities investment, entrusted financial management, derivatives investment or venture capital investment, or provide financial assistance to others.</p>	<p>Rule 19 The excess of the actual Net Proceeds over the planned proceeds amount by a listed company (hereinafter referred to as "Excess Proceeds") may be used for replenishing cash flow permanently and repaying bank loans. The accumulated amount within every 12 months shall not exceed 30% of the total Excess Proceeds.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 15 The Excess Proceeds shall be subject to consideration by the board of directors or the general meeting before practically use by the Company, and shall be disclosed in a timely manner.</p> <p>Rule 28 In case the Company plans to apply the Excess Proceeds on repayment of bank loans or making up working capital, it shall meet the following requirements and disclose them in an announcement:</p> <ul style="list-style-type: none"> (1) No risky investment such as securities investment, entrusted financial management, derivatives investment and venture capital investment have been made by the Company in the past 12 months; (2) Excess Proceeds used to permanently make up working capital or repay bank loans shall be subject to the approval of more than two-thirds of all directors of the board of directors and all independent directors; (3) The sponsor shall conduct a review on whether the plan for use of Excess Proceeds meets the preceding conditions and express its explicit consent. 	<p>Rule 20 The Excess Proceeds to be used for replenishing cash flow permanently and repaying bank loans are subject to the approval during the general meeting of a listed company, and online voting shall be provided. Independent directors and the sponsor shall express their explicit consent and disclose the same. The listed company shall undertake that they may not make high-risk investments within twelve months after replenishing cash flow, and provide others with financial aid and disclose the same. The Company shall report to the Shanghai Stock Exchange within 2 trading days after the meeting of the board of directors and make an announcement.</p>
<p>Rule 23 After the completion of a single or all investment projects financed by proceeds, the use by the Company of the residual proceeds for other purposes shall be subject to the following procedures:</p> <ul style="list-style-type: none"> (1) independent directors have expressed their independent opinions with explicit consent; (2) the sponsor has expressed its opinions with explicit consent; (3) consideration and approval of the board of directors. 	<p>Rule 21 After the completion of a single Proceed-funded Projects, the Company may use the remaining balance of the proceed (including interest income) for other Proceeds-funded Projects, subject to the approval of the Board of the Directors, and the independent directors, the sponsor and the board of supervisors shall express their explicit consent thereon. The Company shall report to the Shanghai Stock Exchange and make an announcement within 2 trading days after the meeting of the board of directors.</p> <p>If the remaining balance of the proceeds (including interest income) are less than RMB1 million or less than 5% of the committed investment amount of the proceeds from such project, the Company shall be exempted from the procedures set forth in the preceding paragraph and the use thereof shall be disclosed in the annual report.</p> <p>If the remaining balance of the proceeds (including interest income) of a single Proceeds-funded Project are used for a non-Proceeds-funded Project (including replenish working capital), the Company shall comply with the corresponding procedures and disclosure obligations with reference to the change of the Proceeds-funded Projects.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
	<p>Rule 22 After the completion of the Proceeds-funded Project, if the remaining balance of proceeds (including interest income) is more than 10% of the Net Proceeds, the Company shall use the remaining balance of proceeds subject to the consideration and approval by the board of directors and the general meeting, and after the independent directors, the sponsor and the board of supervisors have expressed their explicit consent. The Company shall report to the Shanghai Stock Exchange and make an announcement within 2 trading days after the meeting of the board of directors.</p> <p>If the remaining balance of the proceeds (including interest income) are less than 10% of the Net Proceeds, the Company shall use the remaining balance of proceeds subject to the consideration and approval by the board of directors, and after the independent directors, the sponsor and the board of supervisors have expressed their explicit consent. The Company shall report to the Shanghai Stock Exchange and make an announcement within 2 trading days after the meeting of the board of directors.</p> <p>If the remaining balance of the proceeds (including interest income) are less than RMB5 million or less than 5% of the Net Proceeds, the Company shall be exempted from the procedures set forth in the preceding paragraph and the use thereof shall be disclosed in the latest periodic report.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Chapter 4 Implementation and Management of Projects Financed by Proceeds</p> <p>Rule 18 In principle, the investment direction of proceeds shall not be changed. In case it is necessary to change the investment direction of proceeds due to reasonable factors such as market changes, the Company shall change the investment direction of proceeds subject to consideration and approval by the board of directors and the general meeting, and upon explicit concurring opinions are issued by the independent directors, the sponsor and the board of supervisors. In case of related party transactions, the related parties shall abstain from voting.</p> <p>Rule 20 Where the board of directors of the Company plans to change the use of proceeds, it shall determine a new investment project and submit to the general meeting for consideration as soon as possible, and explain the reasons for the alteration of the use of proceeds, basic information of the new project, and the impacts on the Company in the notice of convening the general meeting.</p> <p>Rule 22 Change of place of implementation of the investment projects financed by proceeds by the Company shall be subject to consideration and approval by the board of directors of the Company, and shall report to the stock exchange within 2 trading days and make an announcement with the reasons for the alteration and the opinions of the sponsor.</p> <p>In the event that the Company changes the implementation methods such as subject entity for implementing the investment projects for the proceeds, methods of major asset acquisition and others, it shall be deemed as a change in the investment direction of proceeds.</p> <p>Rule 33 The investment projects financed by proceeds shall be organised and implemented according to the planned progress as undertaken by the board of directors. The general manager of the Company guarantees all work will proceed as planned and regularly report to the board of directors on the progress of the implementation of such investment projects.</p> <p>Rule 34 The investment projects financed by proceeds is organised and implemented by the general manager.</p>	<p>Chapter 4 Changes in the Use of Proceeds</p> <p>Rule 23 The proceeds of the Company shall be used in accordance with the purposes set forth in the prospectus. Changes to the Proceeds-funded Projects must be considered and approved by the board of directors and the general meeting and approved by the independent directors, the sponsor and the board of supervisors before the changes are made. The following situations of the Company are deemed to be the changes in the use of proceeds: the cancellation of the original project and the implementation of a new project; the change in the subject entity of the project (except when the entity is changed from the Company to a wholly-owned subsidiary or from a wholly-owned subsidiary to the Company); the change in the method of implementation of the project, etc. If the Company only changes the implementation location of a Proceeds-funded Project, it can be exempted from the procedures in the preceding paragraph, but such change should be considered and approved by the board of directors of the Company and shall report to the Shanghai Stock Exchange and announce the reasons for the change and the opinion of the sponsor within 2 trading days after the meeting of the board of directors.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 19 The board of directors of the Company shall prudently conduct the feasibility analysis of the proposed change of new investment projects financed by proceeds, and ensure that the investment projects have promising market prospects and profitability, and can effectively hedge investment risks and enhance the efficiency for utilisation of proceeds. The Company shall invest the proceeds in the principal businesses of the Company after the investment direction has been changed.</p>	<p>Rule 24 The Company shall invest the proceeds in the principal businesses of the Company after the investment direction has been changed. The Company shall scientifically and prudently conduct the feasibility analysis of the proposed change of new Proceeds-funded Projects financed by proceeds, and ensure that the investment projects have promising market prospects and profitability, and can be able to effectively hedge investment risks and enhance the efficiency for utilisation of proceeds.</p>
<p>Rule 21 Where the Company proposes to change the investment direction of proceeds, the Company shall, upon submission of the same to the board of directors for consideration, report to the stock exchange timely and make an announcement including the following:</p> <ul style="list-style-type: none"> (1) basic information of the original project and the specific reasons for the change; (2) basic information of the new project, feasibility analysis and risk alert; (3) the investment plan for the new project; (4) an explanation on the new project which has been approved by the relevant authorities or is pending approval, if applicable; (5) opinions on the change of investment direction of proceeds of the independent directors, the board of supervisors and the sponsor; (6) an explanation stating the change of the investment projects for proceeds needs to be submitted to the general meeting for consideration; (7) other information as required by the stock exchange. <p>New projects involving related transactions, asset acquisition or external investments shall also be disclosed according to the requirements of the relevant rules.</p>	<p>Rule 25 Where the Company proposes to change the use of proceeds, the Company shall, upon submission of the same to the board of directors for consideration, within 2 trading days, report to the Shanghai Stock Exchange and make an announcement including the following:</p> <ul style="list-style-type: none"> (1) basic information of the original Proceeds-funded Project and the specific reasons for the change; (2) basic information of the new Proceeds-funded Project, feasibility analysis and risk alert; (3) the investment plan for the new Proceeds-funded Project; (4) an explanation on the new Proceeds-funded Project which has been approved by the relevant authorities or is pending approval, if applicable; (5) opinions on the change of the use of proceeds of the independent directors, the board of supervisors and the sponsor; (6) an explanation stating the change of the use for proceeds needs to be submitted to the general meeting for consideration; (7) other information as required by the Shanghai Stock Exchange. New Proceeds-funded Projects involving related transactions, asset acquisition or external investments shall also be disclosed according to the requirements of the relevant rules.

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 25 In case the Company changes the investment direction of the proceeds to acquire assets (including equity) from the controlling shareholders or the de facto controllers, the Company shall ensure to effectively avoid competition within the industry after the acquisition and reduce related transactions, and shall be implemented in accordance with the provisions under the Measures for Administration of Related Party Transactions of the Company.</p>	<p>Rule 26 In case the Company changes the use of the proceeds to acquire assets (including equity) from the controlling shareholders or the de facto controllers, the Company shall ensure to effectively avoid competition within the industry after the acquisition and reduce related transactions.</p>
<p>Rule 36 In case the Company decides to terminate any original investment project financed by proceeds, it shall scientifically select a new investment project as soon as possible.</p>	<p>Rule 27 Where a Proceeds-funded Project is intended to be transferred to an external party or replaced (except for the ones that have been transferred to an external party or replaced in full during the Company's significant asset reorganisation), the Company should report it to the Shanghai Stock Exchange within 2 trading days after the consideration by the board of directors, and announce the followings:</p> <p>(1) the specific reasons for the external transfer or replacement of the Proceeds-funded Project;</p> <p>(2) the amount invested in the project from the proceeds;</p> <p>(3) the progress and realized profits of the project;</p> <p>(4) basic information, feasibility analysis and risk alert (if applicable) of the new project after replacement;</p> <p>(5) pricing basis and related profit of the transfer or replacement;</p> <p>(6) opinions of independent non-executive directors, the board of supervisors and sponsors on the transfer or replacement of the Proceeds-funded Project;</p> <p>(7) explanation that the transfer or replacement of the Proceeds-funded Project requires approval at the general meeting;</p> <p>(8) other information required by the Shanghai Stock Exchange.</p> <p>The Company should pay full attention to the receipt and use of the proceeds from the transfer, as well as the ownership changes and continuous operation of the newly-replaced assets, and perform the necessary obligations of information disclosure as required.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
Chapter 5 Inspection and Monitoring of the Use of Proceeds	Chapter 5 Management and Monitoring of the Proceeds
Addition	<p>Rule 28 The Company shall truthfully, accurately and completely disclose the actual use of proceeds.</p>
<p>Rule 39 In case the Company uses the proceeds in the then year, the board of directors shall issue a special report on the deposit and use of proceeds for the year, and engage a certified public accountant to issue a verification report on the same. The verification report shall be disclosed in the annual report. The certified public accountant shall provide reasonable verification and verification conclusion on whether the special report issued by the board of directors has truthfully reflected the actual deposit and use of proceeds in the year. Where the conclusion of the verification is "reserved conclusion", "negative conclusion" or "conclusion cannot be presented", the board of directors of the Company shall analyse the reasons for the conclusion put forward by the certified public accountant in the verification report, put forward the corrective measures and disclose them in the annual report. The sponsor shall conduct an on-site review on the deposit and use of proceeds in the year and issue a special review report within 10 trading days after the disclosure of the verification report. The review report shall carefully analyse the reason why the certified public accountant has made the above verification conclusion, and provide clear review opinions. The Company shall report to the stock exchange within 2 trading days after receiving the review report and make an announcement.</p>	<p>Rule 29 The board of directors shall conduct a comprehensive review of the progress of the Proceeds-funded Projects biannually, and issue the Special Report on the Deposit and Actual Use of Proceeds of the Company (hereinafter referred to as the "Special Report on Proceeds") on the deposit and use of proceeds.</p> <p>The Company shall explain the specific reasons in the Special Report on Proceeds on the difference between the actual investment progress of the Proceeds-funded Projects and the investment plan. When investing in products by using of idle proceeds for the current period, the Company shall disclose information such as the revenue for the current reporting period and investment shares at the end of the reporting period, signing parties, product names and maturity in the Special Report on Proceeds.</p> <p>The Special Report on Proceeds shall be subject to the consideration and approval by the Board and the board of supervisors, and shall be reported to the Shanghai Stock Exchange and announced within 2 trading days after submitting to the board of directors for consideration and approval. The Company shall appoint an accounting firm for the issuance of a verification report based on the conditions of the deposit and use of proceeds at the time of annual audit and submit it to the Shanghai Stock Exchange at the time of the disclosure of the annual report, and disclose the same on the website of the Shanghai Stock Exchange at the same time.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 37 The Company shall conduct a comprehensive review of the progress of investment projects financed by proceeds at the end of each accounting year.</p> <p>When the difference between the annual actual amount of proceeds used in the investment projects financed by proceeds and the expected amount as previously disclosed when the investment plan was made in the then year exceeds 30%, the Company shall adjust the investment plan in respect of the use of proceeds, and disclose, in the explanatory note included in the special annual statement on the use of proceeds, details such as the previous annual investment plan of proceeds, the current status of actual progress in investment projects, adjusted annual investment plan as well as the reasons for changes in investment plan.</p> <p>Rule 40 Independent directors shall pay attention to the practical use of proceeds and whether there is any significant discrepancy from the information disclosed by the Company. Independent directors may, with the consent of more than half of independent directors, engage a certified public accountant to issue a verification report on the use of proceeds. The Company shall provide full support and be responsible for the necessary expenses of the special audit.</p> <p>Rule 41 The board of supervisors of the Company has the power to supervise the use of proceeds.</p>	<p>Rule 30 Independent directors, the audit committee of the board of directors and the board of supervisors shall continue to pay attention to the actual management and use of proceeds. More than half of independent directors, the audit committee of the board of directors and the board of supervisors may engage an accounting firm to issue a verification report on the deposition and use of proceeds. The Company shall take the initiative to provide support and be responsible for the necessary expenses of the special audit.</p> <p>The Board shall report to the Shanghai Stock Exchange within 2 trading days following its receipt of the verification report as stipulated in the preceding terms and publish an announcement thereof. If the verification report is of the opinion that there is a violation regarding the management and use of raised funds by the Company, the Board shall also announce the situation concerning the violation regarding the deposit and use of raised funds, the consequences resulted in or possibly caused, and measures adopted or intended to be adopted.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
<p>Rule 38 The internal audit department of the Company shall conduct at least one inspection on the deposit and use of proceeds in each quarter and report the inspection result to the audit committee timely. Where the audit committee is of the view that irregularities exist in the management of proceeds by the Company, there exists material risk or internal audit department does not submit the inspection result in accordance with the preceding provision, the audit committee shall report such event to the board of directors in a timely manner. The board of directors shall report the same to the stock exchange within 2 trading days upon receipt of the report from the audit committee and make an announcement. Contents of the announcement shall include the irregularities that exists in the management of proceeds, material risks, consequences caused or may cause thereto, and measures taken or may take thereon.</p>	<p>Rule 31 The sponsor shall conduct an on-site inspection of the deposit and the use of proceeds of the Company at least biannually. After the conclusion of each accounting year, the sponsor shall issue a special review report on the deposit and the use of proceeds of the Company for the year and submit it to the Shanghai Stock Exchange at the time of the disclosure of the annual report, and disclose the same on the website of the Shanghai Stock Exchange at the same time. The review report shall comprise the followings:</p> <ul style="list-style-type: none"> (1) information relating to the deposit, use and the balance of the Special Account; (2) progress of the projects financed by proceeds, including the difference from the planned progress of investment of proceeds; (3) information of using the Company's proceeds to replace its own proceeds previously invested in Proceeds-funded Projects (if applicable); (4) the use of idle proceeds to replenish working capital and the effects thereof (if applicable); (5) any use of Extra Proceeds (if applicable); (6) any changes to use of proceeds (if applicable); (7) conclusive opinions relating to whether the deposit and use of proceeds by the Company are compliant with laws and regulations; (8) other information as required by the Shanghai Stock Exchange. <p>After the conclusion of each accounting year, the board of directors shall disclose in the Special Report on Proceeds the conclusive opinion in the special review report issued by the sponsor and the verification report issued by the accounting firm.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
Chapter 6 Legal Liabilities	Chapter 6 Accountability Mechanism
<p>Rule 16 When the Company invests in the projects with proceeds, the use of proceeds shall stringently subject to the fund management of the Company and the provision under these measures as well as approval procedures. For all use of proceeds for projects financed by proceeds, the department use the proceeds shall first propose a plan on the use of proceeds. After the department head signs on the plan, the plan shall be submitted to the chief financial officer for review and to the general manager for signature before payment; in case it is beyond the extent of authority granted by the board of directors, the plan shall be submitted to the board of directors for approval.</p> <p>Rule 42 If the board of directors of the Company violates the provisions of these measures and change the investment direction of proceeds without any authorisation, the board of supervisors shall order it to make rectification; if the above unauthorised changes to the investment direction of proceeds cause any loss to the Company, the relevant responsible directors shall compensate for the loss; if the circumstances are serious, the board of supervisors shall propose to the general meeting to remove the duties of relevant responsible directors. The Company shall pursue the legal liabilities of corresponding responsible directors as the case may be.</p>	<p>Rule 32 The Company shall regulate the use of proceeds, consciously maintain the security of the proceeds of the Company, and shall not change the use of the proceeds without authorisation or in a disguised manner. The directors, supervisors and senior management of the Company have the right to hold the relevant personnel accountable for unauthorised or disguised changes in the use of proceeds, misappropriation of proceeds for investment in stocks and their derivatives or convertible bonds, or failure to report the use of proceeds in a timely manner in accordance with the provisions of these measures.</p>
Addition	<p>Rule 33 If the relevant personnel accountable violates the provisions of these measures and uses the Company's proceeds in contravention of the law and leads to losses of the Company, the relevant personnel accountable shall bear the legal liability, including but not limited to civil compensation.</p>

**APPENDIX I PROPOSED AMENDMENTS TO THE MANAGEMENT
MEASURES FOR USE OF PROCEEDS**

Before Amendments	After Amendments
Chapter 7 Supplementary Provisions	Chapter 7 Supplementary Provisions
Rule 49 Matters not covered in these measures shall be implemented in accordance with the relevant national laws, regulations and normative documents, the Articles of Association and the requirements of the Shenzhen Stock Exchange.	Rule 34 Matters not covered in these measures or any conflict with the provisions of laws, regulations, administrative rules and the Articles of Association promulgated from time to time after the effective date of these measures, the provisions of laws, regulations, administrative rules and the Articles of Association shall prevail.
Rule 46 The expressions "more than", "or above" used herein include the number indicated, whereas "exceed(s)" used herein exclude the number indicated in these measures.	Rule 35 The expressions "more than" and "at least" used herein include the number indicated, whereas "less than" and "exceed(s)" used herein exclude the number indicated in these measures.
Rule 47 These measures shall be implemented upon passing by the general meeting of the Company after consideration, and be interpreted by the board of directors of the Company. Rule 48 In the event that these measures are to be amended due to the amendment of laws and regulations or due to changes in the operating conditions of the Company, the board of directors shall propose amendments to the general meeting for approval, which will come into effect and be implemented from the date of the initial public offering and listing of shares of the Company in the PRC.	Rule 36 These measures shall be interpreted and amended by the board of directors of the Company. Rule 37 These measures shall be effective and implemented since the date of consideration and approval at the general meeting of the Company.

* For identification purpose only

NOTICE OF EGM



北京市春立正達醫療器械股份有限公司
Beijing Chunlizhengda Medical Instruments Co., Ltd.*
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1858)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the extraordinary general meeting (the "EGM") of Beijing Chunlizhengda Medical Instruments Co., Ltd. (the "Company") will be held at 2:30 p.m. on Wednesday, 16 February 2022 at No. 10 Xinmi Xi Er Road, Southern District of Tongzhou Economic Development Zone, Tongzhou District, Beijing, the PRC to consider and, if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

1. To consider and approve the proposed amendments to the Management Measures for Use of Proceeds of the Company.

By order of the Board
Beijing Chunlizhengda Medical Instruments Co., Ltd.*
Shi Chunbao
Chairman

Beijing, the PRC
20 January 2022

* For identification purposes only

As at the date of this notice, the executive Directors of the Company are Mr. Shi Chunbao, Ms. Yue Shujun and Mr. Xie Feng Bao; the non-executive Director of the Company is Mr. Wang Xin; and the independent non-executive Directors of the Company are Mr. Ge Changyin, Mr. Wong Tak Shing and Mr. Weng Jie.

NOTICE OF EGM

Notes:

1. REGISTRATION OF MEMBERS

In order to be qualified to attend and vote at the EGM, holders of H Shares whose transfers have not been registered must deposit the transfer documents together with the relevant share certificates at the office of the H Share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 15 February 2022.

Holders of H Shares whose names appear on the Company's register of members for H Shares at the close of business on Tuesday, 15 February 2022 are entitled to attend and vote at the EGM.

2. APPOINTMENT OF PROXY

Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote at the meeting instead of him/her. A proxy need not be a Shareholder of the Company.

The instrument to appoint a proxy shall be in writing and signed by the Shareholder or of his/her attorney duly authorised in writing or, if the Shareholder is a corporate body, either executed under its common seal or signed by its legal representative, director or duly authorised attorney. If the proxy form is signed by the attorney of the Shareholder, the power of attorney or other authorisation document authorising the attorney to sign the proxy form must be notarised.

To be valid, the proxy form, together with the power of attorney or other authority (if any), shall be lodged by hand or post, to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) not less than 24 hours before the time appointed for holding the EGM or its adjourned meeting (as the case may be). Completion and return of the proxy form shall not preclude Shareholders from attending and voting in person at the EGM.

3. CONTACT INFORMATION OF THE COMPANY

Contact Person: Mr. Shi Chunsheng
Contact Tel: (8610) 5861 1761/62/63
Contact Fax: (8610) 5861 1751

4. PROCEDURES OF VOTING AT THE EGM

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of Shareholders at the EGM must be taken by poll.

5. OTHERS

The EGM is expected to take half a day. Shareholders attending the EGM (in person or by proxy) are responsible for their own transportation and accommodation fees. Identification documents must be shown by Shareholder(s) or proxies to attend the EGM.

Further details of the resolution will be included in the circular to be despatched to Shareholders by the Company in due course.

This notice of EGM is despatched to the holders of H Shares only. The notice of EGM to the holders of A Shares is separately published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn/>).