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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; AND**

**(III) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

### **INTRODUCTION**

The Board proposed the adoption of the 2021 H Share Incentive Scheme. The 2021 H Share Incentive Scheme remains subject to the consideration and approval of the Shareholders which will be sought at the EGM.

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 Board has further proposed to make certain amendments to the Articles of Association in relation to the provisions on the Company's Board and Shareholders approval requirements in order to streamline and align the current requirements for Board and Shareholders approval with requirements under applicable laws and the Listing Rules.

### **IMPLICATIONS UNDER THE LISTING RULES**

#### **The 2021 H Share Incentive Scheme**

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.

## **EGM**

The EGM will be convened to consider and, if thought fit, approve, among other things, the (i) 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.

A circular of the Company containing, among other things, further details of the 2021 H Share Incentive Scheme and the proposed amendments to the Articles of Association, as well as a notice convening the EGM is expected to be despatched to the Shareholders on or before October 11, 2021 (being at least 15 days or 10 clear business days (whichever is longer) prior to the EGM).

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

The Board has resolved at a meeting of the Board held on October 5, 2021 to propose the adoption of the 2021 H Share Incentive Scheme. The 2021 H Share Incentive Scheme is still subject to the consideration and approval of the Shareholders which will be sought at the EGM. The principal terms of the 2021 H Share Incentive Scheme are set out below.

#### **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.

#### **Duration**

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.

## **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 H 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.

## **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 announcement. 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.

## **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 this announcement, 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 Incentive Scheme Limit).

## **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.

## **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 (中國證券法) 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.

## **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.

## **Vesting of the Awards**

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

### ***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.

### ***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.

### **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.

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

### ***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.

### ***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.

## **II. REASONS FOR AND BENEFITS OF THE ADOPTION OF THE 2021 H SHARE INCENTIVE SCHEME**

Please refer to the section headed “I. Proposed Adoption of the 2021 H Share Incentive Scheme – Purposes of the 2021 H Share Incentive Scheme” in this announcement.

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 on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **III. PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2021 H SHARE INCENTIVE SCHEME**

In order to ensure the successful implementation of the 2021 H Share Incentive Scheme, the Board proposed that, subject to the approval of the 2021 H Share Incentive Scheme by the Shareholders at the EGM, 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;
- (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 the Trust 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;
  - 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 the cash securities account with FUTU Securities International (Hong Kong) Limited under the name of the Company, 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.

#### 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	After the amendment
<p><b>Article 60</b> 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.</p>	<p><b>Article 60</b> <i>[Deleted]</i></p>

<b>Prior to the amendment</b>	<b>After the amendment</b>
<p><b>Article 61</b> 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):</p> <ul style="list-style-type: none"> <li>(I) A single guarantee for an amount in excess of 10% of the Company's latest audited net assets;</li> <li>(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;</li> <li>(III) A guarantee to be provided to a party which has an asset-liability ratio in excess of 70%;</li> <li>(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;</li> <li>(V) Guarantee to be provided to shareholders, de facto controllers and their related parties;</li> <li>(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.</li> </ul> <p>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.</p> <p>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.</p>	<p><b>Article 61</b> 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.</p> <p>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.</p>

Prior to the amendment	After the amendment
<p>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.</p>	
<p><b>Article 62</b> 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:</p> <p>(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;</p>	<p><b>Article 62</b> <i>[Deleted]</i></p>

<b>Prior to the amendment</b>	<b>After the amendment</b>
<p>(II) The operating income of the transaction target accounts for more than 25% of the Company's operating income;</p> <p>(III) The net profit of the transaction target accounts for more than 25% of the Company's net profit.</p> <p>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.</p> <p>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.</p>	
<p><b>Article 102</b> The following matters shall be approved by special resolution at the general shareholders' meeting:</p> <p>(I) The increase or decrease of the registered capital, or the issuance of shares, warrants or other quasi-securities of the Company;</p> <p>(II) The issuance of corporate bonds;</p> <p>(III) Division, merger, dissolution and liquidation of the Company and the change of form of the Company;</p> <p>(IV) Amendment of the Articles of Association;</p> <p>(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;</p>	<p><b>Article 102</b> The following matters shall be approved by special resolution at the general shareholders' meeting:</p> <p>(I) The increase or decrease of the registered capital, or the issuance of shares, warrants or other quasi-securities of the Company;</p> <p>(II) The issuance of corporate bonds;</p> <p>(III) Division, merger, dissolution and liquidation of the Company and the change of form of the Company;</p> <p>(IV) Amendment of the Articles of Association;</p>

<b>Prior to the amendment</b>	<b>After the amendment</b>
<p>(VI) The formulation, amendment and performance of share equity incentive plan;</p> <p>(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.</p>	<p>(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;</p> <p>(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.</p>
<p><b>Article 141</b> If a transaction of the Company meets one of the following standards, it shall be reviewed and approved by the Board of Directors:</p> <p>(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;</p> <p>(II) The operating income of the transaction target accounts for more than 5% of the Company's operating income;</p> <p>(III) The net profit of the transaction target accounts for more than 5% of the Company's net profit.</p> <p>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.</p>	<p><b>Article 141</b> <i>[Deleted]</i></p>

<b>Prior to the amendment</b>	<b>After the amendment</b>
<p>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.</p> <p>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.</p>	

## **V. IMPLICATIONS 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.

## VI. EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, the proposed adoption of the 2021 H Share Incentive Scheme and the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 H Share Incentive Scheme.

A circular of the Company containing, among other things, (i) further details 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; (iii) further details of the proposed amendments to the Articles of Association and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before October 11, 2021.

In order to determine the entitlement 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). 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.

## DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

“Adoption Date”	the date on which the Shareholders approve the 2021 H Share Incentive Scheme
“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
“Award Period”	the period commencing on the Adoption Date, and ending on the Business Day immediately prior to the 10th 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 (上海心羣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 second 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
“Global Offering”	the global offering of Shares as described in the Company’s prospectus dated August 10, 2021
“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
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“2021 H Share Incentive Scheme”	the 2021 H Share Incentive 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)
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Selected Participant”	any Eligible Participant who, in accordance with 2021 H Share Incentive 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)
“Shareholder(s)”	holder(s) of Shares of the Company
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB 1.00 each, comprising domestic shares, unlisted foreign shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“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.

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

Shanghai, October 6, 2021

*As at the date of this announcement, 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.*