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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you have sold or transferred all your shares in Shanghai HeartCare Medical Technology Corporation Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser of transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Shanghai HeartCare Medical Technology  
Corporation Limited**

**上海心瑋醫療科技股份有限公司**

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

**(Stock Code: 6609)**

**(I) PROPOSED ADOPTION OF THE 2021 H SHARE INCENTIVE  
SCHEME;  
(II) PROPOSED AUTHORIZATION TO THE BOARD AND/OR  
THE DELEGATEE TO HANDLE MATTERS PERTAINING TO  
THE 2021 H SHARE INCENTIVE SCHEME;  
(III) PROPOSED AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION; AND  
(IV) NOTICE OF 2021 EXTRAORDINARY GENERAL MEETING**

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

A letter from the Board is set out on pages 5 to 24 of this circular. A notice convening the EGM to be held at HeartCare Hall, 2/F, Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC on November 1, 2021 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the EGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders) or the Company's registered office at Floor 1 and 3, Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC (for holders of Unlisted Shares) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) if they so wish and in such event, the form of proxy shall be deemed to be revoked.

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

October 11, 2021

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the followings meanings:*

“2021 H Share Incentive Scheme”	the First H Share Award and Trust Scheme proposed to be adopted by the Company
“2021 H Share Incentive Scheme Limit”	the maximum size of the 2021 H Share Incentive Scheme, being the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 750,000 H Shares
“2021 H Share Incentive Scheme Rules”	the rules governing the operation of the 2021 H Share Incentive Scheme as well as the implementation procedure (as amended from time to time)
“Adoption Date”	the date on which the Shareholders approve this 2021 H Share Incentive Scheme
“Articles of Association”	the articles of association of the Company adopted on January 6, 2021 and became effective on August 20, 2021 upon listing of the H Shares on the Main Board of the Stock Exchange
“Articles of Association”	the articles of association of the Company currently in force (as amended from time to time)
“Award”	award granted by the Board or the Delegatee to a Selected Participant, pursuant to the 2021 H Share Incentive Scheme, which may vest in the form of Award Shares or the actual price that the Award Shares are sold on-market for at the time of vesting, as the Board or the Delegatee may determine in accordance with the terms of the 2021 H Share Incentive Scheme Rules
“Award Letter”	letter issued by the Company to each Selected Participant in such form as the Board or the Delegatee may from time to time determine, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award and/or number of Award Shares underlying the Award (with the basis on which the number of Award Shares underlying the Award is arrived at), the vesting criteria and conditions, and the Vesting Date and such other details, terms and conditions as they may consider necessary and in compliance with the 2021 H Share Incentive Scheme

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## DEFINITIONS

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“Award Period”	the period commencing on the Adoption Date, and ending on the Business Day immediately prior to the 6th anniversary of the date on which the Shareholders approve the 2021 H Share Incentive Scheme
“Award Shares”	the H Shares granted to a Selected Participant in an Award
“Board”	the board of Directors of the Company
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司)
“Delegatee”	the Management Committee, person(s) or board committee(s) to which the Board has delegated its authority
“Directors”	the directors of the Company
“EGM”	the 2021 extraordinary general meeting of the Company to be held on November 1, 2021
“Eligible Participant”	any PRC or non-PRC individual who is a Director, senior management, key operating team member, employee, or, a consultant of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the 2021 H Share Incentive Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the 2021 H Share Incentive Scheme and such individual shall therefore be excluded therefrom
“Grant Date”	the date of an Award Letter, on which the grant of an Award is made to a Selected Participant
“Group”	the Company and its subsidiaries from time to time, and the expression member of the Group shall be construed accordingly

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## DEFINITIONS

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“H Share(s)”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management Committee”	the management committee of the 2021 H Share Incentive Scheme, which the Board has delegated its authority to administer the 2021 H Share Incentive Scheme
“on-market”	the acquisition of H Shares of the Company through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other applicable laws and regulations
“PRC”	the People’s Republic of China
“Remuneration Committee”	the Remuneration Committee of the Company
“Returned Shares”	such Award Shares that are not vested and/or are lapsed, cancelled or forfeited in accordance with the terms of the 2021 H Share Incentive Scheme, or such H Shares being deemed to be Returned Shares under the 2021 H Share Incentive Scheme Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Selected Participant”	any Eligible Participant who, in accordance with H Share Scheme Rules, is approved for participation in the 2021 H Share Incentive Scheme, and has been granted any Award thereunder
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising H Shares and Unlisted Shares
“Shareholder(s)”	holder(s) of Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time
“Trust”	the trust constituted by the Trust Deed to service the 2021 H Share Incentive Scheme
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time)
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Maples Trustee Services (Cayman) Limited, a company incorporated in the Cayman Islands and having its registered office at Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands
“Unlisted Share(s)”	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each and are either held by domestic investors (domestic shares) or foreign investors (unlisted foreign shares) and are not currently listed on any stock exchange
“Vesting Date”	the date or dates, as determined from time to time by the Board or the Delegatee on which the Award (or part thereof) is to vest in the relevant Selected Participant as set out in the relevant Award Letter
“Vesting Period”	the vesting period(s) of the Awards granted under the 2021 H Share Incentive Scheme
“%”	percent

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## LETTER FROM THE BOARD

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### Shanghai HeartCare Medical Technology Corporation Limited

上海心瑋醫療科技股份有限公司

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

(Stock Code: 6609)

*Executive Directors:*

Mr. WANG Guohui (Chairman)  
Ms. ZHANG Kun

*Non-executive Directors:*

Mr. DING Kui  
Mr. LIU Yanbin  
Mr. CHEN Gang  
Mr. OUYANG Xiangyu

*Independent Non-executive Directors:*

Mr. GUO Shaomu  
Mr. FENG Xiangqian  
Mr. GONG Ping

*Registered office in the PRC:*

Floor 1 and 3, Building 38  
No. 356, Zhengbo Road  
Lingang New District  
Pilot Free Trade Zone  
Shanghai, PRC

*Headquarters and principal place of  
business in the PRC:*

2/F, Building 9 South  
590 Ruiqing Avenue  
Zhangjiang High Technology Park East  
Shanghai, PRC

*Principal place of business in  
Hong Kong:*

Room 1903-4  
Floor 19, Hong Kong Trade Centre  
161 Des Voeux Road Central  
Hong Kong

October 11, 2021

*To the Shareholders*

Dear Sir or Madam,

**(I) PROPOSED ADOPTION OF THE 2021 H SHARE INCENTIVE  
SCHEME;  
(II) PROPOSED AUTHORIZATION TO THE BOARD AND/OR  
THE DELEGATEE TO HANDLE MATTERS PERTAINING TO  
THE 2021 H SHARE INCENTIVE SCHEME;  
(III) PROPOSED AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION; AND  
(IV) NOTICE OF 2021 EXTRAORDINARY GENERAL  
MEETING**

#### **I. INTRODUCTION**

Reference is made to the announcement of the Company dated October 6, 2021 in relation to, among other things, (i) the proposed adoption of the 2021 H Share Incentive Scheme; (ii) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 H Share Incentive Scheme; and (iii) the proposed amendments to the Articles of Association.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the EGM to be held on November 1, 2021 to enable you to make an informed decision on voting in respect of the proposed resolutions at the EGM. For the details of the proposed resolutions at the EGM, please refer to the Notice of EGM.

### **II. PROPOSED ADOPTION OF THE 2021 H SHARE INCENTIVE SCHEME**

As disclosed in the announcement of the Company dated October 6, 2021, the Board has proposed to adopt the 2021 H Share Incentive Scheme and a special resolution will be proposed at the EGM to consider and approve the proposed adoption of the draft 2021 H Share Incentive Scheme. The 2021 H Share Incentive Scheme shall be effective upon the approval by the Shareholders at the EGM.

The full text of the 2021 H Share Incentive Scheme Rules is set out in Appendix I to this circular, should there be any inconsistency between this Letter from the Board and Appendix I, Appendix I shall prevail.

#### **(a) Purpose of the 2021 H Share Incentive Scheme**

The purposes of the 2021 H Share Incentive Scheme are:

- (i) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;
- (ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and
- (iii) to (a) recognize the contributions of the leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

#### **(b) Duration of the 2021 H Share Incentive Scheme**

Subject to any early termination of the 2021 H Share Incentive Scheme pursuant to the 2021 H Share Incentive Scheme Rules, the 2021 H Share Incentive Scheme shall be valid and effective for 10 years commencing from the date on which the 2021 H Share Incentive Scheme is approved by the Shareholders at the EGM (after which no Awards shall be granted), and thereafter for so long as there are non-vested Award Shares granted under the 2021 H Share Incentive Scheme prior to the expiration of the 2021 H Share Incentive Scheme, in order to give effect to the vesting of such Award Shares.



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## LETTER FROM THE BOARD

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### **(c) Source of Award Shares and acquisition of H Shares by the Trustee**

The source of the Award Shares under the 2021 H Share Incentive Scheme shall be H Shares to be acquired by the Trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the 2021 H Share Incentive Scheme Rules. The Board may specify in the instructions given to the Trustee with respect to the acquisition of H Shares any conditions or terms, including without limitation, the specified price or range of prices for the acquisition, the maximum amount of funds to be used for the acquisition, and/or the maximum number of H Shares to be acquired.

The Company shall as soon as reasonably practicable transfer to the Trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price for H Shares up to the 2021 H Share Incentive Scheme Limit of 750,000 Shares. The Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on-market at the prevailing market price.

The Company shall instruct the Trustee whether or not to apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares, as specified by the Company, are not sufficient to satisfy the Awards granted, the Company shall, as soon as reasonably practicable, for purposes of satisfying the Awards granted, transfer to the Trust the necessary funds and instruct the Trustee to acquire further H Shares through on-market transactions at the prevailing market price.

### **(d) 2021 H Share Incentive Scheme Limit**

Subject to the 2021 H Share Incentive Scheme Rules, the 2021 H Share Incentive Scheme Limit shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 750,000 H Shares.

The maximum number of H Shares that can be purchased accounts for approximately 2.38% of the Company's total number of issued H Shares and approximately 1.93% of the Company's total share capital as at the date of this circular. The ultimate number of H Shares underlying the 2021 H Share Incentive Scheme is uncertain as it depends on the actual implementation of the acquisition of H Shares by the Trustee.

The Company shall not make any further grant of Award which will result in the aggregate number of H Shares underlying all grants made pursuant to the 2021 H Share Incentive Scheme (excluding Award Shares that have been forfeited in accordance with the 2021 H Share Incentive Scheme) to exceed the 2021 H Share Incentive Scheme Limit without Shareholders' approval. The 2021 H Share Incentive Scheme Limit shall not be subject to any refreshment.

The total number of non-vested Award Shares granted to any single Selected Participants at any time under the 2021 H Share Incentive Scheme shall not exceed one per cent of the total number of issued Shares of the Company from time to time.

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## LETTER FROM THE BOARD

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### **(e) Source of Funds**

The 2021 H Share Incentive Scheme will be funded by the internal funds of the Company and will not be funded by proceeds from the Global Offering. For demonstrative purposes and based on HK\$116.99 per Share, being the average closing price of the Shares between September 6, 2021 and October 5, 2021, being the last trading date prior to the date of the announcement of the proposed adoption of the 2021 H Share Incentive Scheme, the Company expects that it will incur approximately HK\$87.74 million (excluding expenses related to acquisition of the H Shares) by instructing the Trustee to purchase up to 750,000 H Shares (being the 2021 H Share Scheme Limit).

### **(f) Administration of the 2021 H Share Incentive Scheme**

The 2021 H Share Incentive Scheme shall be subject to the administration of various administrative bodies of the Company, including:

- (a) the general meeting of the Shareholders, as the institution vested with the highest authority of the Company, is responsible for the consideration and approval of the adoption of the 2021 H Share Incentive Scheme. The general meeting of the Shareholders may authorize the Board to deal with all matters related to the 2021 H Share Incentive Scheme to the extent of its authority;
- (b) the Board is the institution in charge of the administration of the 2021 H Share Incentive Scheme in accordance with the 2021 H Share Incentive Scheme Rules and where applicable, the Trust Deed. A decision of the Board or the Delegatee shall be final and binding on all persons affected. The Remuneration Committee shall be responsible for drafting and revising the 2021 H Share Incentive Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the 2021 H Share Incentive Scheme, the Board will submit the 2021 H Share Incentive Scheme to the general meeting of the Shareholders for consideration. The Board or the Delegatee may handle all matters related to the 2021 H Share Incentive Scheme within the authorization by the general meeting of the Shareholders; and
- (c) the Trust will be constituted for the purpose of the 2021 H Share Incentive Scheme whereby the Trustee shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire not more than 750,000 H Shares through on-market transactions with funds to be transferred by the Company to the Trust.

Pursuant to the 2021 H Share Incentive Scheme Rules, the authority to administer the 2021 H Share Incentive Scheme may be delegated by the Board to the Delegatee as deemed appropriate at the sole discretion of the Board. Upon the approval and adoption of the 2021 H Share Incentive Scheme by the Shareholders at the EGM, the Board will delegate to the Management Committee the authority to administer the 2021 H Share Incentive Scheme, including the power to grant an Award under the 2021 H Share Incentive Scheme.

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## LETTER FROM THE BOARD

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### **(g) Selected Participants of the 2021 H Share Incentive Scheme**

Eligible Participant who may participate in the 2021 H Share Incentive Scheme include any PRC or non-PRC individual, who is a Director, senior management, key operating team member, employee, or, consultant of the Group.

The Board or the Delegatee may, from time to time, select any Eligible Participant to be a Selected Participant of the respective plans in accordance with the 2021 H Share Incentive Scheme Rules.

The Selected Participants are determined in accordance with the Company Law of the PRC (中國公司法), the Securities Law of the PRC (中國公司法) and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Selected Participant to the Group.

No one should be considered as a Selected Participant of the 2021 H Share Incentive Scheme if he:

- (a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive plans of a listed company by any securities regulatory bodies with authority in the last 12 months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last 12 months;
- (c) was in material breach of relevant laws and regulations and was therefore subject to administrative or criminal sanctions from the PRC authorities in the last 3 years (other than non-securities market related administrative sanctions);
- (d) is in material breach of relevant national laws and regulations or the Articles of Association; or
- (e) has breached undertakings provided to the Company pursuant to the 2021 H Share Incentive Scheme (including but not limited to material dereliction of duties, undertaking other employment without the Company's consent and conducting himself in a manner that causes reputational or financial loss to the Group).

The Selected Participants shall undertake that if any of the above circumstances occur during the course of the 2021 H Share Incentive Scheme which would prevent him from being considered as a Selected Participant, he shall give up his rights to participate in the 2021 H Share Incentive Scheme and shall not receive any compensation.

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## LETTER FROM THE BOARD

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### **(h) Grant of Awards**

The Board or the Delegatee may grant Awards to Selected Participants during the Award Period conditional upon fulfilment of terms and conditions of the Awards and performance targets as the Board or the Delegatee determines from time to time. Each grant of an Award to any connected person of the Group shall be subject to the Listing Rules and any applicable laws and regulations.

No grant of any Award Shares to any Selected Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award under certain circumstances including:

- (i) where the requisite approval from any applicable regulatory authorities or Shareholders has not been granted;
- (ii) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the 2021 H Share Incentive Scheme;
- (iii) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (iv) where such grant of Award would result in a breach of the 2021 H Share Incentive Scheme Limit;
- (v) after the expiry of the Award Period or after the earlier termination of the 2021 H Share Incentive Scheme;
- (vi) where any Director is in possession of unpublished inside information (as defined under the SFO) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (vii) during the period of 60 days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (viii) during the period of 30 days immediately preceding the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

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## LETTER FROM THE BOARD

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### **(i) Vesting of the Awards**

The Board or the Delegatee may determine the vesting criteria and conditions or periods for the Awards to be vested.

#### **(A) *Vesting Schedule***

Unless otherwise specified in the Award Letter, and subject to the vesting conditions set out in the 2021 H Share Incentive Scheme Rules, two types of Awards may generally be granted, (i) 3-year Awards which shall be granted before December 31, 2023 and which shall vest at the end of the third complete financial year after the grant; and (ii) 1-year Awards shall be vested on June 30 of the year following the year of grant (which shall be granted in the first quarter of each of 2022, 2023 and 2024. The specific commencement and duration of each Vesting Period and the actual vesting amount of the Award granted to a Selected Participant for the respective Vesting Periods shall be specified in the Award Letter approved by the Board or the Delegatee.

The Vesting Periods of the Awards granted under the 2021 H Share Incentive Scheme or the Awards to be satisfied by the application of any Returned Shares shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.

#### **(B) *Vesting Conditions***

Vesting of the Award granted under the 2021 H Share Incentive Scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions (such as payment of a vesting amount by the Selected Participant) as set out in the Award Letter.

The details of the performance indicators of the Company (if any) shall be determined by the Board or the Delegatee from time to time with reference to the business performance and financial condition of the Company and the then market conditions and shall be set out in the Award Letter.

If the Selected Participant fails to fulfil the vesting conditions applicable to the relevant Awards, all the Award Shares underlying the relevant Awards which may otherwise be vested during the respective Vesting Periods shall not be vested and become immediately forfeited with respect to such Selected Participant.

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## LETTER FROM THE BOARD

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### **(j) Transfer and sale of Award Shares**

For the purpose of vesting of the Award, the Board or the Delegatee may either:

- (a) direct and procure the Trustee to release from the Trust the Award Shares to the Selected Participants by transferring the number of Award Shares to the Selected Participants in such manner as determined by them from time to time; or
- (b) to the extent that, at the determination of the Board or the Delegatee, it is not practicable for the Selected Participant to receive the Award in H Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in H Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, the Board or the Delegatee will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares as set out in a vesting notice.

In accordance with the 2021 H Share Incentive Scheme Rules, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board or the Delegatee shall send to the relevant Selected Participant a vesting notice. The Board or the Delegatee shall forward a copy of such vesting notice to the Trustee and instruct the Trustee the extent to which the Award Shares held in the Trust shall be transferred and released from the Trust to the Selected Participant in the manner as determined by the Board or the Delegatee, or be sold as soon as practicable from the Vesting Date.

Subject to the receipt of the vesting notice and the instructions from the Board or the Delegatee, the Trustee shall transfer and release the relevant Award Shares to the relevant Selected Participant in the manner as determined by the Board or the Delegatee or sell the relevant Award Shares as soon as practicable from the Vesting Date and pay the Actual Selling Price to the Selected Participant within a reasonable time period in satisfaction of the Award.

### **(k) Interest in the Award Shares**

Neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested).

Any dividend underlying the non-vested Award Shares shall be retained by the Trustee, and transferred to the Selected Participant together with the Award Shares upon vesting. In the event that the Award Shares are to be forfeited, such underlying dividend shall be transferred back to the Company.

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## LETTER FROM THE BOARD

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### **(l) Occurrence of certain events pertaining to the Company**

#### ***(A) Change in control***

If there is an event of change in control (as defined under the Takeovers Code) of the Company by way of a merger, privatization of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, the Company no longer exists after merger with another company, division of the Company, or resolution of the general meeting of the Shareholders to replace half of all members of the Board before the expiry of the term of office of the Board, all unvested Award Shares granted to Selected Participants shall become vested immediately prior the completion of the change of control.

Pursuant to the 2021 H Share Incentive Scheme Rules, neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested). As such, neither the Selected Participant nor the Trustee has a right to accept or decline any offer in connection with a privatization of the Company in related to unvested Award Shares.

#### ***(B) Open offer and rights issue***

In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new H Shares. In the event of a rights issue, the Trustee shall seek instruction from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it.

#### ***(C) Consolidation or sub-division of shares***

In the event the Company undertakes a capitalization issue, rights issue, sub-division or reduction of the H Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2021 H Share Incentive Scheme for the Selected Participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the Award Shares of a Selected Participant shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.

### **(m) Alteration or Termination of the 2021 H Share Incentive Scheme**

#### ***(A) Amendment of the 2021 H Share Incentive Scheme***

Subject to the 2021 H Share Incentive Scheme Limit, the 2021 H Share Incentive Scheme may be altered or supplemented in any respect by resolution of the Board.

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## LETTER FROM THE BOARD

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### ***(B) Termination of the 2021 H Share Incentive Scheme***

The 2021 H Share Incentive Scheme shall terminate on the earlier of (i) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the 2021 H Share Incentive Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the 2021 H Share Incentive Scheme; or (ii) such date of early termination as determined by the Board.

### **(n) Reasons for and benefits of the adoption of the 2021 H Share Incentive Scheme**

Please refer to the section headed “II. Proposed Adoption of the 2021 H Share Incentive Scheme – (a) Purpose of the 2021 H Share Incentive Scheme” in this circular. The Directors are of the view that the adoption of the 2021 H Share Incentive Scheme will realize the aforesaid goals, and that the terms and conditions of the 2021 H Share Incentive Scheme are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **(o) Implication under the Listing Rules**

The 2021 H Share Incentive Scheme involves no issue of new shares or granting of option for any new securities of the Company. Thus it does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

## **III. PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE FIRST H SHARE AWARD AND TRUST SCHEME**

In order to ensure the successful implementation of the 2021 H Share Incentive Scheme, a special resolution will be proposed at the EGM that the Shareholders also grant an authorization to the Board and/or the Delegatee to deal with matters in relation to the 2021 H Share Incentive Scheme with full authority, including but not limited to:

- (i) to authorize the Board to consider, appoint and establish the Management Committee for the purpose of the 2021 H Share Incentive Scheme;
- (ii) to authorize any member of the Management Committee to enter into the Trust Deed on behalf of the Company with the Trustee and to affix the Company seal onto such Trust Deed, pursuant to which the Trustee will provide trust services for the 2021 H Share Incentive Scheme;



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## LETTER FROM THE BOARD

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- (iii) to authorize the Board to consider and approve the plan management agreement and to authorize any member of the Management Committee to enter into the plan management agreement with the Trustee on behalf of the Company, pursuant to which the Trustee will provide plan management services in respect of the 2021 H Share Incentive Scheme;
- (iv) to authorize the Board to set up a cash securities account under the name of Trustee or its nominee so as to facilitate the provision of trading services and trading platform for the Selected Participants of the 2021 H Share Incentive Scheme by the Trustee;
- (v) to authorize the Board to consider and authorize the Management Committee to handle matters pertaining to the 2021 H Share Incentive Scheme with full authority during the validity period of the 2021 H Share Incentive Scheme, including but not limited to:
  - a. to determine the terms and conditions of the grant of Awards, approve the form and content of the Award Letter, select Eligible Participants to become Selected Participants, and grant Awards to Selected Participants from time to time;
  - b. to determine the Grant Date and Vesting Date of Award Shares;
  - c. to administer, amend and adjust the 2021 H Share Incentive Scheme, including but not limited to adjusting the number of outstanding Award Shares or accelerate the Vesting Dates of any Awards, provided that the 2021 H Share Incentive Scheme Limit shall not be adjusted and if such amendments require the approval of the Shareholders' meeting and/or relevant regulatory authorities pursuant to the relevant laws, regulations or requirements of the relevant regulatory authorities, the Board or the Delegatee shall obtain the corresponding authorization for such amendments;
  - d. to decide on the selection, engagement and change of bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the 2021 H Share Incentive Scheme;
  - e. to sign, execute, and terminate all agreements and other relevant documents in connection with the 2021 H Share Incentive Scheme, fulfill all relevant procedures in relation to the 2021 H Share Incentive Scheme, and adopt other methods to implement the terms of the 2021 H Share Incentive Scheme;
  - f. to determine and adjust the standards and conditions of the vesting of the Awards as well as the Vesting Periods, evaluate and manage the performance indicators, and to determine whether Awards granted to the Selected Participants can be vested;

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## LETTER FROM THE BOARD

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- g. to determine the execution, amendment and termination of the 2021 H Share Incentive Scheme, including the forfeiture of Awards and continued vesting of Award Shares upon the changes in circumstances pertaining to the Selected Participants;
- h. to construe and interpret the 2021 H Share Incentive Scheme Rules and to resolve any issues and disputes arising from or in connection with the 2021 H Share Incentive Scheme;
- i. to exercise any other authorizations in relation to matters necessary to the implementation of the 2021 H Share Incentive Scheme granted by the Shareholders' meeting from time to time;
- j. on behalf of the Company, execute all documents in relation to the operations of and other matters of the 2021 H Share Incentive Scheme, or providing instructions to the Trustee in relation to its operations, the execution of relevant documents in relation to the setting up of the accounts, operations of the accounts, and the setting up and operations of a cash securities account, the release of Award Shares for the purpose of the vesting of the Awards, or the sale of Award Shares on-market at the prevailing market price and pay the proceeds arising from such sale to Selected Participants, or directing and procuring the Trustee to release the Award Shares to the Selected Participants by transferring the Award Shares to the Selected Participants as determined by them from time to time, and confirming, allowing and approving all matters precedent arising from or in relation to the Trust Deed and the plan management agreement; and
- k. on behalf of the Company, approve, execute, refine, deliver, negotiate, agree on and agree to all such agreements, contracts, documents, regulations, matters and things (as the case may be) as it deems reasonable, necessary, desirable, appropriate or expedient, in order to implement and/or implement all transactions conducted accordingly, and make any reasonable alterations, amendments, changes, modifications and/or supplements as it deems necessary, desirable, appropriate or expedient. If there is a requirement to affix a company seal on any such agreement, contract or document, it has the right to sign the agreement, contract or document and affix the company seal in accordance with the Articles of Association in that case.

The aforementioned authorization to the Board and/or the Delegatee shall be valid for the Award Period.

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## LETTER FROM THE BOARD

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### IV. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to streamline and align the current requirements for Board and Shareholders approval with requirements under applicable laws and the Listing Rules, the Board proposed to make the following specific amendments to the Articles of Association:

#### Prior to the amendment

**Article 60** Unless prior approval is obtained in a general shareholders' meeting, the Company shall not enter into any contract with any party other than the Directors, Supervisors, managers and other senior management, pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

**Article 61** The following external guarantees to be provided by the Company shall be considered and approved by the general shareholders' meeting (other than the guarantees accepted by the Company or provided for its controlled subsidiaries):

- (I) A single guarantee for an amount in excess of 10% of the Company's latest audited net assets;
- (II) Any guarantee provided after the total amount of guarantee to third parties provided by the Company, and its controlling subsidiary exceeds 50% of the Company's latest audited net assets;
- (III) A guarantee to be provided to a party which has an asset-liability ratio in excess of 70%;
- (IV) Any guarantee provided after the amount of guarantee exceeds 30% of the Company's latest audited net assets based on cumulative calculation for 12 consecutive months;

#### After the amendment

**Article 60** *[Deleted]*

**Article 61** Unless otherwise specified in the Articles of Association, all external guarantees of the Company shall be considered and approved by the Board of Directors. If the Company provides guarantee for a shareholder or de facto controller of the Company, a resolution must be passed by the general shareholders' meeting.

When reviewing the resolution of providing guarantee to shareholders, de facto controllers at the general shareholders' meeting, such shareholders or shareholders controlled by such de facto controller shall not vote on such resolution. Such resolution requires a simple majority of the voting rights of other shareholders attending the general shareholders' meeting to be passed.

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## LETTER FROM THE BOARD

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### Prior to the amendment

(V) Guarantee to be provided to shareholders, de facto controllers and their related parties;

(VI) Other guarantees as prescribed by laws, regulations, regulatory documents, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The above external guarantees that shall be approved at a general shareholders' meeting shall be considered and approved by the Board of Directors before submission to the general shareholders' meeting for approval.

The Board of Directors is authorised to review and approve other external guarantees except for the above guarantees subject to approval by general shareholders' meeting.

When reviewing the resolution of providing guarantee to shareholders, de facto controllers and their related parties at the general shareholders' meeting, such shareholders or shareholders controlled by such de facto controller shall not vote on such resolution. Such resolution requires a simple majority of the voting rights of other shareholders attending the general shareholders' meeting to be passed.

### After the amendment

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## LETTER FROM THE BOARD

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### Prior to the amendment

**Article 62** If a transaction of the Company, including the acquisition or sale of assets, the grant, acceptance, transfer, exercise or termination of an option, the purchase or sale of assets or the subscription of securities, the conclusion or termination of finance leases which has a financial impact on the Company's balance sheet and/or profit and loss, the conclusion or termination of operating leases which has a significant impact on the Company's operations, foreign investment, and the conclusion of any arrangement or agreement involving the establishment of a joint venture entity (the above transactions exclude the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets related to daily operations, but the purchase or sale of such assets involved in a series of transactions is still included), meets one of the following standards, in addition to being subject to review and approval by the Board of Directors, it shall also be submitted to the general shareholders' meeting for review and approval:

- (I) If the total assets related to the transaction account for more than 25 % of the Company's total assets or the transaction amount (including the debts and expenses assumed) account for more than 25% of the Company's market capitalization, to the extent that the transaction amount involved in the transaction is different from the fair value, the higher one is used as the calculation data;

### After the amendment

**Article 62** *[Deleted]*

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## LETTER FROM THE BOARD

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### Prior to the amendment

- (II) The operating income of the transaction target accounts for more than 25% of the Company's operating income;
- (III) The net profit of the transaction target accounts for more than 25% of the Company's net profit.

If the data involved in the calculation of the above indicators is negative, the absolute value shall be used for calculation. The transactions of the same type related to the transaction target conducted by the Company within twelve months shall be submitted to the competent body for review in accordance with the principle of cumulative calculation.

Unless otherwise stipulated or infringing on the legitimate rights and interests of shareholders, transactions that occur between the Company and its holding subsidiaries within the scope of its consolidated statements or between the above-mentioned holding subsidiaries are exempt from review in accordance with the provisions of this section.

**Article 102** The following matters shall be approved by special resolution at the general shareholders' meeting:

- (I) The increase or decrease of the registered capital, or the issuance of shares, warrants or other quasi-securities of the Company;
- (II) The issuance of corporate bonds;
- (III) Division, merger, dissolution and liquidation of the Company and the change of form of the Company;

### After the amendment

- (II) The operating income of the transaction target accounts for more than 25% of the Company's operating income;
- (III) The net profit of the transaction target accounts for more than 25% of the Company's net profit.

If the data involved in the calculation of the above indicators is negative, the absolute value shall be used for calculation. The transactions of the same type related to the transaction target conducted by the Company within twelve months shall be submitted to the competent body for review in accordance with the principle of cumulative calculation.

Unless otherwise stipulated or infringing on the legitimate rights and interests of shareholders, transactions that occur between the Company and its holding subsidiaries within the scope of its consolidated statements or between the above-mentioned holding subsidiaries are exempt from review in accordance with the provisions of this section.

**Article 102** The following matters shall be approved by special resolution at the general shareholders' meeting:

- (I) The increase or decrease of the registered capital, or the issuance of shares, warrants or other quasi-securities of the Company;
- (II) The issuance of corporate bonds;
- (III) Division, merger, dissolution and liquidation of the Company and the change of form of the Company;

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## LETTER FROM THE BOARD

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### Prior to the amendment

- (IV) Amendment of the Articles of Association;
- (V) Substantial assets acquired or disposed of or security provided for an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (VI) The formulation, amendment and performance of share equity incentive plan;
- (VII) Other matters as required by the laws, administrative regulations, departmental rules, regulatory rules of the place where the shares are listed or the Articles of Association, and as approved by ordinary resolution of the general shareholders' meeting which are believed could materially affect the Company and need to be approved by special resolution.

**Article 141** If a transaction of the Company meets one of the following standards, it shall be reviewed and approved by the Board of Directors:

- (I) If the total assets related to the transaction account for more than 5 % of the Company's total assets or the transaction amount (including the debts and expenses assumed) account for more than 5% of the Company's market capitalization, to the extent that the transaction amount involved in the transaction is different from the fair value, the higher one is used as the calculation data;
- (II) The operating income of the transaction target accounts for more than 5% of the Company's operating income;

### After the amendment

- (IV) Amendment of the Articles of Association;
- (V) Substantial assets acquired or disposed of or security provided for an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (VI) Other matters as required by the laws, administrative regulations, departmental rules, regulatory rules of the place where the shares are listed or the Articles of Association, and as approved by ordinary resolution of the general shareholders' meeting which are believed could materially affect the Company and need to be approved by special resolution.

**Article 141** *[Deleted]*

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## LETTER FROM THE BOARD

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### Prior to the amendment

(III) The net profit of the transaction target accounts for more than 5 % of the Company's net profit.

If the data involved in the calculation of the above indicators is negative, the absolute value shall be used for calculation. The transactions of the same type related to the transaction target conducted by the Company within twelve months shall be submitted to the competent body for review in accordance with the principle of cumulative calculation.

Unless otherwise stipulated or infringing on the legitimate rights and interests of shareholders, transactions that occur between the Company and its holding subsidiaries within the scope of its consolidated statements or between the above-mentioned holding subsidiaries are exempt from review in accordance with the provisions of this section.

For transactions that do not meet the aforementioned standards, the general manager of the Company or his/her authorized person shall execute upon approval in accordance with the requirements of the internal rules.

The revised Articles of Association shall be subject to the satisfaction of the following conditions:

1. The Shareholders approve of the relevant amendments at the EGM; and
2. All necessary approval, authorization, filing and/or registration shall be obtained from the relevant authorities in the PRC with respect to the revised Articles of Association.

The revised Articles of Association shall be effective only after the satisfaction of the conditions above.



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## LETTER FROM THE BOARD

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### V. EGM AND PROXY ARRANGEMENT

A notice convening the EGM to be held at HeartCare Hall, 2/F, Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai on November 1, 2021 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the EGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders) or the Company's registered office at Floor 1 and 3, Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC (for holders of Unlisted Shares) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) if they so wish and in such event, the form of proxy shall be deemed to be revoked.

For the purpose of determining the H Shareholders entitled to attend and vote at the EGM, the register of members of H Shares of the Company has been scheduled to close from October 26, 2021 to November 1, 2021 (both days inclusive). In order to be qualified to attend and vote at the EGM, H Shareholders of the Company must lodge all transfer documents accompanied by the relevant H Share certificates with the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on October 25, 2021.

Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

### VI. GENERAL

To the best of the Director's knowledge, information and belief, and according to applicable PRC law, regulations and regulatory requirements, none of the Shareholders are required to abstain from voting at the EGM.

### VII. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that (i) the proposed adoption of the 2021 H Share Incentive Scheme and (ii) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 H Share Incentive Scheme are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholder as a whole, although the 2021 H Share Incentive Scheme and the on-market purchases of the Trustee as directed by the Management Committee are not in the usual and ordinary course of business of the Company. Accordingly, the Directors recommend the Shareholders to vote in favor of the relevant resolutions in relation to the above matters to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### VIII. ADDITIONAL INFORMATION

Your attention is drawn to the draft 2021 H Share Incentive Scheme set out in Appendix I to this circular.

By order of the Board  
**Shanghai HeartCare Medical Technology Corporation Limited**  
**Wang Guohui**  
*Chairman of the Board*

**Shanghai HeartCare Medical Technology Corporation Limited**

**H SHARE AWARD AND TRUST SCHEME  
(Draft)**

**October 2021**

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**1. DEFINITIONS AND INTERPRETATION**

- 1.1. In these Scheme Rules, unless the context otherwise requires, each of the following words and expressions shall have the meaning respectively shown opposite to it:

“Actual Selling Price” is the actual price at which the Awards Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company pursuant to Rule 14.1, the consideration receivable under the related scheme or offer;

“Adoption Date” is the date on which the Shareholders approve this Scheme;

“Articles” is the articles of association of the Company as amended from time to time;

“Award” is an award granted by the Board or the Delegatee to a Selected Participant, pursuant to the Scheme, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board or the Delegatee may determine in accordance with the terms of the Scheme Rules;

“Award Letter” shall have the meaning as set out in Rule 7.1;

“Award Period” shall have the meaning as set out in Rule 4;

“Award Shares” is the H Shares granted to a Selected Participant in an Award;

“Business Day” is any day on which the Stock Exchange is open for the business of dealing in securities;

“Company” or “our Company” is Shanghai HeartCare Medical Technology Corporation Limited;

“connected person” shall have the meaning as set out in the Listing Rules;

“Delegatee” is the Management Committee, person(s) or board committee(s) to which the Board has delegated its authority;

“Director(s)” is the director(s) of the Company, from time to time;

“Eligible Employee” is any full-time PRC or non-PRC employee and part-time adviser of any members of the Group, who is a Director, senior management, key operating team member, employee, or, a consultant of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the term Eligible Employee;

“Grant Date” is the date on which the grant of an Award is made to a Selected Participant, being the date of an Award Letter;

Group” or “our Group” is the Company and its subsidiaries from time to time;

“H Shares” is the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange;

“HK\$” is Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong” is the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Rules” is the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Management Committee” is the management committee of the Scheme to which the Board has delegated its authority to administer the Scheme;

“on-market” is the acquisition of H Shares of the Company through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other applicable laws and regulations;

“PRC” is the People’s Republic of China;

“Remuneration Committee” is the remuneration committee of the Board;

“Returned Shares” is such Award Shares that failed to be vested and/or are lapsed, cancelled or forfeited in accordance with the terms of the Scheme, or such H Shares being deemed to be Returned Shares under the Scheme Rules;

“Scheme” or “this Scheme” is the H Share Award and Trust Scheme adopted by the Company in accordance with these Scheme Rules on the Adoption Date;

“Scheme Limit” shall have the meaning as set out in Rule 15.1;

“Scheme Rules” is the rules set out herein relating to the Scheme as amended from time to time;

“Selected Participant” is any Eligible Employee who, in accordance with Rule 6, is approved for participation in the Scheme and has been granted any Award;

“SFC” is the Securities and Futures Commission of Hong Kong;

“SFO” is the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);

“Shareholder(s)” is the shareholder(s) of the Company;

“Stock Exchange” is The Stock Exchange of Hong Kong Limited;

“Subsidiary” or “Subsidiaries” is any subsidiary (as the term is defined in the Listing Rules) of the Company;

“Trust” is the trust constituted by the Trust Deed to service the Scheme;

“Trust Deed” is the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time);

“Trustee” is the trustee appointed by the Company for the purpose of the Trust, and initially, Maples Trustee Services (Cayman) Limited, a company incorporated in Cayman Islands and having its registered office at Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands;

1.2. In these Scheme Rules, except where the context otherwise requires:

- (a) references to Rules are to the rules of the Scheme Rules;
- (b) references to times of the day are to Hong Kong time;
- (c) references to any statutory body shall include the successor thereof and any body established to replace or assume the function of the same;
- (d) if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;
- (e) a reference to “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”;
- (f) a reference to “dollars” or to “\$” shall be construed as a reference to the lawful currency for the time being of Hong Kong;
- (g) a reference, express or implied, to statutes, statutory provisions or the Listing Rules shall be construed as references to those statutes, provisions or rules as respectively amended or re-enacted or as their application is modified from time to time by other provisions (whether before or after the date hereof) and shall include any statutes, provisions or rules as re-enacted (whether with or without modification) and shall include any orders, regulations, instruments, subsidiary legislation, other subordinate legislation or practice notes under the relevant statute, provision or rule;
- (h) words importing the singular include the plural and vice versa, and words importing a gender include every gender;
- (i) unless otherwise indicated, the Board can make determinations in its sole and absolute discretion and if the Board delegates its authority to administer the Scheme to the Delegatee, such Delegatee shall enjoy the same role and absolute discretion.

**2. GENERAL INTRODUCTION AND PURPOSE OF THE SCHEME**

2.1. The Scheme is a share award of H Shares and trust scheme established by the Company to award Eligible Employees.

2.2. A Trust Deed will be entered into between the Company and the Trustee, being Maples Trustee Services (Cayman) Limited initially. Pursuant to the Trust Deed, the Trust will be constituted to service the Scheme whereby the Trustee shall assist with the administration of the Scheme and shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire such underlying H Shares of the Scheme through on-market transactions with funds to be transferred by the Company to the Trust in accordance with Rule 8. Such underlying H Shares of the Scheme shall not exceed 750,000 shares in any event. Awards granted to the Selected Participants shall be held by the Trustee on trust for the benefit of the Selected Participants, and the Trustee shall, for the purposes of vesting of the Award and upon the satisfaction of the vesting conditions set out in Rule 9 of the Scheme by the Selected Participants, release from the Trust the Award Shares to the Selected Participants in accordance with the instructions of the Trust Management Committee established by the Company pursuant to the Trust Deed or the Delegatee or sell the number of Award Shares so vested on-market at the prevailing market price and pay the Selected Participants the proceeds in cash arising from such sale in accordance with Rule 9 and relevant provisions under the Trust Deed.

2.3. The purposes of the Scheme are:

- (a) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;
- (b) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and
- (c) to recognize the contributions of the leadership of the Company including the Directors of the Company; encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and provide additional incentive for the leadership of the Company by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

2.4. The types of awards of the Scheme

The types of awards under the Scheme will be divided into two categories: the three-year period award and the one-year period award, and the basic details for two types of awards are as follows:

<b>Types of Awards</b>	<b>Grant Price</b>	<b>Grant Date</b>
The three-year period award	To be determined by the Management with the authorization of the Board	To be granted prior to 31 December 2023



<b>Types of Awards</b>	<b>Grant Price</b>	<b>Grant Date</b>
The one-year period award	To be determined by the Management with the authorization by the Board in reference to the transaction price in the market	To be granted by the end of the first quarters of 2022, 2023 and 2024, respectively

### **3. CONDITIONS**

- 3.1. The Scheme is conditional upon the passing of a resolution by (i) the Shareholders and (ii) the Board, to approve the adoption of the Scheme and to authorize the Management Committee to grant Awards under the Scheme and to procure the transfer of and otherwise deal with the Award Shares in connection with the Scheme.

### **4. DURATION**

- 4.1. The Scheme shall be valid for ten years from the date of consideration and approval at a general meeting, unless the Scheme is terminated earlier as determined by the Board.
- 4.2. The Scheme shall be valid and effective for the Award Period, and thereafter for so long as there are any non-vested Award Shares granted hereunder prior to the expiration of the Scheme, in order to give effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Scheme Rules.

### **5. ADMINISTRATION**

- 5.1. The Scheme shall be subject to the administration of the following administrative bodies:
- (a) the general meeting of the Shareholders, as the institution vested with the supreme authority of the Company, is responsible for the consideration and approval of the adoption of the Scheme. The general meeting of the Shareholders may authorize the Board to deal with all matters related to the Scheme to the extent of its authority;
  - (b) the Board is the institution in charge of the administration of the Scheme in accordance with the Scheme Rules and where applicable, the Trust Deed. A decision of the Board or the Delegatee shall be final and binding on all persons affected. The Remuneration Committee shall be responsible for drafting and revising the Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the Scheme, the Board will submit the Scheme to the general meeting of the Shareholders for consideration. The Board or the Delegatee may handle all matters related to the Scheme within the authorization by the general meeting of the Shareholders; and
  - (c) the Trust will be constituted to service the Scheme whereby the Trustee shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire not more than 750,000 Shares through on-market transactions with funds to be transferred by the Company to the Trust.

- 5.2. The authority to administer the Scheme may be delegated by the Board to the Delegatee as deemed appropriate in the sole and absolute discretion of the Board, provided that nothing shall prejudice the Board's power to revoke such delegation at any time or derogate from the discretion vested with the Board as contemplated in Rule 5.1(b).
- 5.3. Subject to any restrictions in the Scheme Rules, it is noted that as at the Adoption Date the Board has delegated to the Management Committee or other persons the authority to administer the Scheme, including the power to grant an Award under the Scheme.
- 5.4. Without prejudice to the Board's general power of administration, the Board or the Delegatee may from time to time appoint one or more administrators, who may be independent third-party contractors, to assist in the administration of the Scheme, to whom they, in their sole and absolute discretion, may delegate such functions relating to the administration of the Scheme as they may think fit. The duration of office, terms of reference and remuneration (if any) of such administrator(s) shall be determined by the Board or the Delegatee in its sole and absolute discretion from time to time.
- 5.5. Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board or the Delegatee may also from time to time appoint one or more Trustees in respect of granting, administration or vesting of any Award Shares. For the avoidance of doubt, notwithstanding any provision herein, the Board or, if delegated to the Delegatee, then the Delegatee shall be the sole body which has the authority to given any direction, instruction or recommendation to the Trustee or from which the Trustee seeks direction, instruction or recommendation with respect to the Scheme and the Trust.
- 5.6. Subject to the Scheme Rules, the Listing Rules and any applicable laws and regulations, the Board or the Delegatee shall have the power from time to time to:
- (a) construe and interpret the Scheme Rules and the terms of the Awards granted under the Scheme;
  - (b) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Scheme, provided that they are not inconsistent with the Scheme Rules;
  - (c) decide how the vesting of the Award Shares will be settled pursuant to Rule 9;
  - (d) determine the basis of eligibility of any Eligible Employee for the grant of Awards from time to time on the basis of their contribution to the development and growth of the Group or such other factors deemed appropriate;
  - (e) grant Awards to those Eligible Employees whom it shall select from time to time;

- (f) determine the terms and conditions of the Awards;
- (g) establish, assess and administer performance targets in respect of the Scheme;
- (h) approve the form and content of an Award Letter;
- (i) adjust the number of outstanding Award Shares or accelerate the Vesting Dates of any Awards pursuant to Rule 14;
- (j) exercise any authority as may be granted by a general meeting from time to time;
- (k) engage bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the Scheme; and
- (l) sign, execute, amend and terminate all documents relating to the Scheme, undertake all procedures relevant to the Scheme and take such other steps or actions to give effect to the terms and intent of the Scheme Rules.

5.7. None of the Directors or any Delegatee shall be personally liable by reason of any contract or other instrument executed by him, or on his behalf or for any mistake of judgment made in good faith, for the purposes of the Scheme, and the Company shall indemnify and hold harmless each member of the Board and any Delegatee in relation to the administration or interpretation of the Scheme, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Scheme unless arising out of such person's own wilful default, fraud or bad faith.

5.8. In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including those imposed by the Listing Rules and all applicable PRC laws, regulations and rules.

## **6. SELECTION OF SELECTED PARTICIPANTS**

6.1. The Board or the Delegatee may, from time to time, select any Eligible Employee to be a Selected Participant of the Scheme in accordance with the Scheme Rules and, subject to Rule 6, grant Awards to such Selected Participant during the Award Period conditional upon fulfilment of the type and conditions of the Awards and performance targets as the Board or the Delegatee determines from time to time.

6.2. The Selected Participants are determined in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles, together with the Company's actual circumstances and matters.

No one should be considered as a Selected Participant of the Scheme if he:

- (a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive schemes of a listed company by securities regulatory bodies with authority in the last 12 months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last 12 months;
- (c) has been subject to administrative penalties (except those unrelated to the securities market) or criminal penalties by functional departments of the Chinese government within the last three years due to material non-compliance with laws or regulations;
- (d) is in serious breach of relevant national laws and regulations or the Articles; or
- (e) has been proven with sufficient evidence by the Company that he is in breach of the undertakings in Rule 13.2 during his term of service.

The Selected Participants shall undertake that if any of the above provisions occur during implementation of the Scheme which would prevent him from being considered as a Selected Participant, he shall give up his rights to participate in the Scheme and shall not be given any compensation.

6.3. Each grant of an Award to any connected person of the Group shall be subject to the Listing Rules and any applicable laws and regulations.

6.4. Notwithstanding the provisions of Rule 6.1, 6.2 and 6.3, no grant of any Award Shares to any Selected Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award under the following circumstances; and any grant so made or any directions or recommendations shall be null and void (and notified to the Trustee as soon as practicable) if (and only if):

- (a) the requisite approval from any applicable regulatory authorities or Shareholders has not been granted;
- (b) any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Scheme, unless otherwise determined by the Board;
- (c) such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (d) such grant of Award would result in a breach of the Scheme Limit;

- (e) such grant is made after the expiry of the Award Period or after the earlier termination of the Scheme in accordance with Rule 20;
  - (f) any Director is in possession of unpublished inside information (as defined under the SFO) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 12.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
  - (g) during the period of 60 days prior to the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
  - (h) during the period of 30 days prior to the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.
- 6.5. Allocation proposal with respect to Award Shares and amount for Selected Participants shall be determined and documented by the Management Committee from time to time.

## **7. AWARD LETTER AND NOTIFICATION OF GRANT OF AWARDS**

- 7.1. The Company shall issue an Award Letter to each Selected Participant in such form as the Board or the Delegatee may from time to time determine, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award and/or number of Award Shares underlying the Award, the vesting criteria and conditions, and the Vesting Date and such other details, terms and conditions as they may consider necessary and in compliance with this Scheme.
- 7.2. The Award Letter shall specify the deadline for signing and confirming, and each Selected Participant shall complete and return the Award Letter issued by the Company within this period.
- 7.3. As soon as practicable after the grant of any Award to a Selected Participant, the Company shall provide a fully executed copy of the Award Letter to the Trustee.

## **8. ACQUISITION OF H SHARES BY THE TRUSTEE**

- 8.1. Subject to Rule 8.4, the Company shall to the extent reasonably practicable, for the purposes of satisfying the grant of Awards and this Scheme, transfer to the Trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price.

- 8.2. Where the Trustee has received instructions from the Company to acquire H Shares through on-market transactions, the Trustee shall acquire such number of H Shares in such manner as instructed by the Company on-market at the prevailing market price as soon as reasonably practicable after receiving the necessary funds from the Company.
- 8.3. Subject to Rule 9.8(b), the Trustee shall only be obliged to transfer Award Shares to Selected Participants on vesting to the extent that Award Shares are comprised in the Trust.
- 8.4. The Company shall not instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price, where (i) such action (as applicable) is prohibited under the Listing Rules, other applicable PRC laws, regulations and rules, the SFO or any other applicable laws from time to time; or (ii) during such periods as stated in Rules 6.7(g) and (h). Where such a prohibition causes the prescribed timing imposed by the Scheme Rules or the Trust Deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

## **9. VESTING OF AWARDS**

- 9.1. Unless otherwise specified in the Award Letter approved by the Board or the Delegatee and subject to the vesting conditions as described in this Rule, the Vesting Periods for both types of Awards under the Scheme shall, in principle, be as set forth in the following table.

<b>Types of Awards</b>	<b>Vesting Time</b>
The three-year period award	Vest in a lump sum on the date of the expiration of the third full fiscal year following the Grant Date
The one-year period award	Vest in a lump sum on June 30 of the year following the Grant Date

- 9.2. Awards granted to a Selected Participant under the Scheme may vest provided that the following vesting conditions are satisfied:
- (a) the Participant meets the relevant requirements specified in Rule 6.2 of the Scheme;
  - (b) the individual's performance appraisal between the Grant Date and the Vesting Date is B or above (or equivalent);
  - (c) other requirements (if any) specified in the Award Letter.

- 9.3. If the Selected Participant fails to fulfill the vesting conditions applicable to such grant of Award, all the Award Shares underlying the relevant Awards which may be vested during the Vesting Periods shall not be vested and become immediately forfeited with respect to such Selected Participant. Such forfeited shares shall be held by the Trustee as Returned Shares.
- 9.4. Any dividend underlying the non-vested Award Shares shall be retained by the Trustee, and transferred to the Selected Participant together with the Award Shares upon vesting. In the event that the Award Shares are to be forfeited, such underlying dividend shall be transferred back to the Company.
- 9.5. If the Vesting Date is not a Business Day, the Vesting Date shall, subject to any trading halt or suspension in the H Shares, be the Business Day immediately thereafter.
- 9.6. For the purpose of vesting of the Award, the Board or the Delegatee may either:
- (a) direct and procure the Trustee to release from the Trust the Award Shares to the Selected Participants by transferring the Award Shares to the Selected Participants in such manner as determined by them from time to time; or
  - (b) to the extent that, at the determination of the Board or the Delegatee, it is not practicable for the Selected Participant to receive the Award in H Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in H Shares or any restrictions or circumstances that result in the Trustee's inability to give effect to any such transfer to the Selected Participant, the Board or the Delegatee will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares as set out in the vesting notice.
- 9.7. Any stamp duty or other direct costs and expenses arising on vesting and transfer of the Award Shares to or for the benefit of the Selected Participants shall be borne by the Company. Any duty or other direct costs and expenses arising on the sale of the Award Shares due to the vesting shall be borne by the Selected Participant.
- 9.8. All costs and expenses in relation to dealings with the Award Shares after vesting and transfer of the Award Shares to the Selected Participant (as the case may be) shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any such costs and expenses thereafter.
- 9.9. Other than the stamp duty to be borne by the Company in accordance with Rule 9.7, all other taxes (including personal income taxes, professional taxes, salary taxes and similar taxes (as applicable), duties, social security contributions, impositions, charges and other levies arising out of or in connection with the Selected Participant's participation in the

Scheme or in relation to the Award Shares or cash amount of equivalent value of the Award Shares (the “Taxes”) shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any Taxes. The Selected Participant will indemnify the Trustee and all members of the Group against any liability each of them may have to pay or account for such Taxes, including any withholding liability in connection with any Taxes. To give effect to this, the Trustee or any member of the Group may, notwithstanding anything else in these Scheme Rules (but subject to applicable law):

- (a) reduce or withhold the number of Selected Participant’s Award Shares underlying the Award (the number of Award Shares underlying the Award that may be reduced or withheld shall be limited to the number of Award Shares that have a fair market value on the date of withholding that, in the reasonable opinion of the Company is sufficient to cover any such liability);
- (b) sell, on the Selected Participant’s behalf, such number of H Shares to which the Selected Participant becomes entitled under the Scheme and retain the proceeds and/or pay them to the relevant authorities or government agency;
- (c) deduct or withhold, without notice to the Selected Participant, the amount of any such liability from any payment to the Selected Participant made under the Scheme or from any payments due from a member of the Group to the Selected Participant, including from the salary payable to the Selected Participant by any member of the Group; and/or
- (d) require the Selected Participant to remit to the Trustee or any member of the Group, in the form of cash or a certified or bank cashier’s check, an amount sufficient to satisfy any Taxes or other amounts required by any governmental authority to be withheld and paid over to such authority by the Trustee or any member of the Group on account of the Selected Participant or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

The Trustee shall not be obliged to transfer any Award Shares (or pay the Actual Selling Price of such Award Shares in cash) to a Selected Participant unless and until the Selected Participant satisfies the Trustee and the Company that such Selected Participant’s obligations under this Rule has been met.

## **10. CHANGES OF CIRCUMSTANCES PERTAINING TO THE SELECTED PARTICIPANTS**

- 10.1. If a Selected Participant ceases to be an Eligible Employee by reason of a change in job position in the Group, or reemployment after retirement by the Company upon the execution of a reemployment agreement, the outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion. However, if a Selected Participant has a change in job position due to any of the following



reasons, the Selected Participant shall return to the Trust all interests in the Award Shares already vested such that such Award Shares become Returned Shares, and in the event of serious violation or damage, the Company reserves the right to bring a claim against the Selected Participant for the damages suffered as a result of the reasons above stated, and any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

- (a) The Selected Participant has used his or her authority to accept bribes, embezzle the Company's property, misappropriate funds and other illegal and criminal acts;
- (b) The Selected Participant has caused damage to the interests or reputation of the Company due to violation of laws, professional ethics or the leakage of confidential information of the Company and failure to discharge his duties or a willful misconduct; or
- (c) The Company terminates the labor contract with the Selected Participant for any of the above reason.

10.2. Any Award Shares granted but not yet vested shall be immediately forfeited (unless the Board or the Delegatee determines otherwise in its sole and absolute discretion) and the Selected Participants under the Three-Year Award shall be entitled to a refund of the consideration paid for their receipt of the above-mentioned Award Shares, and the Selected Participants under the One-Year Award shall not be entitled to a refund of the consideration paid for their receipt of the above-mentioned Award Shares for any of the following reasons:

- (a) a Selected Participant is ineligible to participate in the Scheme due to any of the reasons set forth in Rule 6.2 (except in the circumstances described in Rule 10.1) and Rule 6.4 of the Scheme under which no one should be considered as a Selected Participant;
- (b) the labor contract between the Selected Participant and the Company has not expired, and the labor contract relationship with the Company is terminated due to resignation, dismissal, termination, retirement, etc.;
- (c) the labor contract between the Selected Participant and the Company has not expired and the Selected Participant leaves the Company without the consent of the Company;
- (d) the Company does not renew the labor contract with the Selected Participant after the expiration of the labor contract between the Selected Participant and the Company;
- (e) after the expiration of the labor contract between the Selected Participant and the Company, the Company issues an invitation to the Selected Participant to renew the labor contract, but the Selected Participant does not accept it, or does not sign the written renewal of the labor contract;

(f) the Selected Participant dies or becomes incapacitated for work.

10.3. The Company shall, from time to time, inform the Trustee in writing of the date on which and the reason for which such Selected Participant ceases to be an Eligible Employee, forfeiture of any Award Shares not yet vested and amendments to the terms and conditions of the Award with respect to such Selected Participant (including the number of Award Shares entitled).

## **11. TRANSFERABILITY AND OTHER RIGHTS TO AWARD SHARES**

11.1. Any Award granted hereunder but not yet vested shall be personal to the Selected Participant to whom it is made and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter any agreement to do so.

11.2. Any actual or purported breach of Rule 11.1 shall entitle the Company to cancel any outstanding Award or part thereof granted to such Selected Participant. For this purpose, a determination from such person(s) delegated with this function by the Board, to the effect that the Selected Participant has or has not breached any of the foregoing shall be final and conclusive as to such Selected Participant.

## **12. INTEREST IN THE ASSETS OF THE TRUST**

12.1. For the avoidance of doubt:

- (a) neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested);
- (b) in the event a Selected Participant ceases to be an Eligible Employee on or prior to the relevant Vesting Date and the Award in respect of the relevant Vesting Date shall lapse pursuant to the Scheme, such Award shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company or the Trustee (unless the Board or the Delegatee determines otherwise in its sole and absolute discretion).

## **13. COVENANTS OF THE SELECTED PARTICIPANTS**

13.1 By accepting any Award granted pursuant to the Scheme, a Selected Participant shall be deemed to have made the covenants set forth in this Rule 13 to and for the benefit of the Group.

13.2 The Selected Participants undertake not to engage in the followings:

- (a) Material dereliction of duties;

- (b) Working or doing part-time work at any other company without the permission of the Company;
  - (c) Undertaking other work not arranged by the Company during the working hours of the Company without its permission;
  - (d) leaving without permission and without resigning from the Group;
  - (e) Engaging or participating in directly or indirectly, in any form (including but not limited to as a shareholder, partner, director, supervisor, manager, officer, agent, consultant, etc.) in the same or a similar business as the main business of the Company or the Group without the permission of the Company;
  - (f) Engaging in any activity that damages the reputation, image and economic interests of the Group (including but not limited to bribery, corruption, theft, disclosure of operational and technical secrets of the Company, infringement of the interests of the Company through connected transactions, and any other conduct that damages the reputation, image and economic interests of the Company);
  - (g) Breaching the confidentiality obligation by revealing, disclosing, informing, delivering or transmitting the business secrets of the Group to any third party;
  - (h) Violating the national laws and being imposed with any criminal liability;
  - (i) Any other illegal or disciplinary conduct that is detrimental to the interests of the Group.
- 13.3 The Selected Participant undertakes that he/she does not involve any of the circumstances specified in the Scheme that prevent him/her from becoming the Selected Participant.
- 13.4 The Selected Participant shall be responsible for the truthfulness and accuracy of any service results resulting from the performance of his/her duties (including oral and written forms), and shall provide remedies timely in case of errors or deviations.
- 13.5 The Selected Participant shall, in accordance with the Company's requirements for his/her positions, be diligent and responsible, observe professional ethics and make due contributions to the development of the Company.

#### **14. TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME, ETC.**

##### **Change in control**

- 14.1. If there is an event of change in control of the Company by way of a merger, privatization of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, the Company's no longer existing after merger with another company, division of the Company, or resolution of the general

meeting of the Shareholders to replace half of all members of the Board before the expiry of the term of office of the Board, all unvested Award Shares of the Selected Participant shall be vested in full at once upon the settlement of the change of control.

For the purpose of Rule 14.1, “control” shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued and revised by the SFC from time to time.

#### **Open offer and rights issue**

- 14.2. In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new H Shares. In the event of a rights issue, the Trustee shall seek instruction from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it.

#### **Bonus warrants**

- 14.3. In the event the Company issues bonus warrants in respect of any H Shares which are held by the Trustee, the Trustee shall not, unless otherwise instructed by the Company, subscribe for any new H Shares by exercising any of the subscription rights attached to the bonus warrants, and shall sell the bonus warrants created and granted to it, and the net proceeds of sale of such bonus warrants shall be held as funds of the Trust.

#### **Scrip dividend**

- 14.4. In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive the script Shares and such H Shares will be held as Returned Shares.

#### **Capitalization issue, rights issue, consolidation, sub-division, Share Bonus issue and other distribution**

- 14.5. In the event the Company undertakes a capitalization issue, rights issue, sub-division, consolidation or reduction of the H Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for the Selected Participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the Award Shares of a Selected Participant shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.
- 14.6. In the event of an issue of H Shares by the Company credited as fully paid to the holders of the H Shares by way of capitalization of profits or reserves (including share premium account), the H Shares attributable to any Award Shares held by the Trustee shall be

deemed to be an accretion to such Award Shares and shall be held by the Trustee as if they were Award Shares purchased by the Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

- 14.7. In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding Award Shares of each Selected Participant as the Board shall consider to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for the Selected Participants. The Company shall provide such funds, or such directions on application of the Returned Shares or other funds in the Trust, as may be required to enable the Trustee to purchase H Shares on-market at the prevailing market price to satisfy the additional Award.
- 14.8. In the event of other non-cash and non-scrip distributions made by the Company not otherwise referred to in the Scheme Rules in respect of the H Shares held upon Trust, the Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as cash income of an H Share held upon the Trust.

#### **Voluntary winding-up**

- 14.9. If an effective resolution is passed during the Award Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated and whether the Selected Participant will be entitled to receive out of the assets available in liquidation on an equal basis with the Shareholders such sum as they would have received in respect of the Awards. Any determination made under this Rule 14.9 shall be notified to the Trustee.

#### **Compromise or arrangement**

- 14.10. If a compromise or arrangement between the Company and its Shareholders or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its Shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement and such shareholders' approval is obtained, the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated. Any such acceleration shall be notified to the Trustee.

**15 SCHEME LIMIT**

15.1. The chart shows the limits of two types of award shares under this Scheme:

<b>Type of Award</b>	<b>Limits</b>
The three-year period award	450,000 H shares
The one-year period award	up to 100,000 H shares for 2022, up to 150,000 H shares for 2023 and up to 150,000 H shares for 2024

15.2. The total number of non-vested Award Shares granted to a Selected Participant under the Scheme shall not exceed 1 per cent of the total number of issued shares of the Company from time to time.

**16. RETURNED SHARES**

16.1. The Trustee shall hold Returned Shares to be applied towards future Awards in accordance with the provisions hereof for the purpose of the Scheme. When H Shares have been deemed to be Returned Shares under the Scheme Rules, the Trustee shall notify the Company accordingly.

**17. INTERPRETATION**

17.1. Any decision to be made under the Scheme, including matters of interpretation with respect to the Scheme Rules, shall be made by the Board or the Delegatee and notified to the Trustee. The decision by the Board shall be final and binding.

**18. ALTERATION OF THE SCHEME**

18.1. Subject to the Scheme Limit, the Scheme may be altered or supplemented in any respect by resolution of the Board. Any such alteration or supplement shall be notified to the Trustee.

18.2. Where the Board alters the Scheme, the independent non-executive Directors shall express their independent opinion on whether the altered Scheme facilitates the sustainable development of the Company and whether the altered Scheme impairs the interests of the Company and the Shareholders as a whole.

**19. CANCELLATION OF AWARDS**

19.1. The Board or the Delegatee may in its sole and absolute discretion cancel any Award that has not vested or been forfeited. Such cancellation shall be notified to the Trustee.

**20. TERMINATION**

20.1. Subject to Rule 4, the Scheme shall terminate on the earlier of:

- (a) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Scheme; or
- (b) such date of early termination as determined by the Board.

20.2. On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made under the Scheme, the Trustee shall sell all the H Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse, forfeiture or cancellation (as the case may be) of such last outstanding Award (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale referred to in this Rule 20.2 and other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Company. For the avoidance of doubt, the Trustee shall not transfer any H Shares to the Company nor may the Company otherwise hold any H Shares whatsoever (other than the proceeds in the sale of such H Shares pursuant to this Rule 20.2).

**21. MISCELLANEOUS**

21.1. The Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Employee, and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

21.2. The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Rule 21.3, expenses incurred in the purchase of H Shares by the Trustee and stamp duty and normal registration fee (i.e. not being fee chargeable by the share registrar of any express service of registration) in respect of the transfer of H Shares to Selected Participants on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any Tax or expenses of such other nature payable on the part of any Eligible Employee in respect of any sale, purchase, vesting or transfer of H Shares (or cash amount of equivalent value being paid), other than for any withholding tax liability of the Company or any member of the Group under applicable laws.

- 21.3. Any notice or other communication between the Company and any Eligible Employee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in Hong Kong or the PRC or such other address as notified to the Eligible Employee from time to time and in the case of an Eligible Employee, his/her address as notified by hand delivery in writing. In addition, any notice (including the vesting notice) or other communication from the Company to any Eligible Employee or Selected Participant may be given by any electronic means through the Trustee, as the Board considers appropriate.
- 21.4. Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post. Any notice or other communication served by electronic means shall be deemed to have been received on the day following that on which it was sent.
- 21.5. The Company shall not be responsible for any failure by any Eligible Employee to obtain any consent or approval required for such Eligible Employee to participate in the Scheme as a Selected Participant or for any Tax, expenses, fees or any other liability to which an Eligible Employee may become subject as a result of participation in the Scheme.
- 21.6. Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such in the event of any provision or provisions being or becoming unenforceable in whole or in part. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these Scheme Rules, and any such deletion shall not affect the enforceability of the Scheme Rules as remain not so deleted.
- 21.7. The Scheme is not subject to the provisions of Chapter 17 of the Listing Rules.
- 21.8. Save as specifically provided herein, the Scheme shall not confer on any person any legal or equitable rights (other than those constituting and attaching to the Award Shares themselves) against the Group directly or indirectly or give rise to any cause of action at law or in equity against the Group. No person shall, under any circumstances, hold the Board or the Delegatee and/or the Company liable for any costs, losses, expenses and/or damages whatsoever arising from or in connection with the Scheme or the administration thereof.
- 21.9. In the event that an Award lapses in accordance with the Scheme Rules, no Selected Participants shall be entitled to any compensation for any loss or any right or benefit or prospective right or benefit under the Scheme which he or she might otherwise have enjoyed.
- 21.10. The Scheme shall operate subject to the Articles and to any restrictions under any applicable laws, rules and regulations.



21.11. By participating in the Scheme, the Selected Participant consents to the holding, processing, storage and use of personal data and data concerning him or her by any member of the Group, the Trustee or other third party service provider, in Hong Kong or elsewhere, for the purpose of the administration, management or operation of the Scheme. Such consent permits, but is not limited to, the following:

- (a) the administration and maintenance of records of the Selected Participant;
- (b) the provision of data or information to members of the Group, the Trustee, registrars, brokers or third party administrators or managers of the Scheme, in Hong Kong or elsewhere;
- (c) the provision of data or information to future purchasers or merger partners of the Company, the Selected Participant's employing company, or the business in which the Selected Participant works;
- (d) the transfer of data or information about the Selected Participant to a country or territory outside the Selected Participant's home country which may not provide the same statutory protection for the information as his home country; and
- (e) in the case where an announcement is required to be made or a circular is required to be despatched pursuant to the Listing Rules or other applicable laws, rules and regulations for the purposes of granting an Award, the disclosure of the identity of such Selected Participant, the number of Award Shares and the terms of the Award granted and/or to be granted and all other information as required under the Listing Rules or other applicable laws, rules and regulations.

The Selected Participant is entitled, on payment of a reasonable fee, to a copy of the personal data held about him or her, and if such personal data is inaccurate, the Selected Participant has the right to have it corrected.

## **22. DISPUTE RESOLUTION**

22.1. The Board shall determine any question of interpretation and settle any dispute arising under or in connection with this Scheme. In such matters, the Board's decision shall be final.

## **23. GOVERNING LAW**

23.1. The Scheme shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region of the PRC.

**24. TRANSLATION**

- 24.1. In case of any discrepancies between the Chinese and English versions of this Scheme, the Chinese version shall prevail.

**Shanghai HeartCare Medical Technology Corporation Limited**

5 October 2021

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## NOTICE OF EGM

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### Shanghai HeartCare Medical Technology Corporation Limited

上海心瑋醫療科技股份有限公司

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

**(Stock Code: 6609)**

#### NOTICE OF 2021 EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting of 2021 (the “EGM”) of Shanghai HeartCare Medical Technology Corporation Limited (the “Company”) will be held at HeartCare Hall, 2/F, Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai on November 1, 2021 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

#### SPECIAL RESOLUTIONS

1. To consider and approve the proposed adoption of the 2021 H Share Incentive Scheme.
2. To consider and approve the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 H Share Incentive Scheme.
3. To consider and approved the proposed amendments to the Articles of Association and authorize any one of the Directors to revised the wording of such amendments as appropriate (no approval from the Shareholders is required for such amendments), and execute relevant documents and/or take all relevant actions as it considers necessary or appropriate and in the interest of the Company to effect to proposed amendments, comply with the PRC laws and regulations and meeting the requirements of the relevant regulatory authorities of the PRC (if any), and deal with other relevant matters arising from the amendments to the Articles of Association.

By order of the Board

**Shanghai HeartCare Medical Technology Corporation Limited**

**Wang Guohui**

*Chairman of the Board*

Shanghai, October 11, 2021

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## NOTICE OF EGM

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*Notes:*

- (i) Any Shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorized.
- (iii) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) or the Company's registered office at Floor 1 and 3, Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC (for holders Unlisted Shares) as soon as practicable but in any event not less than 24 hours before the time appointed for holding the EGM (i.e., at or before 2:00 p.m. on October 31, 2021 (Hong Kong Time)), or any adjourned meeting thereof (as the case may be).
- (iv) Completion and return of the form of proxy shall not preclude the Shareholders of the Company from attending and voting in person at the EGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (v) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
- (vi) For the purpose of determining the Shareholders of the Company entitled to attend and vote at the EGM, the register of members of the Company will be closed from October 26, 2021 to November 1, 2021 (both days inclusive). The record date for determining the entitlement of the Shareholders of the Company to attend and vote at the EGM will be October 26, 2021. In order to qualify for the entitlement to attend and vote at the above EGM, H Shareholders must lodge all transfer forms accompanied by the relevant H Share certificates with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on October 25, 2021.
- (vii) The EGM is expected to take less than half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses. Shareholders may contact the Investor Relations Department of the Company at +86 21 5897 5056 or info@strokemedical.com for any enquiries in respect of the EGM.

*As at the date of this notice, the executive Directors are Mr. Wang Guohui and Ms. Zhang Kun; the non-executive Directors are Mr. Ding Kui, Mr. Liu Yanbin, Mr. Chen Gang and Mr. Ouyang Xiangyu; and the independent non-executive Directors are Mr. Guo Shaomu, Mr. Feng Xiangqian and Mr. Gong Ping.*