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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 enclosed 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)

CONNECTED TRANSACTION
STRATEGIC ALLOTMENT TO COLLECTIVE ASSETS
MANAGEMENT PLAN
UNDER THE A SHARE OFFERING
AND
NOTICE OF EGM

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



The EGM will be held at 9:30 a.m. on Monday, 6 December 2021 at No. 10 Xinmi Xi Er Road, Southern District of Tongzhou Economic Development Zone, Tongzhou District, Beijing, the PRC.

The forms of proxy for use at the EGM are enclosed and are also published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.clzd.com>). If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the enclosed forms 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 forms 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)”	ordinary share(s) subscribed for in RMB, which are proposed to be issued by the Company in accordance with the A Share Offering
“A Share Offering”	the Company’s proposed initial public offering of no more than 38,428,000 A Shares, which will be listed on SSE STAR Market
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of Directors of the Company
“Collective Assets Management Plan”	the broker collective assets management plan to be formulated for the purpose of the Strategic Allotment
“Company”	Beijing Chunlizhengda Medical Instruments Co., Ltd.* (北京市春立正達醫療器械股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1858)
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》) (as amended from time to time)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for in RMB by Chinese citizens or entities incorporated in the PRC and are credited as fully paid up

DEFINITIONS

“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on 6 December 2021 to consider and approve the resolution in relation to the Strategic Allotment to the Collective Assets Management Plan
“Group”	the Company and its subsidiaries
“Guidelines”	the Guidelines for Issue and Underwriting of Shares on the Sci-Tech Innovation Board of Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷業務指引》)
“H Share(s)”	overseas listed foreign shares 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 the PRC
“Implementation Rules”	the Implementation Rules for the Offering and Underwriting of Stocks on the SSE STAR Market of the Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷實施辦法》)
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors who are independent from related matters to advise Independent Shareholders in respect of the Strategic Allotment to the Collective Assets Management Plan
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Strategic Allotment to the Collective Assets Management Plan

DEFINITIONS

“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution in relation to the Strategic Allotment to the Collective Assets Management Plan to be considered and approved
“Latest Practicable Date”	16 November 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“Participant(s)”	the participant(s) of the Strategic Allotment through the Collective Assets Management Plan
“PRC” or “China”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as may be amended, modified or otherwise supplemented from time to time)
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	the holder(s) of the Shares
“SSE”	the Shanghai Stock Exchange
“SSE STAR Market”	Sci-tech Innovation Board of the SSE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Strategic Allotment”	the allotment of no more than 10% of A Shares proposed to be issued under the A Share Offering to the Participants via the Collective Assets Management Plan by the Company in accordance with the Strategic Allotment Plan
“Strategic Allotment Plan”	the strategic allotment plan formulated by the Company for its senior management and core employees, which has come into force after being considered and approved by the Board resolutions passed on 18 October 2021
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Listing Rules, the Securities and Futures Ordinance or any modification thereof and used in this circular shall, where applicable, have the meaning assigned to it under the Listing Rules, the Securities and Futures Ordinance or any modification thereof, as the case may be.

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

* *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

Independent Non-Executive Directors

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

Registered office and Headquarters in PRC

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

Principal Place of Business in Hong Kong

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

19 November 2021

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
STRATEGIC ALLOTMENT TO COLLECTIVE ASSETS
MANAGEMENT PLAN
UNDER THE A SHARE OFFERING
AND
NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 18 October 2021 in relation to the Strategic Allotment to the Collective Assets Management Plan under the A Share Offering.

The purpose of this circular is to provide you with, among other things, (i) details of the Strategic Allotment to the Collective Assets Management Plan; (ii) a letter to the Independent Board Committee from Gram Capital, which contains its advice on the Strategic Allotment to the Collective Assets Management Plan; and (iii) a letter from the Independent Board Committee, which contains its recommendation on the Strategic Allotment to the Collective Assets Management Plan, to enable you to make an informed decision on whether to vote for or against the relevant resolution at the EGM.

2. STRATEGIC ALLOTMENT TO COLLECTIVE ASSETS MANAGEMENT PLAN

I. Background

References are made to the announcements of the Company dated 3 November 2015, 22 April 2020, 5 June 2020 and 7 July 2021 in relation to, among others, the A Share Offering (the “**A Share Offering Announcements**”), the circulars of the Company’s 2020 second extraordinary general meeting, 2020 second Domestic Shareholders’ class meeting and 2020 second H Shareholders’ class meeting dated 24 July 2020 and the Company’s 2021 first extraordinary general meeting, 2021 first Domestic Shareholders’ class meeting and 2021 first H Shareholders’ class meeting dated 16 July 2021 (the “**A Share Offering Circulars**”), the announcement of the Company dated 10 August 2020 in relation to the poll results of the Company’s 2020 second extraordinary general meeting, 2020 second Domestic Shareholders’ class meeting and 2020 second H Shareholders’ class meeting, the announcement of the Company dated 6 August 2021 in relation to the poll results of the Company’s 2021 first extraordinary general meeting, 2021 first Domestic Shareholders’ class meeting and 2021 first H Shareholders’ class meeting, the announcement of the Company dated 22 December 2020 in relation to the acceptance by the SSE of the application for A Share Offering, and the announcements dated 22 December 2020, 22 June 2021, 28 June 2021, 19 July 2021, 6 August 2021 and 12 August 2021 in relation to the Prospectus for the A Share Offering, and responses to vetting inquiries from the SSE and the announcement dated 20 August 2021 in relation to the approval of A Share Offering by the Listing Committee for the SSE STAR Market. The A Share Offering is still subject to the approval of the CSRC.

The special authorization for the A Share Offering was considered and approved by the extraordinary general meetings and the Domestic Shareholders’ class meetings and the H Shareholders’ class meetings of the Company on 10 August 2020 and 6 August 2021. As the A Share Offering Announcements and A Share Offering Circulars were prepared on 3 November 2015, 22 April 2020, 5 June 2020, 24 July 2020, 7 July 2021 and 16 July 2021 respectively, by which time the Company had no specific plans to issue A Shares to connected persons.

According to the PRC legal adviser of the Company, according to the Implementation Rules, the senior management and core employees from the enterprise applicants of the SSE STAR Market can participate in the strategic allotment of the public offering and listing on the SSE STAR Market. In accordance with the Company Law, the Implementation Rules, the Guidelines and the provisions of other relevant laws, regulations and regulatory documents and the Articles of Association, as part of the A Share Offering, the Company formulated the Strategic Allotment Plan. Certain senior management and core employees (including Directors) of the Company will establish the Collective Assets Management Plan and intend to participate in the Strategic Allotment under the A Share Offering. The Strategic Allotment Plan has come into force after being considered and approved by the Board resolutions passed on 18 October 2021.

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Pursuant to the Strategic Allotment Plan, the Company may allot not more than 10% of the proposed issue number under the A Share Offering to the Collective Assets Management Plan under the A Share Offering.

Certain Participants of the Collective Assets Management Plan (being the directors and/or chief executives of the Company) are connected persons of the Company. The Collective Assets Management Plan is a connected person of the Company and the Strategic Allotment to the Collective Assets Management Plan constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

II. The Strategic Allotment Plan

Details of the Strategic Allotment Plan are set out as follows:

(i) Participants

To be eligible to participate in the Collective Assets Management Plan, Participants must first comply with the criteria (such as experience in investing, salary level and intended contribution amount) for eligible investors as stipulated in the Guiding Opinions on Regulating the Assets Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) (Yin Fa [2018] No. 106), the Rules Governing the Private Assets Management Business of Securities and Futures Commissions (《證券期貨經營機構私募資產管理業務管理辦法》) (CSRC Order No. 151) and the Provisions on the Administration of Operation of Private Assets Management Plans of Securities and Futures Business Institutions (《證券期貨經營機構私募資產管理計劃運作管理規定》) (CSRC Announcement [2018] No. 31). Participants should then satisfy the Company's criteria that they should be senior management and core employees who are essential to the achievement of the Company's strategic targets, and having served as the core management, technical and business backbone of the Company who have direct impacts on the operating results and future development of the Company to a certain extent.

LETTER FROM THE BOARD

Set out below is the list of the Participants of the Collective Assets Management Plan:

Name	Designation	Maximum contribution amount (in RMB'000)	Approximate percentage of the maximum contribution amount in the Collective Assets Management Plan	Maximum number of Shares calculated based on the approximate percentage of the maximum contribution amount in the Collective Assets Management Plan	Approximate percentage of the number of Shares under the A Share Offering
Xie Fengbao	Executive Director and Deputy Chief Engineer	5,300	4.6%	175,319	0.5%
Wang Jianliang	Deputy General Manager	3,750	3.2%	124,047	0.3%
Zhai Zhiyong	Deputy General Manager	3,500	3.0%	115,777	0.3%
Shi Chunbao	Chairman of the Board, General Manager and Chief Engineer	32,000	27.6%	1,058,531	2.8%
Yue Shujun	Executive Director and Deputy General Manager	28,000	24.1%	926,215	2.4%
Sub-total		72,550	62.5%	2,399,889	6.3%
Other senior management and core employees of the Group		43,620	37.5%	1,442,911	3.7%
<hr style="border-top: 1px dashed black;"/>					
Total		116,170	100%	3,842,800	10%

The maximum contribution amounts and the maximum numbers of Shares and the relevant percentages above are for illustration purpose only. The maximum contribution amounts of the Participants are based on the intended contribution amount indicated by the respective Participants. There may be differences between the actual contribution amount and the maximum contribution amount of the Participants. The final list of Participants (namely, Xie Fengbao, Wang Jianliang, Zhai Zhiyong, Shi Chunbao, Yue Shujun and other senior management and core employees of the Group who are independent third parties of the Company) with their actual contribution amount in the Collective Assets Management Plan will be prepared for review and approval by the Board before implementation. Further announcement

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will be made by the Company once the final list of Participants and their actual contribution amount in the Collective Assets Management Plan has been confirmed and approved by the Board.

(ii) Source of Funding

The Participants shall undertake that their contributions to the Collective Assets Management Plan shall be sourced from their own capitals or self-raised funds.

(iii) Source of Shares

The Shares under the Strategic Allotment to the Collective Assets Management Plan shall be the A Shares to be issued by the Company pursuant to the A Share Offering, with nominal value of RMB1.00 each. Such A Shares shall be listed on the SSE STAR Market.

(iv) Number of Shares

The total number for Shares subscribed by the Collective Assets Management Plan under the Strategic Allotment shall not exceed 10% of the total number of A shares to be issued under the A Share Offering, i.e. not more than 3,842,800 A shares.

(v) Issue Price, Pricing Principles and Payment Methods

The subscription price of the A shares to be allotted under the Strategic Allotment shall be identical to the issue price under the A Share Offering.

The issue price will be determined by making enquiries with offline investors or by such other methods as permitted by the CSRC and other relevant regulatory authorities.

The Collective Assets Management Plan shall, at the request of the lead underwriter(s), transfer the subscription funds to the account designated by the lead underwriter(s) in one lump sum, and thereafter, together with the proceeds from the A Share Offering, after deduction of expenses such as sponsorship and underwriting fees, to the designated account for proceeds set up by the Company for the A Share Offering.

(vi) Lock-up Period

The A Shares subscribed by the Collective Assets Management Plan are subject to a lock-up period of 12 months from the date of listing of A Shares. The manager of the Collective Assets Management Plan shall not dispose of any A Shares during the lock-up period. The Participants shall not withdraw from the Collective Assets Management Plan or transfer their entitlements of the Collective Assets Management Plan in any form during the lock-up period. After the expiry of the lock-up period, the manager of the Collective Assets Management Plan will arrange the disposal of Shares in due course in accordance with the relevant agreements or rules.

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(vii) Term

The term (management period) of the Collective Assets Management Plan shall be 2 years, commencing from the date of establishment of the Collective Assets Management Plan. The term may be extended by mutual consent of the manager of the Collective Assets Management Plan and the Participants and in accordance with the relevant agreements or rules.

(viii) Means of Implementation

The Participants will participate in the Strategic Allotment under the A Share Offering through the establishment of the Collective Assets Management Plan. As the Participants will participate in the Collective Assets Management Plan on a voluntary basis, the maximum contribution amounts of the Participants are based on the intended contribution amount indicated by the respective Participants. The maximum number of Shares for Participants' interests in the Collective Assets Management Plan is calculated according to the approximate percentage of their maximum contribution amount in the Collective Assets Management Plan. The Participants shall make the payment in full in a timely manner with their own or self-raised funds based on the arrangement under the Collective Assets Management Plan, otherwise shall be deemed to voluntarily abstain from the entitlement. The abstained contribution amount by any Participant may be adjusted accordingly to other Participants who are independent third parties of the Company. Therefore, there may be differences between the actual contribution amount and the maximum contribution amount of the Participants. The final list of Participants (namely, Xie Fengbao, Wang Jianliang, Zhai Zhiyong, Shi Chunbao, Yue Shujun and other senior management and core employees of the Group who are independent third parties of the Company) with their actual contribution amount in the Collective Assets Management Plan will be prepared for review and approval by the Board before implementation. The percentage of Participants' interests in the Collective Assets Management Plan are therefore based on their actual contribution amount against the total actual contribution amount of all the Participants. If the total contribution amount of the Collective Assets Management Plan is more than the total subscription amount of the A shares to be allotted under the Strategic Allotment, the manager will distribute the surplus amount to the Participants according to the terms of the Collective Assets Management Plan.

The Collective Assets Management Plan will be formulated as broker collective assets management plan for the implementation of Strategic Allotment by entering a collective asset management agreement among the Participants (as the principal), broker (as the manager) and bank (as the custodian), in accordance with the Company Law, the Implementation Rules, the Guidelines and the provisions of other relevant laws, regulations and regulatory documents. The investment scope of the Collective Assets Management Plan shall be equity products (limited to the A Shares of the Company only) and fixed-income products (limited to bank deposit, cash and money market funds).

The manager will realize the assets held under the Collective Assets Management Plan in accordance with the scope of investment stipulated in the collective asset management agreement, and will realize the corresponding A Shares of the Company after the expiration of the 12-month lock-up period from the listing of A Shares upon receiving instructions from

LETTER FROM THE BOARD

any Participants of his/her intentions to withdraw from the Collective Assets Management Plan, which is in accordance with the terms of the Collective Assets Management Plan. Upon the expiration of the lock-up period, the Collective Assets Management Plan will be opened for Participants to realize their interests, and the opening arrangement will be subject to the announcement of the manager, unless otherwise stipulated by the CSRC. During the opening period, the Collective Assets Management Plan will only be available for Participants to withdraw from the Collective Assets Management Plan by realizing their interests in the Collective Assets Management Plan until the expiry of the term of the Collective Assets Management Plan, and the cash received after the withdrawal will be deposited into the account set up by the Participants with the custodian bank. Upon expiry of the Collective Assets Management Plan's term (management period), the assets of the Collective Assets Management Plan will be sold, and the manager will distribute the realized cash to the Participants (after making deductions according to the terms of the Collective Assets Management Plan).

The manager of the Collective Assets Management Plan has voting rights of the A Shares of the Company held under the Collective Assets Management Plan in accordance with the Guiding Opinions on Regulating the Assets Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) (Yin Fa [2018] No. 106) on behalf of the Collective Assets Management Plan, without any requirement of seeking direction or consent from the Participants. To comply with the requirements of Listing Rules, the manager of the Collective Assets Management Plan should not exercise any voting rights at the general meeting of the Company if any Participant has material interests in any resolutions proposed in general meeting of the Company.

(ix) Implementation Conditions

The Strategic Allotment Plan has come into force after being considered and approved by the Board resolutions passed on 18 October 2021, and shall be implemented at the time of the A Share Offering. Certain Participants of the Collective Assets Management Plan are the directors and/or chief executives of the Company and therefore the Collective Assets Management Plan is a connected person of the Company under the Listing Rules. Pursuant to Chapter 14A of the Listing Rules, the Strategic Allotment to the Collective Assets Management Plan constitutes a connected transaction of the Company and is subject to the requirements of reporting, announcement and the Independent Shareholders' approval under the Listing Rules. If the Company's application of the A Share Offering fails to obtain the approval from relevant regulatory authorities, the Strategic Allotment Plan shall be terminated according to law. The A Share Offering is not conditional on the Strategic Allotment taking place.

(x) Model Code

The Participants and the manager of the Collective Assets Management Plan shall undertake to comply with the Model Code during the term of the Collective Assets Management Plan and shall not deal with any A Share or withdraw from the Collective Assets Management Plan or transfer their entitlements of the Collective Assets Management Plan in any form during the applicable black-out periods under the Model Code.

LETTER FROM THE BOARD

3. OTHER INFORMATION RELATING TO THE STRATEGIC ALLOTMENT TO COLLECTIVE ASSETS MANAGEMENT PLAN

(i) Impact of the A Share Offering and Strategic Allotment on the Shareholding Structure of the Company

The Company's 250,000,000 Domestic Shares currently in issue will be converted into A Shares on the date of completion of the A Share Offering. For reference and illustration purposes only, assuming that all of the 38,428,000 A Shares under the A Share Offering are approved to be issued, among which no more than 3,842,800 A Shares are issued to the Collective Assets Management Plan, and no less than 34,585,200 A Shares are issued to the public, and the share capital of the Company remains unchanged before the completion of the A Share Offering, the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the A Share Offering is as follows:

	As at the Latest Practicable Date		Immediately after the completion of the A Share Offering (assuming no over-allotment option is exercised)		Immediately after the completion of the A Share Offering (assuming over-allotment option is fully exercised)	
	Approximate percentage of issued share capital	of the Company	Approximate percentage of issued share capital	of the Company	Approximate percentage of issued share capital	of the Company
	Number of Shares		Number of Shares		Number of Shares	
Domestic Shares	250,000,000	72.3%	-	-	-	-
A Shares to be converted from Domestic Shares in issue ⁽¹⁾	-	-	250,000,000	65.1%	250,000,000	64.1%
- A Shares held by core connected persons	-	-	209,133,335	54.4%	209,133,335	53.6%
- A Shares held by the public	-	-	40,866,665	10.6%	40,866,665	10.5%
A Shares proposed to be issued under the A Share Offering ⁽²⁾	-	-	38,428,000	10.0%	44,192,200	11.3%
- A Shares held by the Collective Assets Management Plan (at maximum)	-	-	3,842,800	1.0%	-	0%
- A Shares held by the public (at minimum)	-	-	34,585,200	9.0%	44,192,200	11.3%
H Shares (held by the public)⁽³⁾	<u>95,852,000</u>	<u>27.7%</u>	<u>95,852,000</u>	<u>24.9%</u>	<u>95,852,000</u>	<u>24.6%</u>
Total	<u>345,852,000</u>	<u>100.00%</u>	<u>384,280,000</u>	<u>100.00%</u>	<u>390,044,200</u>	<u>100.00%</u>

LETTER FROM THE BOARD

Notes:

- (1) As at the Latest Practicable Date, according to the information publicly available to the Company, and to the knowledge of the Directors, Mr. Shi Chunbao and Ms. Yue Shujun, the controlling shareholders of the Company, held 209,133,335 Domestic Shares of the Company, representing approximately 83.7% of the issued Domestic Shares of the Company. All of such Domestic Shares will be converted into A Shares upon completion of the A Share Offering;
- (2) The Shares allotted to the Collective Assets Management Plan pursuant to the Strategic Allotment are not counted towards the Company's public float under the Listing Rules. As at the Latest Practicable Date, according to the information publicly available to the Company, and to the knowledge of the Directors, no more than 3,842,800 newly issued A Shares under the A Share Offering will be held by the Collective Assets Management Plan, and no less than 34,585,200 A Shares will be held by the public;
- (3) As at the Latest Practicable Date, according to the information publicly available to the Company, and to the knowledge of the Directors, all of the H Shares are held by the public.

As at the Latest Practicable Date, based on the publicly available information and to the Directors' knowledge, all the H Shares are held by the public and the Company has maintained a public float above 25% which satisfies the requirements under the Listing Rules. The Shares allotted to the Collective Assets Management Plan pursuant to the Strategic Allotment are not counted towards the Company's public float under the Listing Rules. Assuming that all of the 38,428,000 A Shares under the A Share Offering (assuming no over-allotment option is exercised) are approved to be issued, among which no more than 3,842,800 A Shares will be issued to the Collective Assets Management Plan, and no less than 34,585,200 A Shares will be issued to the public, it is expected that the percentage of minimum number of newly issued A Shares under the A Share Offering held by the public in the total number of Shares after the A Share Offering will be 9%, the percentage of number of H Shares to be held by the public in the total number of Shares after the A Share Offering will be 24.9%, and the percentage of minimum number of Shares held by the public (both A Shares and H Shares in aggregate) will be 44.5% of the total number of the Shares after the A Share Offering. The Company's public float will still be able to comply with the requirements of Rule 8.08 of the Listing Rules. The Company will closely monitor its public float to ensure its compliance, at all times, with relevant public float requirements.

(ii) Reasons for Strategic Allotment and Use of Proceeds

The senior management and core employees of the Company will be able to participate in the subscription under the A Share Offering through the Collective Assets Management Plan, which will be beneficial to mobilising their initiative and establishing and improving the benefit and risk sharing mechanism between them and all of the shareholders, so as to closely tie their interests and that of the Company together and unite as one to develop the Company, thus enhancing the sustainability and competitiveness of the Company. Meanwhile, the senior management and core employees may participate in the shareholding structure of the Company in the form of the Collective Assets Management Plan, benefitting to the diversification of the Company's shareholding structure and enhancing the level of corporate governance.

LETTER FROM THE BOARD

(iii) Fund Raising Activities in the Past Twelve Months

The Company has not conducted any fund raising activities involving the issuance of share capital within 12 months immediately preceding the Latest Practicable Date.

(iv) Implications of the Listing Rules

Certain Participants (namely, Xie Fengbao, Wang Jianliang, Zhai Zhiyong, Shi Chunbao and Yue Shujun) of the Collective Assets Management Plan are the directors and/or chief executives of the Company and therefore the Collective Assets Management Plan is a connected person of the Company under the Listing Rules. Pursuant to Chapter 14A of the Listing Rules, the Strategic Allotment to the Collective Assets Management Plan constitutes a connected transaction of the Company and is subject to the requirements of reporting, announcement and the Independent Shareholders' approval under the Listing Rules.

(v) Independent Board Committee and Independent Financial Adviser

The Independent Board Committee (consisting of all independent non-executive Directors, Mr. Ge Changyin, Mr. Wong Tak Shing and Mr. Weng Jie) has been established to advise the Independent Shareholders on the Strategic Allotment to the Collective Assets Management Plan. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Strategic Allotment to the Collective Assets Management Plan.

(vi) EGM

The EGM will be held at No. 10 Xinmi Xi Er Road, Southern District of Tongzhou Economic Development Zone, Tongzhou District, Beijing, the PRC at 9:30 a.m. on Monday, 6 December 2021 for the purpose of considering and approving the Strategic Allotment to the Collective Assets Management Plan under the A Share Offering, and a notice convening the EGM are set out on pages 43 to 44 to this circular and their respective proxy forms are also enclosed hereto.

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 Thursday, 2 December 2021.

Shareholders whose names appear on the Company's register of members at the close of business on Thursday, 2 December 2021 are entitled to attend and vote at the EGM.

LETTER FROM THE BOARD

The form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.clzd.com>). If you intend to attend the EGM by proxy, you are requested to complete and return the enclosed proxy form(s) in accordance with the instructions printed thereon and deposit the form not less than 24 hours before the time appointed for the holding of 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 and voting in person at the EGM if you so wish.

As at the Latest Practicable Date, Mr. Shi Chunbao holds 113,685,435 Shares (representing approximately 32.87% of the issued share capital of the Company as at the Latest Practicable Date) of the Company and Ms. Yue Shujun holds 95,447,900 Shares (representing approximately 27.60% of the issued share capital of the Company as at the Latest Practicable Date) of the Company, and they will abstain from voting on the resolution in relation to the Strategic Allotment to the Collective Assets Management Plan under the A Share Offering at the EGM. Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders is required to abstain from voting on such resolution at the EGM pursuant to the Listing Rules.

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, all the resolutions could be taken by poll at the EGM pursuant to the Articles of Association.

5. RECOMMENDATION

As Mr. Shi Chunbao, Ms. Yue Shujun and Mr. Xie Feng Bao, being Directors of the Company, will participate in the Collective Assets Management Plan, they have abstained from voting on the relevant Board resolution. Save as mentioned above, none of the other Directors has a material interest in the Strategic Allotment to the Collective Assets Management Plan under the A Share Offering. As such, none of the other Directors has abstained from voting on the such Board resolution. The Directors (including the independent non-executive Directors) consider that the terms of the Strategic Allotment to the Collective Assets Management Plan are on normal commercial terms and fair and reasonable, and the Strategic Allotment to the Collective Assets Management Plan is in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to its nature of transaction. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution proposed at the EGM to approve the Strategic Allotment to the Collective Assets Management Plan.

6. GENERAL INFORMATION

The Company is engaged primarily in the research and development, production and sales of implantable orthopedic medical devices which include joint prosthesis products and spinal products.

LETTER FROM THE BOARD

7. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders as set out in this circular.

There is no assurance that the A Share Offering will proceed, and relevant senior management and core employees may or may not participate in the Strategic Allotment under the A Share Offering. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the A Share Offering and the Strategic Allotment will be disclosed by the Company in due course.

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

Beijing, the PRC
19 November 2021

* *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)

To the Independent Shareholders

Dear Sir or Madam,

**STRATEGIC ALLOTMENT TO COLLECTIVE ASSETS
MANAGEMENT PLAN UNDER THE A SHARE OFFERING**

We refer to the circular dated 19 November 2021 (the “**Circular**”) issued by Beijing Chunlizhengda Medical Instruments Co., Ltd.* (the “**Company**”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used herein, unless the context requires otherwise.

We have been appointed as the members of the Independent Board Committee to advise you as to whether in our opinion, the terms and conditions of the participation in the Strategic Allotment to the Collective Assets Management Plan, details of which are set out in the letter from the Board, and the abovementioned transaction are fair and reasonable so far as the interests of the Independent Shareholders are concerned.

Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders on the fairness and reasonableness of the terms and conditions of the Strategic Allotment to the Collective Assets Management Plan. Details of the advice from Gram Capital, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 19 to 36 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 16 and the additional information set out in the appendix to the Circular.

Having considered the terms and conditions of the Strategic Allotment to the Collective Assets Management Plan, the interests of the Independent Shareholders and the advice and recommendation of Gram Capital, we are of the view that the terms and conditions of the Strategic Allotment to the Collective Assets Management Plan are entered into after arm's length negotiation and on normal commercial terms, and are fair and reasonable as far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and its Shareholders as a whole, although it is not conducted in the ordinary and usual course of business of the Company due to its nature of transaction.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution at the EGM so as to approve the Strategic Allotment to the Collective Assets Management Plan.

Yours faithfully,
Independent Board Committee

Ge Changyin

Wong Tak Shing
Independent Non-Executive Directors

Weng Jie

* *For identification purpose only*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

19 November 2021

*To: The independent board committee and the independent shareholders of Beijing Chunlizhengda Medical Instruments Co., Ltd.**

Dear Sirs,

CONNECTED TRANSACTION STRATEGIC ALLOTMENT TO COLLECTIVE ASSETS MANAGEMENT PLAN UNDER THE A SHARE OFFERING

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Strategic Allotment to the Collective Assets Management Plan (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 19 November 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

References are made to the A Share Offering Announcements and the A Share Offering Circulars, the announcement of the Company dated 10 August 2020 in relation to the poll results of the Company’s 2020 second extraordinary general meeting, 2020 second Domestic Shareholders’ class meeting and 2020 second H Shareholders’ class meeting, the announcement of the Company dated 6 August 2021 in relation to the poll results of the Company’s 2021 first extraordinary general meeting, 2021 first Domestic Shareholders’ class meeting and 2021 first H Shareholders’ class meeting, the announcement of the Company dated 22 December 2020 in relation to the acceptance by the SSE of the application for A Share Offering, and the announcements dated 22 December 2020, 22 June 2021, 28 June 2021, 19 July 2021, 6 August 2021 and 12 August 2021 in relation to the Prospectus for the A Share Offering, and responses to vetting inquiries from the SSE and the announcement dated 20 August 2021 in relation to the approval of A Share Offering by the Listing Committee for the SSE STAR Market. The A Share Offering is still subject to the approval of the CSRC.

LETTER FROM GRAM CAPITAL

According to the PRC legal adviser of the Company, according to the Implementation Rules, the senior management and core employees from the enterprise applicants of the SSE STAR Market can participate in the strategic allotment of the public offering and listing on the SSE STAR Market. In accordance with the Company Law, the Implementation Rules, the Guidelines and the provisions of other relevant laws, regulations and regulatory documents and the Articles of Association, as part of the A Share Offering, the Company formulated the Strategic Allotment Plan. Certain senior management and core employees (including Directors) of the Company will establish the Collective Assets Management Plan and intend to participate in the Strategic Allotment under the A Share Offering. The Strategic Allotment Plan has come into force after being considered and approved by the Board resolutions passed on 18 October 2021 (the “**Date of Board Resolutions**”). Pursuant to the Strategic Allotment Plan, the Company may allot not more than 10% of the proposed issue number under the A Share Offering to the Collective Assets Management Plan under the A Share Offering.

With reference to the Board Letter, as certain Participants of the Collective Assets Management Plan (being the directors and/or chief executives of the Company) are connected persons of the Company (the “**Connected Participants**”), the Transaction constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Ge Changyin, Mr. Wong Tak Shing and Mr. Weng Jie (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transaction at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital’s independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information

LETTER FROM GRAM CAPITAL

and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Strategic Allotment to Connected Persons. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 the 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 in this circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Connected Participants, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Strategic Allotment to Connected Persons. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any A Shares or the Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

1. Background and reasons for the Transaction

Business overview of the Group

With reference to the Board Letter, the Company is engaged primarily in the research and development, production and sales of implantable orthopedic medical devices which include joint prosthesis products and spinal products.

The Company's 250,000,000 Domestic Shares currently in issue will be converted into A Shares on the date of completion of the A Share Offering. For reference and illustration purposes only, assuming that all of the 38,428,000 A Shares under the A Share Offering are approved to be issued, among which no more than 3,842,800 A Shares are issued to the Collective Assets Management Plan, and no less than 34,585,200 A Shares are issued to the public.

Information on the Connected Participants

With reference to the Board Letter, details of the Connected Participants and their number and/or entitlements of allotted Shares approved by the Board are set out as follows:

Name	Designation	Maximum contribution amount RMB'000	Maximum number of Shares calculated based on the approximate percentage of the maximum contribution amount in the Collective Assets Management Plan	Approximate percentage of the maximum Contribution amount in the Collective Assets Management Plan	Approximate percentage of the number of Shares under the A Share Offering
Xie Fengbao	Executive Director and Deputy Chief Engineer	5,300	175,319	4.6%	0.5%
Wang Jianliang	Deputy General Manager	3,750	124,047	3.2%	0.3%

LETTER FROM GRAM CAPITAL

Name	Designation	Maximum number of Shares calculated based on the approximate percentage of the maximum contribution amount in the	Approximate percentage of the maximum Contribution amount in the	Approximate percentage of the maximum Contribution amount in the	Approximate percentage of the number of Shares under the A Share Offering
		Maximum contribution amount RMB'000	Collective Assets Management Plan	Collective Assets Management Plan	
Zhai Zhiyong	Deputy General Manager	3,500	115,777	3.0%	0.3%
Shi Chunbao	Chairman of the Board, General Manager and Chief Engineer	32,000	1,058,531	27.6%	2.8%
Yue Shujun	Executive Director and Deputy General Manager	28,000	926,215	24.1%	2.4%

The final list of Participants with their actual contribution amount in the Collective Assets Management Plan will be prepared for review and approval by the Board before implementation. Further announcement will be made by the Company once the final list of Participants and their actual contribution amount in the Collective Assets Management Plan has been confirmed and approved by the Board.

Reasons for and benefits of the Strategic Allotment to Connected Persons

We understood from the Directors that the A Share Offering will enhance the corporate image of the Company, further broaden the Company's funding channels and increase the Company's working capital and recognitions of capital market by attracting large institutional and medium and small investors. The Directors also believe that the A Share Offering will be beneficial to the Company's business growth, financing flexibility and business development, and be beneficial to obtain more financial resources and improve the competitiveness of the Company, and be beneficial to the long term development of the Company.

The proceeds raised from the A Share Offering (net of related expenses) will be used for the integrated construction project of orthopedic implant and ancillary materials, the construction project of research and development centre, the construction project of marketing networks and supplementary liquidity. The smooth implementation of the said projects can allow the Group

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to capture the domestic and overseas market demands, enrich the product structures, optimize the product deployment, enhance the risk-averse capacity, improve the integrated competence and profitability of the Company, as well as securing the long-term development in the future.

With reference to the Board Letter, the senior management and core employees of the Company will be able to participate in the subscription under the A Share Offering through the Collective Assets Management Plan, which will be beneficial to mobilising their initiative and establishing and improving the benefit and risk sharing mechanism between them and all of the shareholders, so as to closely tie their interests and that of the Company together and unite as one to develop the Company, thus enhancing the sustainability and competitiveness of the Company. Meanwhile, the senior management and core employees may participate in the shareholding structure of the Company in the form of the Collective Assets Management Plan, benefitting to the diversification of the Company's shareholding structure and enhancing the level of corporate governance.

We consider that the participation of the A Shares Offering by the senior management and core employees (including the Connected Participants) through the Collective Assets Management Plan indicates their confidence in the Company's future and its support for the Company's long-term development. Such arrangement may also be beneficial for mobilizing such staff's initiative and establishing and improving the benefit and risk sharing mechanism between them and all of the Shareholders, so as to closely tie their interests and that of the Company together and unite as one to develop the Company, thus enhancing the sustainability and competitiveness of the Company.

Having also considered the benefit of the participation of the A Shares Offering by the senior management and core employees (including the Connected Participants) through the Collective Assets Management Plan as mentioned above, we consider that although the Transaction is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Transaction

The table below summarises the major terms of the Transaction, details of which are set out under the section headed "II. The Strategic Allotment Plan" of the Board Letter.

Participants

To be eligible to participate in the Collective Assets Management Plan, Participants must first comply with the criteria (such as experience in investing, salary level and intended contribution amount) for eligible investors as stipulated in the Guiding Opinions on Regulating the Assets

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Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) (Yin Fa [2018] No. 106), the Rules Governing the Private Assets Management Business of Securities and Futures Commissions (《證券期貨經營機構私募資產管理業務管理辦法》) (CSRC Order No. 151) and the Provisions on the Administration of Operation of Private Assets Management Plans of Securities and Futures Business Institutions (《證券期貨經營機構私募資產管理計劃運作管理規定》) (CSRC Announcement [2018] No. 31). Participants should then satisfy the Company's criteria that they should be senior management and core employees who are essential to the achievement of the Company's strategic targets, and having served as the core management, technical and business backbone of the Company who have direct impacts on the operating results and future development of the Company to a certain extent.

We understood from the Directors, before identifying the proposed participants, the Company offered chances for the participation in the Strategic Allotment to all staffs who met the abovementioned criteria. After that, the Company identified the Participants who are connected persons of the Company.

Having considered the following factors,

- (i) according to the Implementation Rules, it is allowed to establish asset management plan for senior managements and core employees to participate in strategic allotment;
- (ii) the Company offered chances for the participation in the Strategic Allotment to all staffs who met the abovementioned criteria. The qualified staffs (including both connected persons and non-connected persons staff) had same chances to participate in the Strategic Allotment;
- (iii) the benefit of the subscription by the senior management and core employees (including the Connected Participants) as mentioned above, in particular, such arrangement may be beneficial for mobilizing such staff's initiative and establishing and improving the benefit and risk sharing mechanism between them and all of the Shareholders, so as to closely tie their interests and that of the Company together and unite as one to develop the Company, thus enhancing the sustainability and competitiveness of the Company; and
- (iv) the Participants who are connected persons of the Company are identified after finalising the Participants,

we are of the view that the basis of selection criteria to be acceptable.

LETTER FROM GRAM CAPITAL

Source of Funding

The Participants shall undertake that their contributions to the Collective Assets Management Plan shall be sourced from their own capitals or self-raised funds.

With reference to the Board Letter, as the Participants will participate in the Collective Assets Management Plan on a voluntary basis, the maximum contribution amounts of the Participants are based on the intended contribution amount indicated by the respective Participants.

Source of Shares and Number of Shares

The Shares under the Strategic Allotment to the Collective Assets Management Plan shall be the A Shares to be issued by the Company pursuant to the A Share Offering, with nominal value of RMB1.00 each. Such A Shares shall be listed on the SSE STAR Market.

The total number for Shares subscribed by the Collective Assets Management Plan under the Strategic Allotment shall not exceed 10% of the total number of A shares to be issued under the A Share Offering, i.e. not more than 3,842,800 A shares.

We noted from the Implementation Rules, among other things, that it is allowed to establish asset management plan for senior managements and core employees to participate the strategic allotment. Strategic allotment for the aforesaid asset management plan will be not more than 10% of A shares under its initial public offering with a lock-up period of not less than 12 months.

We further understood from the Directors that the maximum number of shares (which each Participant (including the Connected Participant) entitled to) was calculated based on (i) maximum number of A Shares to be issued under the A Shares Offering (i.e. 38,428,000 A Shares); (ii) maximum number of A Shares to be issued under the Strategic Allotment (i.e. 3,842,800 A shares, being 10% of the maximum number of A Shares to be issued under the A Shares Offering according to requirements of Implementation Rules); (iii) proportion of the maximum contribution amount proposed to be paid by the individual Participant to the total maximum contribution amounts proposed to be paid by all Participants.

For our due diligence purpose, we obtained the calculation of maximum number of A Shares proposed to be issued to the Participants. Based on the calculation, we noted that the maximum number of shares to be allotted to each of the Participants (including the Connected Participants) was in proportion to the actual amount of contributions proposed to be paid by such person. Having considered (i) the aforesaid basis of allocation; (ii) that the maximum number of shares to be allotted to each of the Connected Participants was in proportion to the actual amount of contributions paid by such person; and (iii) that as mentioned below, the Subscription Price to be

LETTER FROM GRAM CAPITAL

issued under the Strategic Allotment shall be the same as the issue price of the A Share Offering, we consider that the allotment basis for number of shares to be allotted to Connected Participants to be acceptable.

According to the Comparable table in below section, we noted that (i) the percentage of maximum number for Shares to be subscribed by the Collective Assets Management Plan under the Strategic Allotment Plan is in line with the percentage of maximum number for shares to be subscribed by senior managements and core employees of the Comparables under their respective A share offering; (ii) the percentage of total number for Shares to be entitled by the Connected Participants under the Strategic Allotment Plan to the total number of A shares to be issued under the A Share Offering falls within the range of percentage of total number for shares to be subscribed by connected participants of the Comparables under their respective A share offering to the proposed issue number under the A share offering. Having also considered that the number of Shares to be entitled by Connected Participants directly links to the actual contribution amounts and Subscription Price (which shall be identical to the issue price under the A Share Offering), we consider the maximum number for Shares to be subscribed by the Collective Assets Management Plan and to be entitled by Connected Participants under the Strategic Allotment Plan are in line with the market practice.

Issue Price, Pricing Principles and Payment Methods

The subscription price (the “**Subscription Price**”) of the A shares to be allotted under the Strategic Allotment shall be identical to the issue price under the A Share Offering.

The issue price will be determined by making enquiries with offline investors, or by such other methods as permitted by the CSRC and other relevant regulatory authorities.

The Collective Assets Management Plan shall, at the request of the lead underwriter(s), transfer the subscription funds to the account designated by the lead underwriter(s) in one lump sum, and thereafter, together with the proceeds from the A Share Offering, after deduction of expenses such as sponsorship and underwriting fees, to the designated account for proceeds set up by the Company for the A Share Offering.

For our due diligence purpose, we noted from the Implementation Rules, the issue price of the initial public offering of shares shall be determined through consultation with professional institutional investors including securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors or private equity fund managers; the issuer and the lead underwriter(s) may determine the issue price through initial consultation, or determine the issue price through the book-building process after determining the interval of the issue price by initial consultation.

As the Strategic Allotment is part of the A Share Offering, we searched over the Stock Exchange's website to identify (i) the proposed initial public offer of A shares to be listed on SSE STAR Market by Stock Exchange main board listed companies (excluding by way of spin-off) from 5 November 2018 (being the date of the proposed establishment of SSE STAR Market as announced by the President of the PRC) to the Date of Board Resolutions; and (ii) senior managements and core employees participated the strategic allotment of the A shares offering, which constituted non-exempted connected transaction pursuant to the Listing Rules. To the best of our knowledge, we identified four companies which met the aforesaid criteria and are exhaustive (the "**Comparables**"). Details of our findings are set out as followings:

Company	The Company	China Railway Signal & Communication Corporation Limited* (3969)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.* (1349)	Shanghai Junshi Biosciences Co., Ltd.* (1877)	Shanghai Fudan Microelectronics Group Company Limited* (1385)
Participants	Senior management and core employees (including five connected persons)	Senior executives and core employees of the group (including 101 connected persons)	Mainly the senior management and core employees (including six connected persons)	Senior management and core employees of the group (including four connected persons)	Mainly the senior management and core employees (including 10 connected persons)

Company	The Company	China Railway Signal & Communication Corporation Limited* (3969)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.* (1349)	Shanghai Junshi Biosciences Co., Ltd.* (1877)	Shanghai Fudan Microelectronics Group Company Limited* (1385)
Number of shares	The total number for Shares to be entitled by the Connected Participants shall not exceed 6.3% of the total number of A shares to be issued under the A Share Offering.	The total number of Shares to be subscribed by connected allotment participants shall not exceed 1.89% of the proposed issue number under the A share offering.	The total number of shares to be subscribed by connected persons shall not exceed 3.17% of the proposed issue number under the A share offering.	The total number of A shares to be subscribed by connected persons shall not exceed 3.0% of the total number of A shares proposed to be issued under the A share offering.	The total entitlements of A shares to be allotted to the connected persons represented 7.25% of the number of A shares under the A share offering.
	The total number for Shares subscribed by the Collective Assets Management Plan under the Strategic Allotment Plan shall not exceed 10% of the total number of A shares to be issued under the A Share Offering.	The subscription amount of any single connected allotment participant in the strategic allotment to connected persons shall not exceed RMB3 million.	The total number for subscription under the strategic allotment plan shall not exceed 10% of the issue size of the issue of A shares.	The total number of A shares to be subscribed by the collective management plan shall not exceed 10% of the total number of A shares proposed to be issued under the A share offering.	The total number of A shares for subscription under the strategic allotment plan shall not exceed 10% of the number of the A share offering.

Company	The Company	China Railway Signal & Communication Corporation Limited* (3969)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.* (1349)	Shanghai Junshi Biosciences Co., Ltd.* (1877)	Shanghai Fudan Microelectronics Group Company Limited* (1385)
Source of shares	The Shares under the Strategic Allotment to Connected Persons shall be the A Shares to be issued by the Company pursuant to the A Share Offering, with nominal value of RMB1.00 each.	Shares under the strategic allotment to connected persons shall be the A shares to be issued by the company pursuant to the A share offering, with nominal value of RMB1.00 each.	The source of the shares for the strategic allotment plan shall be the ordinary shares with a nominal value of RMB0.1 each in the share capital of the company to be allotted and issued under the issue of A shares.	Shares to be issued under the strategic allotment to the collective management plan shall be the A shares to be issued by the company pursuant to the A share offering. Each of the A shares has nominal value of RMB1.00.	The A shares under the strategic allotment plan shall be the ordinary shares with a nominal value of RMB0.1 each in the share capital of the company to be allotted and issued under the A share offering.
	Such A Shares shall be listed on the SSE STAR Market.	Such A shares shall be listed on the SSE STAR Market.	Such ordinary shares (A shares) will be listed on the SSE STAR Market.	Such A shares shall be listed on the SSE STAR Market.	Such ordinary shares (A shares) will be listed on the SSE STAR Market.
Issue price	The subscription price of the A shares to be allotted under the Strategic Allotment shall be identical to the issue price under the A Share Offering.	The subscription price of the A shares to be issued under the strategic allotment shall be the same as the issue price of the A share offering.	The subscription price of the A shares to be allotted under the strategic allotment plan shall be identical to the issue price under the issue of A shares.	The issue price of the A shares to be issued to the collective management plan will be the same as the issue price of the A shares under the A share offering.	The subscription price of the A shares to be allotted under the strategic allotment plan shall be identical to the offering price under the proposed A share offering.

Company	The Company	China Railway Signal & Communication Corporation Limited* (3969)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.* (1349)	Shanghai Junshi Biosciences Co., Ltd.* (1877)	Shanghai Fudan Microelectronics Group Company Limited* (1385)
Basis for determining the issue price	The issue price will be determined by making enquiries with offline investors, or by such other methods as permitted by the CSRC and other relevant regulatory authorities.	The issue price of the A share offering will be determined through preliminary inquiries made with the inquiry targets, and the company and the sponsor institution(s)/the lead underwriter(s) will determine the final issue price through mutual negotiation based on the results of the preliminary inquiries, or by other methods as recognized by the CSRC and the SSE at that time.	The issue price of the Issue of A shares will be determined through market consultation with professional institutional investors including securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors or private equity fund managers, or by other methods approved by the securities regulatory authorities.	The issue price of A shares under the A share offering will be determined through a combination of offline placement to professional institutional investors and offering by way of online subscription by public investors based on market value, or by other pricing methods recognized by the CSRC and the SSE.	The issuer and the lead underwriter may determine the offering price through initial consultation, or determine the offering price through a book-building exercise after determining the interval of the offering price by initial consultation. The offering price shall, in any event, not lower than the latest audited net asset value per share prior to the proposed A share offering.

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Company	The Company	China Railway Signal & Communication Corporation Limited* (3969)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.* (1349)	Shanghai Junshi Biosciences Co., Ltd.* (1877)	Shanghai Fudan Microelectronics Group Company Limited* (1385)
Lock-up period	The A Shares subscribed by the Collective Assets Management Plan are subject to a lock-up period of 12 months from the date of listing of A Shares.	The A shares subscribed by connected allotment participants through connected assets management plans shall not be transferred within 12 months from the date of completion of the A share offering and listing.	The lock-up period of A shares to be allotted under the strategic allotment plan shall be not less than 12 months (as calculated from the date of listing of A shares).	The A shares subscribed by the collective management plan are subject to a lock-up period of 12 months from the date of completion of the A share offering and listing on the STAR Market.	The lock-up period of A shares to be allotted under the strategic allotment plan shall be not less than 12 months (as calculated from the date of listing of A shares).
Means of implementation	Through the establishment of the Collective Assets Management Plan.	Broker collective assets management plans as the platform, shall hold the A shares to be issued under the strategic allotment to connected persons on behalf of the connected allotment participant.	The participants will participate in the strategic allotment under the issue of A shares through the establishment of a special assets management plan.	A collective management plan was established for the implementation of strategic allotment.	The participants will participate in the strategic allotment under the A share offering through the establishment of a special assets management plan.
	Manager: A broker	Manager: China International Capital Corporation Limited	Manager: HAITONG ASSET Management Co., Ltd. (上海海通證券資產管理有限公司)	Manager: Shanghai Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司)	Manager: China Securities Funds Management Limited (中信建投基金管理有限公司)
	Custodian: A PRC commercial bank	Custodian: A PRC commercial bank	Custodian: A PRC commercial bank	Custodian: A PRC commercial bank	Custodian: A PRC commercial bank

Source: website of the Stock Exchange, prospectus of the Comparables, Wind Financial Terminal and Asset Management Association of China.

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Pricing principles

Having considered the above, including

- (i) that the Subscription Price will be the same as the issue price of the A Share Offering, which will also be available to independent investors; and
- (ii) our findings on the Comparables, in particular, (a) the basis for determining the issue price under the Strategic Allotment to Connected Persons are similar to that under the Comparables; and (b) the issue prices under the Comparables' strategic allotment plan for senior management and core employees were not fixed as at the date of the Comparables' announcements,

we concur with the Directors that the basis for the determination of the Subscription Price is on normal commercial terms and fair and reasonable.

Lock-up period

The A Shares subscribed by the Collective Assets Management Plan are subject to a lock-up period of 12 months from the date of listing of A Shares. The manager of the Collective Assets Management Plan shall not dispose of any A Shares during the lock-up period. The Participants shall not withdraw from the Collective Assets Management Plan or transfer their entitlements of the Collective Assets Management Plan in any form during the lock-up period. After the expiry of the lock-up period, the manager of the Collective Assets Management Plan will arrange the disposal of Shares in due course in accordance with the relevant agreements or rules.

We noted from the Implementation Rules, among other things, that it is allowed to establish asset management plan for senior managements and core employees to participate the strategic allotment. Strategic allotment for the aforesaid asset management plan will be not more than 10% of A shares under its initial public offering with a lock-up period of not less than 12 months.

Based on the above and the lock-up arrangement of the Comparables as listed out above, we consider that the lock-up period to be acceptable.

Duration Period

The term (management period) of the Collective Assets Management Plan shall be 2 years, commencing from the date of establishment of the Collective Assets Management Plan. The term may be extended by mutual consent of the manager of the Collective Assets Management Plan and the Participants and in accordance with the relevant agreements or rules.

Means of implementation

The Participants will participate in the Strategic Allotment under the A Share Offering through the establishment of the Collective Assets Management Plan. As the Participants will participate in the Collective Assets Management Plan on a voluntary basis, the maximum contribution amounts of the Participants are based on the intended contribution amount indicated by the respective Participants. The maximum number of Shares for Participants' interests in the Collective Assets Management Plan is calculated according to the approximate percentage of their maximum contribution amount in the Collective Assets Management Plan. The Participants shall make the payment in full in a timely manner with their own or self-raised funds based on the arrangement under the Collective Assets Management Plan, otherwise shall be deemed to voluntarily abstain from the entitlement. The abstained contribution amount by any Participant may be adjusted accordingly to other Participants who are independent third parties of the Company. The final list of Participants with their actual contribution amount in the Collective Assets Management Plan will be prepared for review and approval by the Board before implementation. If the total contribution amount of the Collective Assets Management Plan is more than the total subscription amount of the A shares to be allotted under the Strategic Allotment, the manager will distribute the surplus amount to the Participants according to the terms of the Collective Assets Management Plan.

The Collective Assets Management Plan will be formulated as broker collective assets management plan for the implementation of Strategic Allotment by entering a collective asset management agreement among the Participants (as the principal), broker (as the manager) and bank (as the custodian), in accordance with the Company Law, the Implementation Rules, the Guidelines and the provisions of other relevant laws, regulations and regulatory documents. The investment scope of the Collective Assets Management Plan shall be equity products (limited to the A Shares of the Company only) and fixed-income products (limited to bank deposit, cash and money market funds).

The manager will realize the assets held under the Collective Assets Management Plan in accordance with the scope of investment stipulated in the collective asset management agreement, and will realize the corresponding A Shares of the Company after the expiration of the 12-month lock-up period from the listing of A Shares upon receiving instructions from any Participants of his/her intentions to withdraw from the Collective Assets Management Plan, which is in accordance with the terms of the Collective Assets Management Plan. Upon the expiration of the lock-up period, the Collective Assets Management Plan will be opened for Participants to realize their interests, and the opening arrangement will be subject to the announcement of the manager, unless otherwise stipulated by the CSRC. During the opening period, the Collective Assets Management Plan will only be available for Participants to withdraw from the Collective Assets

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Management Plan by realizing their interests in the Collective Assets Management Plan until the expiry of the term of the Collective Assets Management Plan, and the cash received after the withdrawal will be deposited into the account set up by the Participants with the custodian bank. Upon expiry of the Collective Assets Management Plan's term (management period), the assets of the Collective Assets Management Plan will be sold, and the manager will distribute the realized cash to the Participants (after making deductions according to the terms of the Collective Assets Management Plan).

For our due diligence purpose, we obtained the draft agreement of collective assets management plans. As confirmed to the Directors, the draft agreement of collective assets management plans will apply to all Participants.

According to Article 11 of the Initial Public Offering Shares Issuance Placement Rules (《首次公開發行股票配售細則》) of the PRC, the Company and its underwriters are prohibited from allocating the A Shares in its initial offering to certain parties, including but not limited to, (i) the Company, its shareholders, actual controllers, directors, supervisors, and senior management, and any companies which any of them has direct and indirect actual control, joint control or in which they have material influence and the controlling shareholders of such companies, its subsidiaries or any other subsidiaries that such companies control, and other employees of the Company; (ii) close family members of the natural persons in (i), including spouses, children and their spouses, parents and parents-in law, brothers, sisters and their spouses, brothers-in-law and sisters-in-law, parents of sons-in-law and daughters-in-law, for their subscription. As mentioned above, according to the Implementation Rules, it is allowed to establish asset management plan for senior managements and core employees to participate in strategic allotment.

In light of that (i) according to the Implementation Rules, it is allowed to establish asset management plan for senior managements and core employees to participate in strategic allotment; (ii) the draft agreement of collective assets management plans will apply to all Participants; (iii) according to the Comparables, asset management plans (which involved manager and banks (as custodian)) were established for their senior managements and core employees to participate in strategic allotment, we consider that such arrangement (including the terms) to be justifiable and in line with the market practice.

Having considered the above, we are of the view that the terms of the Transaction are on normal commercial terms and are fair and reasonable.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) although the Transaction is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purpose only*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the directors, supervisors and the chief executive officer in the Company's shares, underlying shares and debentures of the associated corporations of the Company, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules:

(a) Directors' interest in the shares of the Company

Name of Director	Class of Shares	Number of Shares	Nature of interest	Percentage of the relevant class of share capital (Note 1)	Percentage of the total share capital (Note 2)
Mr. Shi Chunbao	Domestic Shares	113,685,435	Beneficial Owner	45.47%	32.87%
		(long position)			
		95,447,900	Interest of Spouse	38.18%	27.60%
		(long position)			
Ms. Yue Shujun	Domestic Shares	95,447,900	Beneficial Owner	38.18%	27.60%
		(long position)			
		113,685,435	Interest of Spouse	45.47%	32.87%
		(long position)			

Notes:

1. The calculation is based on the number of 250,000,000 domestic shares of the Company in issue as at the Latest Practicable Date.
2. The calculation is based on the total number of 345,852,000 shares of the Company in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the directors, supervisors and the chief executive officer of the Company and their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and short positions of substantial shareholders

As at the Latest Practicable Date, the persons or corporations who had an interest or short position in the shares and underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Class of Shares	Number of Shares	Nature of interest	Percentage of the relevant class of share capital (Note 1)	Percentage of the total share capital (Note 2)
Mr. Shi Chunbao	Domestic Shares	113,685,435 (long position)	Beneficial Owner	45.47%	32.87%
		95,447,900 (long position)	Interest of Spouse	38.18%	27.60%
Ms. Yue Shujun	Domestic Shares	95,447,900 (long position)	Beneficial Owner	38.18%	27.60%
		113,685,435 (long position)	Interest of Spouse	45.47%	32.87%
CITIC Securities Co., Ltd. 中信證券股份有 限公司	Domestic Shares	19,750,000 (long position)	Interest in a controlled corporation	7.90%	5.71%
中信產業投資基金管理 有限公司	Domestic Shares	19,750,000 (long position)	Interest in a controlled corporation	7.90%	5.71%
磐茂(上海)投資中心 (有限合夥)	Domestic Shares	17,250,000 (long position)	Beneficial owner	6.90%	4.99%
FIL Limited	H Shares	9,145,500 (long position)	Interest in a controlled corporation	9.54%	2.64%

Name of Shareholder	Class of Shares	Number of Shares	Nature of interest	Percentage of the relevant class of share capital (Note 1)	Percentage of the total share capital (Note 2)
Pandanus Associates Inc.	H Shares	9,145,500 (long position)	Interest in a controlled corporation	9.54%	2.64%
Pandanus Partners L.P.	H Shares	9,145,500 (long position)	Interest in a controlled corporation	9.54%	2.64%
Y&Z Clean Energy Holding Ltd.	H Shares	6,630,000 (long position)	Interest in a controlled corporation	6.92%	1.92%
Zhang Yuxin	H Shares	6,630,000 (long position)	Beneficial owner	6.92%	1.92%
Taiping Assets Management (HK) Company Limited	H Shares	5,743,000 (long position)	Investment manager	5.99%	1.66%
Taiping Trustees Limited	H Shares	5,743,000 (long position)	Trustee	5.99%	1.66%
Fidelity China Special Situations PLC	H Shares	4,807,750 (long position)	Beneficial owner	5.02%	1.39%

Notes:

1. The calculation is based on the number of 250,000,000 domestic shares and 95,852,000 H shares of the Company in issue as at the Latest Practicable Date, respectively.
2. The calculation is based on the total number of 345,852,000 shares of the Company in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors and their respective associates had any interest in a business which competes or is likely to compete with the business of the Group.

4. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors:

- (a) had any direct or indirect interest in any assets acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the settlement date of the latest audited consolidated financial statements issued by the Group; or
- (b) was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or operation position of the Group since 31 December 2020, being the settlement date of the latest audited consolidated financial statements issued by the Group.

6. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors has entered into or intends to enter into a service contract with any member of the Group (other than contracts expiring or terminable by the relevant employer within one year without payment of compensation (other than statutory compensation)).

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any material litigation or claims. To the knowledge of the Directors, no member of the Group had any pending or threatened material litigation or claims.

8. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given advice and recommendations which are contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital issued a letter dated 19 November 2021 in respect of its recommendation to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation in this circular. As at the Latest Practicable Date, Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter in this circular, and the references to its name and opinion in the form and context in which they appear.

9. EXPERT'S INTEREST

As at the Latest Practicable Date, Gram Capital:

- (a) did not have any direct or indirect interest in any assets acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the settlement date of the latest audited consolidated financial statements issued by the Group; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.clzd.com>) from the date of this circular up to and including the date of the EGM:

- (a) the Strategic Allotment Plan under the A Share Offering;
- (b) the letter from the Independent Board Committee as set out in pages 17 to 18 of this circular;
- (c) the letter from Gram Capital set out in pages 19 to 36 of this circular;
- (d) the written consent of Gram Capital referred to in the paragraph headed “8. Expert’s Qualification and Consent” above; and
- (e) this circular.

11. GENERAL INFORMATION

- (a) The registered office of the Company is situated at No. 10 Xinmi Xi Er Road, Southern District of Tongzhou, Economic Development Zone, Tongzhou District, Beijing, the PRC.
- (b) The principal place of business of the Company in Hong Kong is 20th Floor, Winbase Centre, 208 Queen’s Road Central, Sheung Wan, Hong Kong.
- (c) The Company’s H Share registrar is Tricor Investor Services Limited located at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The Company Secretary of the Company is Mr. Ip Pui Sum. Mr. Ip is a certified public accountant (practising) in Hong Kong, a fellow member of the Chartered Association of Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants, the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (e) In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

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 9:30 a.m. on 6 December 2021 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 resolutions:

ORDINARY RESOLUTIONS

1. the Strategic Allotment to the Collective Assets Management Plan under the A Share Offering; and
2. any one of the directors of the Company be and is hereby authorized to do, approve and transact all such acts and things as the director may in his/her absolute discretion consider necessary or desirable in connection therewith.

By order of the Board

Beijing Chunlizhengda Medical Instruments Co., Ltd.*

Shi Chunbao

Chairman

Beijing, the PRC
19 November 2021

* *For identification purpose only*

** *Unless otherwise stated, the capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 19 November 2021.*

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 Thursday, 2 December 2021.

Shareholders whose names appear on the Company's register of members at the close of business on Thursday, 2 December 2021 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) or the registered office of the Company at No. 10 Xinmi Xi Er Road, Southern District of Tongzhou, Economic Development Zone, Tongzhou District, Beijing, the PRC (for holders of Domestic 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 PERSON 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 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.