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## **HANGZHOU TIGERMED CONSULTING CO., LTD.**

### **杭州泰格醫藥科技股份有限公司**

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

**(Stock Code: 3347)**

**(1) PROPOSED ADOPTION OF  
THE 2022 RESTRICTED A SHARE INCENTIVE SCHEME;  
(2) PROPOSED ADOPTION OF THE MANAGEMENT MEASURES FOR  
ASSESSMENT RELATING TO THE IMPLEMENTATION OF  
THE 2022 RESTRICTED A SHARE INCENTIVE SCHEME; AND  
(3) PROPOSED AUTHORISATION TO  
THE BOARD TO HANDLE MATTERS PERTAINING TO  
THE 2022 RESTRICTED A SHARE INCENTIVE SCHEME**

This announcement is made by Hangzhou Tigermed Consulting Co., Ltd. (the “**Company**”) pursuant to Rule 13.09(2)(a) and Rule 13.10B of the Hong Kong Listing Rules and the inside information provisions (as defined in the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **BACKGROUND**

The Board hereby announces that at the 30th meeting of the fourth session of the Board convened on October 25, 2022, the Board considered and approved (1) the proposed adoption of the Restricted Share Incentive Scheme; (2) the proposed adoption of the Assessment Management Measures; and (3) proposed authorisation to the Board to handle matters pertaining to the Restricted Share Incentive Scheme. The afore-mentioned matters shall take effect upon the approval of the Shareholders by way of special resolutions at the general meeting of the Company. A circular containing further details of the Restricted Share Incentive Scheme and the Assessment Management Measures will be despatched to the Shareholders as soon as practicable.

## **I. PROPOSED ADOPTION OF THE 2022 RESTRICTED A SHARE INCENTIVE SCHEME**

A summary of the principal terms of the Restricted Share Incentive Scheme is set out below:

**Purpose:** On the premise of fully protecting the interests of the Shareholders, the Company has established the Restricted Share Incentive Scheme on a compensation-matches-contribution basis in accordance with the Company Law, the Securities Law, the Management Measures, the Listing Rules, the Self-regulatory Guidance No. 1 and other relevant laws, regulations and regulatory documents, as well as provisions of the Articles of Association, for the purpose of further establishing and improving the long-term incentive and restraint mechanism, attracting and retaining talented individuals, fully mobilising the enthusiasm of the core technical (business) personnel of the Company, implementing the loyalty plan of the Company, and effectively aligning the interests of the Shareholders, the Company, and core teams and individuals so that all parties can focus on the long-term development of the Company.

**Implementation Date of the Restricted Share Incentive Scheme:** The Restricted Share Incentive Scheme shall be implemented after consideration and approval by the general meeting of the Company.

**Validity Period of the Restricted Share Incentive Scheme:** The validity period of the Restricted Share Incentive Scheme shall commence on the date of the first grant of the Restricted Shares and end on the date on which all the Restricted Shares granted to the Participants have been vested or lapsed, which shall not exceed 60 months.

**Scope of Participants and Basis for Determining the Participants:** Participants of the Restricted Share Incentive Scheme are determined in accordance with the Company Law, the Securities Law, the Management Measures, the Listing Rules, the Self-regulatory Guidance No. 1 and other relevant laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, together with the Company's actual situations.

The Participants of the Restricted Share Incentive Scheme are core technical (business) personnel of the Group. The list of persons meeting the scope of Participants under the Restricted Share Incentive Scheme shall be compiled by the Remuneration and Evaluation Committee of the Board and verified and determined by the Supervisory Committee.

There are 828 Participants under the first grant of the Restricted Share Incentive Scheme in total, who are core technical (business) personnel of the Group.

The Participants under the first grant of the Restricted Share Incentive Scheme exclude any independent non-executive Directors, Supervisors, the Shareholders or the de facto controllers individually or collectively holding 5% or more of the Shares of the Company and their spouses, parents or children. All the Participants shall have employment or labour service relationships with the Company or its subsidiaries at the time of granting the Restricted Shares by the Company and within the appraisal period under the Restricted Share Incentive Scheme.

Participants of the Restricted Share Incentive Scheme include some foreign employees. Foreign Participants of Company are engaged in the actual operations of the Company in the PRC, and play an important role in the Company's technical research and development, business expansion, and other areas. The Restricted Share Incentive Scheme helps to further enhance the construction and stability of the Company's core talent team, which in turn fosters the Company's long-term development. Therefore, the inclusion of such employee as Participant under the Restricted Share Incentive Scheme is in line with the Company's actual situation and development needs, complies with the Listing Rules and other relevant laws and regulations, and is necessary and reasonable.

The Participants under the reserved grant will be determined within 12 months after the Restricted Share Incentive Scheme is considered and approved by the general meeting. After the Board has proposed, the independent non-executive Directors and the Supervisory Committee have issued their clear opinions, and the lawyers have expressed professional opinions and issued legal opinions, the Company shall disclose the relevant information of the Participants in a timely and accurate manner on designated websites as required. If the Participants are not determined for more than 12 months, the reserved interests will lapse. The basis for determining the Participants under the reserved grant shall be made by reference to the basis for the first grant.

Persons who are under one of the following circumstances shall not be Participants of the Restricted Share Incentive Scheme, if he or she:

- (1) has been determined by the Stock Exchange as an inappropriate person in the last 12 months;
- (2) has been determined by the CSRC and its delegated agencies as an inappropriate person in the last 12 months;
- (3) has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material non-compliance of laws or regulations;
- (4) is prohibited from acting as a Director or a member of the senior management of the Company as required by the Company Law;

- (5) is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations;
- (6) is under other circumstances determined by the CSRC.

If the above circumstances occur to any Participant during the implementation of the Restricted Share Incentive Scheme, the Company will terminate his/her right to participate in the Restricted Share Incentive Scheme and the Restricted Shares granted but not yet vested shall not be vested and become null and void.

The Company engaged legal counsel to provide professional advice on whether the qualifications of the Participants are in compliance with the Management Measures, other relevant laws and administrative regulations and relevant provisions of the Restricted Share Incentive Scheme. Before convening the general meeting, the Company shall announce the names and positions of the Participants internally via the Company's website or other channels for not less than 10 days. The Supervisory Committee shall verify the list of the Participants and thoroughly consider opinions from the public. The Company shall disclose the opinions of the Supervisory Committee regarding the verification of the list of the Participants and the status of announcement five days prior to the consideration of the Restricted Share Incentive Scheme at the general meeting. The list of the Participants as adjusted by the Board shall also be verified by the Supervisory Committee.

The allocation of the Restricted Shares granted under the Restricted Share Incentive Scheme among the Participants is set out in the following table:

Name	Nationality	Position	Number of the Restricted Shares granted (0'000 shares)	Percentage of the total number of the Restricted Shares granted	Percentage of the total share capital at the announcement of the Restricted Share Incentive Scheme
				of the Restricted Shares granted	of the Restricted Share Incentive Scheme
Yang Jiansong	UK	Core technical (business) personnel	6.6940	0.9421%	0.0077%
<b>Other core technical (business) personnel (827 persons)</b>			<b>628.8650</b>	<b>88.5028%</b>	<b>0.7208%</b>
Reserved shares			75.0000	10.5551%	0.0860%
<b>Total</b>			<b>710.5590</b>	<b>100.00%</b>	<b>0.8145%</b>

*Notes:*

- (1) The total Shares of the Company to be granted under the fully effective share incentive scheme to any one of the above-mentioned Participants will not exceed 1% of the total number of share capital of the Company. The total Underlying Shares of the Company involved under the fully effective share incentive scheme will not exceed 20% of the total number of Shares of the Company as at the date of the proposal of the share incentive scheme at the general meeting. If the Participants voluntarily give up the granted interests due to personal reasons, the Board will adjust the number of shares granted accordingly.
- (2) The Participants under the Restricted Share Incentive Scheme exclude any independent non-executive Directors, Supervisors, Shareholders or the de facto controllers individually or collectively holding 5% or more of the Shares of the Company and their spouses, parents or children.
- (3) Certain figures shown as totals in the Restricted Share Incentive Scheme may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments, similarly hereinafter.

Number of the Shares  
Granted:

The number of Restricted Shares to be granted to the Participants under the Restricted Share Incentive Scheme is 7,105,590 in total, representing approximately 0.8145% of the total number of Shares of the Company (i.e. 872,418,220 shares) as at the date of the announcement of the draft of the Restricted Share Incentive Scheme, of which 6,355,590 shares will be granted under the first grant, representing 89.4449% of the total number of Shares to be granted under the Restricted Share Incentive Scheme and approximately 0.7285% of the total number of Shares of the Company as at the date of the announcement of the draft of the Restricted Share Incentive Scheme; and 750,000 shares will be reserved, representing 10.5551% of the total number of Shares to be granted under the Restricted Share Incentive Scheme and approximately 0.086% of the total number of Shares of the Company as at the date of the announcement of the draft of the Restricted Share Incentive Scheme. The Shares of the Company granted to any individual Participant of the Restricted Share Incentive Scheme under all share incentive schemes within the validity period shall not exceed 1% of the total share capital of the Company.

For the reserved portion, the grantees of reserved Restricted Shares shall be determined within 12 months after the Restricted Share Incentive Scheme is considered and approved by the general meeting. The reserved portion is granted as agreed under the Restricted Share Incentive Scheme after the Board has proposed, the independent non-executive Directors and the Supervisory Committee have expressed their clear opinions, the lawyers have expressed professional opinions and issued legal opinions, and the Company has made sufficient information disclosure on the designated websites regarding particulars such as incentive share, the positions of the Participants, and the grant price.

In the event that, from the date of the announcement on the Restricted Share Incentive Scheme to the completion of the registration of the vested Restricted Shares by the Participants, any capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue or other events has been made by the Company, an adjustment to the number and grant price of Restricted Shares shall be made in accordance with the provisions of the Restricted Share Incentive Scheme accordingly.

Source of Underlying Shares:

The form of incentive adopted under the Restricted Share Incentive Scheme is Restricted Shares and the source of the Underlying Shares of the Restricted Share Incentive Scheme shall be ordinary A Shares of the Company to be repurchased by the Company from the secondary market.

Grant Date:

The grant date shall be determined by the Board after the Restricted Share Incentive Scheme is considered and approved by the general meeting of the Company, and must be a trading day. The Company shall grant the Restricted Shares for the first grant and complete the announcement procedures within 60 days from the date on which the Restricted Share Incentive Scheme is considered and approved by the general meeting of the Company. If the Company is unable to complete the procedures within the 60-day period, the Company will make a timely announcement to disclose the reason for being unable to complete the procedures and declare the termination of the Restricted Share Incentive Scheme, and the Restricted Shares which have not been granted will lapse. The grant date of reserved Restricted Shares shall be confirmed by the Board of the Company within 12 months after consideration and approval at the general meeting.

The period during which no grant of entitlements is allowed under the Management Measures and the Self-regulatory Guidance No. 1 is excluded from the calculation of the 60-day period. The grant date must be a trading day. If the date determined in accordance with the above principles is not a trading day, the grant date shall be postponed to the first trading day thereafter.

Conditions on Grant of the Restricted Shares: Restricted Shares shall be granted to the Participants by the Company upon satisfaction of all of the following conditions. In other words, Restricted Shares cannot be granted to the Participants if any of the following conditions of grant is not satisfied.

(A) There is no occurrence of any of the following events on the part of the Company:

1. issue of an auditor's report with an adverse opinion or indicate the inability to give an opinion by a certified public accountant on the financial report of the Company for the latest accounting year;
2. issue of an auditor's report with an adverse opinion or indicate the inability to give an opinion by a certified public accountant on the internal control contained in the financial report of the Company for the latest accounting year;
3. profit distribution in violation of the laws and regulations, the Articles of Association or public undertakings during the last 36 months after listing;
4. adoption of a share incentive scheme forbidden by the laws and regulations;
5. other circumstances as determined by the CSRC; and

(B) There is no occurrence of any of the following events on the part of the Participants:

1. he or she has been determined by the Stock Exchange as an inappropriate person in the last 12 months;
2. he or she has been determined by the CSRC and its delegated agencies as an inappropriate person in the last 12 months;
3. he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material non-compliance of laws or regulations;
4. he or she is prohibited from acting as a Director or a member of the senior management of the Company as required by the Company Law;
5. he or she is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations; and
6. other circumstances as determined by the CSRC.

Grant Price:

The grant price of the Restricted Shares under the first grant shall be RMB69 per share. Upon fulfillment of the grant conditions and vesting conditions, each Participant is entitled to acquire the Shares of the Company at the price of RMB69 per share. The grant price of the reserved Restricted Shares shall be an amount equal to the grant price of the Restricted Shares under the first grant.

The grant price of the Restricted Shares under the first grant shall not be lower than the nominal value of the Shares, and not lower than the higher of the followings:

- (1) 70% of the average trading price (total trading amount/total trading volume on the preceding trading day) of the Shares (i.e. RMB57.95 per share) on the trading day preceding the date of the announcement of the draft of the Restricted Share Incentive Scheme;
- (2) 70% of the average trading price (total trading amount/total trading volume for the last 20 trading days) of the Shares (i.e. RMB60.35 per share) for 20 trading days preceding the date of the announcement of the draft of the Restricted Share Incentive Scheme;
- (3) 70% of the average trading price (total trading amount/total trading volume for the last 60 trading days) of the Shares (i.e. RMB67.67 per share) for 60 trading days preceding the date of the announcement of the draft of the Restricted Share Incentive Scheme;
- (4) 70% of the average trading price (total trading amount/total trading volume for the last 120 trading days) of the Shares (i.e. RMB68.30 per share) for 120 trading days preceding the date of the announcement of the draft of the Restricted Share Incentive Scheme.

Basis of determination for the grant price of the reserved Restricted Shares

The grant price of the reserved Restricted Shares shall be the same as that of those under the first grant, which is RMB69 per share, meaning the Participants can purchase the Restricted Shares granted by the Company to them at a price of RMB69 per share after the reserved grant conditions and vesting conditions are met. Prior to the grant of the reserved portion of the Restricted Shares, a Board meeting shall be convened to consider and approve the relevant proposals, and the particulars of the grant shall be disclosed.

Conditions on Vesting of the Restricted Shares: During the vesting period, the following conditions must be fulfilled before the Restricted Shares granted to the Participants can be vested:

(I) There is no occurrence of any of the following events on the part of the Company:

1. issue of an auditor's report with an adverse opinion or indicate the inability to give an opinion by a certified public accountant on the financial report of the Company for the latest accounting year;
2. issue of an auditor's report with an adverse opinion or indicate the inability to give an opinion by a certified public accountant on the internal control contained in the financial report of the Company for the latest accounting year;
3. profit distribution in violation of the laws and regulations, the Articles of Association or public undertakings during the last 36 months after listing;
4. adoption of a share incentive scheme forbidden by the laws and regulations;
5. other circumstances as determined by the CSRC.

(II) There is no occurrence of any of the following events on the part of the Participants:

1. he or she has been determined by the Stock Exchange as an inappropriate person in the last 12 months;
2. he or she has been determined by the CSRC and its delegated agencies as an inappropriate person in the last 12 months;
3. he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material non-compliance of laws or regulations;

4. he or she is prohibited from acting as a Director or a member of the senior management of the Company as required by the Company Law;
5. he or she is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations;
6. other circumstances as determined by the CSRC.

In case the Company has any of the circumstances specified in the above sub-paragraph (I), all the Restricted Shares that have been granted to the Participants under the Restricted Share Incentive Scheme but have not been vested shall not be vested and be null and void; in case any Participant has any of the circumstances specified in the above sub-paragraph (II), the Restricted Shares that have been granted to the Participant under the Restricted Share Incentive Scheme but have not been vested shall not be vested and be null and void.

**Vesting Arrangement:**

The Restricted Shares granted under the Restricted Share Incentive Scheme will be vested in tranches as per the agreed proportions upon the Participants satisfying the corresponding vesting conditions. The vesting date must be a trading day, and vesting shall not fall within any of the following periods:

- (1) 30 days prior to the publication of the annual report or interim report of the Company or in the event that the publication of the periodic report is postponed due to special reasons, 30 days prior to the originally scheduled date of publication until the day prior to the date of publication;
- (2) 10 days prior to the publication of the quarterly reports, the announcement of results forecast or the announcement of the summary of results;
- (3) the period from the date of an event which may have significant effect on the trading prices of the securities of the Company and their derivatives or the date on which a decision is to be considered to the date of disclosure in accordance with laws;
- (4) such other period as stipulated by the CSRC and the Shenzhen Stock Exchange.

The vesting arrangements for the first grant of the Restricted Shares under the Restricted Share Incentive Scheme are shown in the table below:

<b>Vesting arrangement</b>	<b>Vesting period</b>	<b>Vesting percentage</b>
First vesting period	From the first trading day after the expiry of 12 months following the grant date of the first grant until the last trading day within the 24 months following the grant date of the first grant	40%
Second vesting period	From the first trading day after the expiry of 24 months following the grant date of the first grant until the last trading day within the 36 months following the grant date of the first grant	30%
Third vesting period	From the first trading day after the expiry of 36 months following the grant date of the first grant until the last trading day within the 48 months following the grant date of the first grant	30%

The vesting arrangements for the reserved Restricted Shares are shown in the table below:

<b>Vesting arrangement</b>	<b>Vesting period</b>	<b>Vesting percentage</b>
First vesting period	From the first trading day after the expiry of 12 months following the date of the reserved grant until the last trading day within the 24 months following the date of the reserved grant	50%
Second vesting period	From the first trading day after the expiry of 24 months following the date of the reserved grant until the last trading day within the 36 months following the date of the reserved grant	50%

Prior to the vesting, the Restricted Shares granted to the Participants under the Restricted Share Incentive Scheme shall not be transferred, used to guarantee or repay debts. Those Restricted Shares which have not been vested during their respective period as a result of failure to fulfil the vesting conditions are not allowed to be vested or deferred to be vested in the next period and shall lapse according to the provisions under the Restricted Share Incentive Scheme.

Where the Restricted Shares that have been granted to but not vested in the Participants are increased due to the capitalisation issue, bonus issue, bonus distribution, and others, the additional Shares shall also be subject to the vesting conditions and shall not be transferred, used to guarantee or repay debts. If the Restricted Shares cannot be vested, the Shares obtained for the aforementioned reasons shall also not be vested and become null and invalid.

After the vesting conditions of the Restricted Shares are met, the Company shall handle the matters in relation to the vesting of the Restricted Shares which have met the vesting conditions.

Additional lock-up period:

- (1) All Participants undertake that within 3 months from the first trading day of each vesting period of each batch of Restricted Shares eligible for vesting, they will not to transfer Restricted Shares that meet the vesting conditions in the current period to any third party in any form.
- (2) The Company will collectively handle matters in relation to the vesting of each batch of Restricted Shares that meet the vesting conditions and the requirements for an additional 3-month lock-up period.
- (3) For the avoidance of doubt, the unusual changes of the Participants that meet the vesting conditions taking place during the 3-month additional lock-up period will not affect the Company's handling of matters in relation to vesting of the current batch of Restricted Shares that have met the vesting conditions for the Participants after the expiration of the lock-up period.

Lock-up Period:

- (1) Where a Participant is a director or a member of the senior management of the listed company, the number of Shares which may be transferred by the Participant each year during his/her term of office shall not exceed 25% of the total number of the Shares of the Company held by him/her. No Shares of the Company held by him/her shall be transferred within six months after his/her termination of office.

- (2) Where a Participant is a director or a member of the senior management of the listed company and he/she disposes of any Shares of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains.
- (3) If, during the validity period of the Restricted Share Incentive Scheme, there is any amendment to the requirements regarding transfer of shares by a Director and a member of the senior management of the Company under the Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, such amended requirements thereunder shall apply to the Shares transferred by the Participants during the relevant times.

Requirements for  
Performance  
Evaluation:

The Restricted Shares granted under the Restricted Share Incentive Scheme will be evaluated and vested on an annual basis for each corresponding financial year of the vesting period, and the fulfilment of the performance indicators is one of the vesting conditions for the Participants.

The Restricted Shares appraisal indicators of the Company are categorised into two levels, i.e. performance appraisal at company level and performance appraisal at individual level.

1. Performance appraisal at company level

The entire appraisal period of the Restricted Share Incentive Scheme lasts from 2022 to 2025, spanning four accounting years. Meeting the appraisal targets for the Company is one of the vesting conditions for the current vesting batch of Restricted Shares granted to the Participants. The performance appraisal targets for the Restricted Shares granted under the Restricted Share Incentive Scheme for each appraisal period are as follows:

Vesting arrangement	Corresponding appraisal year	Performance appraisal target A	Performance appraisal target B
First vesting period of the Restricted Shares under first grant/first vesting period of reserved Restricted Shares	2022 and 2023	Total net profit in 2022 and 2023 increases by 193% compared with 2021 based on net profit in 2021	Total net profit in 2022 and 2023 increases by 160% compared with 2021 based on net profit in 2021
The second vesting period of the Restricted Shares under first grant	2023 and 2024	Total net profit in 2023 and 2024 increases by 266% compared with 2021 based on net profit in 2021	Total net profit in 2023 and 2024 increases by 193% compared with 2021 based on net profit in 2021
The third vesting period of the Restricted Shares under first grant/the second vesting period of reserved Restricted Shares	2024 and 2025	Total net profit in 2024 and 2025 increases by 357% compared with 2021 based on net profit in 2021	Total net profit in 2024 and 2025 increases by 266% compared with 2021 based on net profit in 2021

Completion of performance target (X)	Vesting proportion at company level (Y)
$X \geq$ Performance appraisal target A	100%
Performance appraisal target $B \leq X <$ Performance appraisal target A	80%
$X <$ Performance appraisal target B	0

*Notes:*

- (1) The “net profit” mentioned above refers to the audited net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss.

- (2) Based on the net profit attributable to the parent company after deducting non-recurring profit and loss in 2021, the Company's net profit attributable to the parent company after deducting non-recurring profit and loss in 2022 and 2023 shall increase by not less than 193% in aggregate, meaning  $[(\text{Net profit attributable after deducting non-recurring profit and loss in 2022} + \text{Net profit attributable after deducting non-recurring profit and loss in 2023}) - \text{Net profit attributable after deducting non-recurring profit and loss in 2021}] / \text{Net profit attributable after deducting non-recurring profit and loss in 2021} \geq 193\%$ . The calculation for performance appraisal indicators for the other two performance appraisal periods shall be the same as above.
- (3) The performance appraisal indicators mentioned above do not constitute the performance prediction and commitment of the Company to investors. The Company intends to grant the reserved portion before the disclosure of the third quarterly report in 2023.

If the Company fails to meet the above performance indicators, the portion of the Restricted Shares of all Participants that is not eligible for vesting in the current period cannot be vested or deferred to the next period for vesting, and shall be null and void.

During the vesting period, the Company handles matters in relation to the vesting registration of Shares for Participants that meet the vesting conditions. During each vesting period, if the performance level of the Company does not meet the performance appraisal target, all the Restricted Shares of the Participants that can be vested in the corresponding appraisal year shall not be vested and become null and void.

## 2. Performance appraisal at individual level

According to the Assessment Management Measures of the Company, there are five grades for performance results at individual level, namely A+, A, B, C and D. The actual number of shares vested in the Participants shall be determined according to the corresponding vesting proportion at individual level in the following assessment grading table:

Appraisal results	A+	A	B	C	D
Vesting proportion at individual level (Z)			100%		0%

The number of the Restricted Shares of Participant eligible for vesting in the current period = the number of the Restricted Shares planned to be vested in the Participant in the current period × the vesting proportion at company level (Y) × the vesting proportion at individual level (Z).

In the event that the Restricted Shares to be vested in the Participant in the current period cannot be vested or fully vested due to appraisal reasons, such Restricted Shares shall lapse and cannot be deferred to subsequent years for vesting.

The specific content of the appraisal under the Restricted Share Incentive Scheme is implemented in accordance with the Assessment Management Measures.

Methods of Adjusting the Number of Restricted Shares:

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company and others in the period from the date of the announcement on the Restricted Share Incentive Scheme to the completion of vesting registration of Restricted Shares by the Participants, the number of Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

(I) Capitalisation issue, bonus issue and sub-division of shares

$$Q = Q_0 \times (1 + n)$$

Where:  $Q_0$  represents the number of the Restricted Shares before the adjustment;  $n$  represents the ratio per share resulting from capitalisation issue, bonus issue or sub-division of shares (i.e. the increase in the number of shares per share upon capitalisation issue, bonus issue and sub-division of shares);  $Q$  represents the adjusted number of the Restricted Shares.

(II) Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where:  $Q_0$  represents the number of the Restricted Shares before the adjustment;  $P_1$  represents the closing price as at the record date;  $P_2$  represents the price of the rights issue;  $n$  represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue);  $Q$  represents the adjusted number of the Restricted Shares.

(III) Share consolidation

$$Q = Q_0 \times n$$

Where:  $Q_0$  represents the number of Restricted Shares before the adjustment;  $n$  represents the ratio of consolidation of shares (i.e. one share of the Company shall be consolidated into  $n$  shares);  $Q$  represents the adjusted number of the Restricted Shares.

(IV) Dividend distribution

Under the circumstance of dividend distribution by the Company, no adjustment will be made to the number of the Restricted Shares.

(V) Additional issue

Under the circumstance of additional issue of new shares by the Company, no adjustment will be made to the number of the Restricted Shares.

Method of Adjusting  
the Grant Price of the  
Restricted Shares:

In the event of any dividend distribution, capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company and others in the period from the date of the announcement on the Restricted Share Incentive Scheme to the completion of vesting registration of the Restricted Shares by the Participants, the grant price of Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

(I) Capitalisation issue, bonus issue and sub-division of shares

$$P = P_0 \div (1+n)$$

Where:  $P_0$  represents the grant price before the adjustment;  $n$  represents the ratio per share resulting from capitalisation issue, bonus issue and sub-division of shares;  $P$  represents the adjusted grant price.

(II) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1+n)]$$

Where:  $P_0$  represents the grant price before the adjustment;  $P_1$  represents the closing price as at the record date;  $P_2$  represents the price of the rights issue;  $n$  represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue);  $P$  represents the adjusted grant price.

(III) Share consolidation

$$P=P_0 \div n$$

Where:  $P_0$  represents the grant price before the adjustment;  
 $n$  represents the ratio of consolidation of shares;  $P$   
represents the adjusted grant price.

(IV) Dividend distribution

$$P=P_0-V$$

Where:  $P_0$  represents the grant price before the adjustment;  
 $V$  represents the dividend per share;  $P$  represents the  
adjusted grant price.  $P$  shall be a positive number after  
the dividend distribution.

(V) Additional issue

Under the circumstance of additional issue of new shares by the  
Company, no adjustment will be made to the grant price of the  
Restricted Shares.

Adjustment Procedures  
of the Restricted Share  
Incentive Scheme:

The Board shall pass a resolution regarding the adjustment to the  
number and the grant price of the Restricted Shares under the  
authorisation of the general meeting in any of the abovementioned  
circumstances. The Company shall retain a legal adviser for  
professional advice to the Board on whether such adjustment is in  
compliance with the Management Measures, the Articles of Association  
and the Restricted Share Incentive Scheme. The Company shall publish  
an announcement on the resolution and relevant legal opinions of the  
law firm after such resolution is considered and passed by the Board.

Fair Value of the Restricted Shares and Determination Method:

According to the Enterprise Accounting Standard No.11 – Share-based Payments and Enterprise Accounting Standard No.22 – Financial Instruments: Recognition and Measurement, the Company adopted the Black-Scholes model (B-S model) as the basic pricing model, and used this model to estimate the fair value of the Restricted Shares (formal calculation will be conducted upon the grant).

According to the Restricted Share Incentive Scheme, the Participants who are granted Restricted Shares undertake that within 3 months from the date when each batch of Restricted Shares are vested, they will not transfer all the Restricted Shares they hold in the current batch vested. This condition is a non-vesting condition. According to the Accounting Standards for Business Enterprises, when an enterprise determines the fair value of the equity instrument on the grant date, the impact of the non-vesting condition shall be considered. The Company uses the B-S model as the basic pricing model to calculate the restricting cost that the Participants need to pay to obtain reasonably expected returns after the future vesting.

The fair value of the Restricted Shares is equal to the fair value determined by the option pricing model (including the intrinsic value and time value of options) less the relevant restricting costs. Selection of specific parameters is as follows:

1. Underlying Shares: RMB69 per share (assuming the closing price on October 24, 2022 is the closing price of the Company's Shares as at the grant date);
2. Validity period: 15 months, 27 months and 39 months (the period from the grant date of the Restricted Shares to expiration of additional lock-up period after the first vesting date for each respective period);
3. Historical volatility: annualised volatility of the ChiNext Composite Index for the respective period;
4. Risk-free interest rate: the benchmark deposit rate for financial institutions formulated by the People's Bank of China for the respective period.

Estimated Impact on the Operating Performance in Each Period due to the Implementation of the Restricted Shares:

The Company estimates the fair value of the Restricted Shares as at the grant date using relevant valuation tools, and ultimately determines the share-based payment expenses under the Restricted Share Incentive Scheme, which will be amortised according to the vesting ratio during the implementation of the Restricted Share Incentive Scheme. Incentive costs arising from the Restricted Share Incentive Scheme will be charged to recurring profit or loss. Assuming the first grant date is in early December 2022, the estimated amortisation of the cost of Restricted Shares under the first grant of the Restricted Share Incentive Scheme from 2022 to 2026 is shown in the following table:

Number of Restricted Shares under the first grant (10,000 shares)	Total expenses to be amortized (RMB'0,000)	2022	2023	2024	2025	2026
635.5590	7,391.30	331.77	2,974.32	3,100.18	868.52	116.15

*Notes:*

- (1) The above amortisation cost estimate does not represent the final accounting costs. The actual accounting costs relate to the grant date, grant price and vesting quantity. If the Participants resign before vesting, or the Company's performance appraisal or individual performance appraisal fails to meet the corresponding standards, the actual vesting quantity will be reduced accordingly, which in turn reduces share-based payment expenses. Meanwhile, the Company reminds the Shareholders of the possible dilutive effects.
- (2) The final result of the impact of the above amortisation cost estimate on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

Financial Cost of Implementing the Share Incentive Scheme and Impact on the Company's Performance:

Based on the currently available information, the Company preliminarily estimates that the amortisation of Restricted Share expenses will have a limited impact on the net profit of each year during the validity period without considering the stimulating effect of the Restricted Share Incentive Scheme on the Company's performance. If the positive effects of the Restricted Share Incentive Scheme on the development of the Company are taken into consideration, such as boosting the enthusiasm of the Participants and improving the operating efficiency, the performance improvement of the Company brought by the Restricted Share Incentive Scheme will outweigh the increase in expenses incurred by it.

The accounting treatment of the reserved Restricted Shares is same as the accounting treatment of the Restricted Shares under the first grant.

Procedures for the  
Restricted Share  
Incentive Scheme to  
Take Effect:

1. The Board shall resolve on the Restricted Share Incentive Scheme in accordance with the law. When the Board considers the Restricted Share Incentive Scheme, any Director who is also a Participant or is a related party to a Participant shall abstain from voting. After the Board reviewed and approved the Restricted Share Incentive Scheme and performed the publicity and announcement procedure, it should propose the Restricted Share Incentive Scheme to the general meeting for review and approval; at the same time, it shall propose to the general meeting for authorisation to execute the grant, vesting (registration) and other procedures of the Restricted Shares.
2. The independent non-executive Directors and the Supervisory Committee shall issue opinions in respect of whether the Restricted Share Incentive Scheme is beneficial to the sustainable development of the Company or whether there is any noticeable damage to the interests of the Company and the Shareholders as a whole.
3. The Restricted Share Incentive Scheme can only be implemented after being considered and approved by the general meeting of the Company. The Company shall internally publish the names and the positions of the Participants before the general meeting is convened through its website or other channels for a period of no less than 10 days. The Supervisory Committee shall verify the list of the Participants and thoroughly consider opinions from the public. The Company shall publish the opinions of the Supervisory Committee on the verification and the public opinions in relation to the list of the Participants 5 days before the Restricted Share Incentive Scheme is considered at a general meeting.
4. When a general meeting of the Company is convened to vote on the Restricted Share Incentive Scheme, the independent non-executive Directors shall solicit proxy voting rights from all Shareholders regarding the Restricted Share Incentive Scheme. At the general meeting, it is required to vote on the content of the share incentive scheme under Article 9 of the Management Measures, and the share incentive scheme shall be passed by more than 2/3 of the voting rights held by the Shareholders present at the meeting. Except for the Directors, Supervisors and senior management of the Company, as well as the Shareholders individually or collectively holding more than 5% of the Company's Shares, the voting by other Shareholders shall be separately counted and disclosed.

When the share incentive scheme is considered at the Company's general meeting, Shareholders who are Participants or Shareholders who have a related relationship with the Participants shall abstain from voting thereon.

5. The Company shall grant the Restricted Shares to the Participants within the prescribed period upon consideration and approval of the Restricted Share Incentive Scheme at the general meeting of the Company and the fulfilment of grant conditions stipulated under the Restricted Share Incentive Scheme. The Board shall be responsible for the implementation of the grant, vesting (registration) and other procedures in accordance with the mandate granted at the general meeting.

Procedures for Granting of Interests under the Restricted Share Incentive Scheme:

1. Upon consideration and approval of the Restricted Share Incentive Scheme at the general meeting, the Company shall sign a Restricted Share Granting Agreement with the Participants in order to define their respective rights and obligations.
2. The Board shall consider and announce whether the conditions of a grant to a Participant as set out in the share incentive scheme have been satisfied before the Company makes a grant of interests to such Participants. The grant plan for reserved Restricted Shares shall be determined, considered and approved by the Board.

The independent non-executive Directors and the Supervisory Committee shall both express their views explicitly. The law firm shall issue legal opinions on whether the conditions for the grant of interests to the Participants are fulfilled or not.

3. The Supervisory Committee shall verify the list of Participants on the grant dates of the Restricted Shares and issue their views on such verification.
4. If there is any discrepancy between the grant of the interests to the Participants and the arrangement of the share incentive scheme, the independent non-executive Directors, the Supervisory Committee (in case of change of the Participants), and the law firm shall all express their views explicitly.
5. The Company shall make the first grant to the Participants and complete the announcement within 60 days after the share incentive scheme is considered and approved at the general meeting. The Board shall disclose the implementation thereof timely by way of announcement after completion of the grant. In the event the Company fails to complete the procedures mentioned above within such 60 days, the Restricted Share Incentive Scheme shall be terminated, and the Board shall disclose the reason for such failure timely and shall not be allowed to consider the share incentive scheme within the following three months.

Participants eligible for the reserved interests shall be confirmed within 12 months after the Restricted Share Incentive Scheme is considered and approved at the general meeting. If the Participants are not confirmed within 12 months, the reserved interests will lapse.

Procedures for Vesting  
of the Restricted  
Shares:

1. Prior to vesting, the Company shall confirm whether the Participants have satisfied the vesting conditions. The Board shall consider whether the vesting conditions under the Restricted Share Incentive Scheme have been satisfied, and the independent non-executive Directors and the Supervisory Committee shall express clear opinions at the same time. The law firm shall issue a legal opinion on whether the conditions for vesting the Restricted Shares in the Participants have been satisfied. For the Participants who meet the vesting conditions, the vesting procedures will be conducted by the Company. For the Participants who do not meet the conditions, the corresponding Restricted Shares shall not be vested and become null and void. The Company shall disclose the implementation thereof timely by way of announcement.
2. Participants that meet the vesting conditions shall pay the funds for the subscription of Restricted Shares to the Company's designated account according to the Company's regulations, which shall be subject to verification by a certified public accountant. Failure to make payment in time shall be deemed as the Participants waiving the subscription of Restricted Shares that have met the vesting conditions. For Participants that do not meet the vesting conditions, their corresponding Restricted Shares for the current period shall not be vested and become null and void. The Company shall disclose announcement(s) in relation to the implementation in a timely manner.
3. A Participant may transfer the vested Restricted Shares of the Company, but the transfer of Shares held by the Directors and senior management of the Company shall be in compliance with the requirements of relevant laws, regulations and regulatory documents.
4. Prior to the vesting of the Restricted Shares of the Company, an application shall be submitted to the Stock Exchange, upon confirmation of which the CSDC shall proceed with the vesting procedures.

Procedures for  
Amendment of the  
Restricted Share  
Incentive Scheme:

1. If the Company intends to amend the Restricted Share Incentive Scheme prior to its consideration at a general meeting, such amendment shall be considered and approved by the Board.
2. If the Company intends to amend the Restricted Share Incentive Scheme after it is considered and approved at a general meeting, such amendment shall be considered and approved at the general meeting, given that such amendment shall not result in the following:
  - (1) Vesting in advance;
  - (2) Reduction in grant price.

The independent non-executive Directors and the Supervisory Committee shall give independent opinions in respect of whether the scheme after amendment is beneficial to the sustainable development of the Company or whether there is any noticeable damage to the interests of the Company and the Shareholders as a whole. The law firm shall give professional opinions on whether the scheme after amendment complies with the Management Measures and relevant laws and regulations or whether there is any noticeable damage to the interests of the Company and the Shareholders as a whole.

Procedures for  
Termination of the  
Restricted Share  
Incentive Scheme:

1. If one of the circumstances prescribed in Article 7 of the Management Measures occurred to the Company, the Restricted Share Incentive Scheme shall be terminated; the Company shall not proceed to grant new interests to the Participants; and the interests that have been granted to but not yet vested in the Participants under the Restricted Share Incentive Scheme shall not be vested.
2. If the Participants are not qualified as Participants as prescribed in Article 8 of the Management Measures, the Company shall not proceed to grant interests to the Participants, and the interests that have been granted but not yet vested shall not be vested.
3. If the Company intends to terminate the Restricted Share Incentive Scheme prior to its consideration at a general meeting, such termination shall be considered and approved by the Board.
4. If the Company intends to terminate the implementation of the Restricted Share Incentive Scheme after it is considered and approved at a general meeting, such termination shall be considered and approved at the general meeting.
5. The law firm shall give professional opinions on whether the Company's termination of the incentive scheme complies with the measures and relevant laws and regulations or whether there is any noticeable damage to the interests of the Company and the Shareholders as a whole.
6. If the general meeting or the Board of the Company have considered and passed a resolution terminating the implementation of a share incentive scheme, no share incentive scheme shall be considered in three months after the date of announcement of such resolution.

Rights and Obligations  
of the Company:

1. The Company shall have the right to construe and execute the Restricted Share Incentive Scheme and shall appraise the performance of the Participants based on the requirements under the Restricted Share Incentive Scheme. If a Participant fails to fulfill the vesting conditions required under the Restricted Share Incentive Scheme, the Restricted Shares which have been granted to but not yet vested in the Participants shall not be vested and become null and void in accordance with the principles under the Restricted Share Incentive Scheme.
2. The Company undertakes that there are no false statements or misleading statements in or material omissions from the information disclosure documents of the Restricted Share Incentive Scheme.
3. The Company undertakes not to provide loans and financial support in any other forms, including providing guarantee for loans, to the Participants for acquiring the Restricted Shares under the Restricted Share Incentive Scheme.
4. The Company shall discharge its obligations in a timely manner in relation to report and information disclosure under the Restricted Share Incentive Scheme in accordance with the relevant requirements.
5. The Company shall actively support the Participants who have fulfilled the vesting conditions to complete the vesting registration in accordance with the relevant requirements including those of the Restricted Share Incentive Scheme, the CSRC, the Stock Exchange, and the CSDC. However, the Company disclaims any liability for losses incurred by the Participants who fail to complete the vesting registration at their own will due to reasons caused by the CSRC, and the CSDC.
6. The Company confirms that the eligibility of the Participants under the scheme does not represent the right of such Participants to continue to serve the Company and does not constitute a commitment of employment for a fixed term by the Company. The employment relationship between the Company and the Participants is still governed by the labour/employment contract between the parties.

7. If a Participant violates laws, violates professional ethics, reveals confidential information of the Company, fails to discharge his/her duties or has willful misconduct, causing damages to the interest or reputation of the Company, the Participants shall return all of their gains from the vested Restricted Shares to the Company and the Restricted Shares that have been granted but not yet vested shall not be vested and become null and void after being reviewed by the Remuneration and Evaluation Committee of the Board and approved by the Board. If the violation is serious, the Company may seek compensation for the losses incurred therefrom in accordance with the law.
8. The Company shall withhold and pay the individual income tax and other taxes and fees payable by the Participants according to the relevant provisions of the national tax laws and regulations.
9. Other relevant rights and obligations under the laws and regulations.

Rights and Obligations  
of the Participants:

1. A Participant shall comply with the requirements of his/her position as stipulated by the Company, and shall work diligently and responsibly, strictly observe professional ethics, and make contribution to the development of the Company.
2. The source of funds shall be the lawful self-raised funds of the Participants.
3. Prior to the vesting registration, the Restricted Shares granted to the Participants shall not be transferred, used to guarantee or repay debts.
4. Restricted Shares granted to the Participants under the Restricted Share Incentive Scheme shall not entitle the Participants to voting rights or distribution of share bonus or dividends prior to vesting.
5. Any gains of the Participants generated from the incentive scheme are subject to individual income tax and other taxes according to PRC tax laws.
6. The Participants undertake, where he/she becomes unqualified as a Participant as stipulated in the Restricted Share Incentive Scheme during the implementation thereof, he/she will waive the right to participate in the Restricted Share Incentive Scheme from the year when he/she becomes unqualified as a Participant, and will not claim any compensation from the Company. The Restricted Shares granted but not yet vested shall not be vested and become null and void.

7. The Participants undertake, where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with the conditions of granting entitlement or vesting arrangements, the Participants concerned shall return to the Company all interests gained through the Restricted Share Incentive Scheme calculated from the date when it is confirmed that the relevant information disclosure documents contain false statements or misleading representations or material omissions.
8. Upon consideration and approval of the Restricted Share Incentive Scheme at the general meeting of the Company, the Company will sign an Agreement on Grant of the Restricted Shares with each Participant in order to define their respective rights and obligations under the Restricted Share Incentive Scheme and other relevant matters.
9. Other relevant rights and obligations under the laws, regulations and the Restricted Share Incentive Scheme.

Measures for Unusual  
Changes of the  
Company:

1. The Restricted Share Incentive Scheme remains unchanged if any of the following events occurs to the Company:
  - (1) change in control of the Company;
  - (2) merger and spin-off of the Company.
2. The Restricted Share Incentive Scheme shall be terminated immediately if any of the following events occurs to the Company, the Restricted Shares which have been granted to but not yet vested in the Participants shall not be vested and become null and void:
  - (1) issue of an auditor's report with an adverse opinion or indicate the inability to give an opinion by a certified public accountant on the financial report of the Company for the latest accounting year;
  - (2) issue of an auditor's report with an adverse opinion or indicate the inability to give an opinion by a certified public accountant on the internal control contained in the financial report of the Company for the latest accounting year;
  - (3) profit distribution in violation of the laws and regulations, the Articles of Association or public undertakings during the last 36 months after listing;
  - (4) adoption of a share incentive scheme forbidden by the laws and regulations;
  - (5) other circumstances under which the incentive scheme shall be terminated as determined by the CSRC.

3. Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with the conditions of grant or arrangements for vesting, the Restricted Shares which have not been vested shall not be vested and become null and void. In respect of the Restricted Shares which have been granted to and vested in the Participants, the Participants concerned shall surrender to the Company all interests granted. The Participants who bear no responsibility for the aforementioned matters and incur losses as a result of the surrender of the interests may seek compensation from the Company or responsible parties pursuant to the relevant arrangements of the Restricted Share Incentive Scheme.

The Board shall recall the gain received by the Participants in accordance with the aforesaid provisions and the relevant arrangements under the Restricted Share Incentive Scheme.

Measures for Changes  
in the Personal  
Circumstances of the  
Participants:

1. Change in the job position of Participants
  - (1) Where the Participant is a Supervisor or an independent non-executive Director or other person who is forbidden from holding the Restricted Shares of the Company, the Restricted Shares that have been vested shall remain unchanged and the Restricted Shares that have been granted but not yet vested shall not be vested and become null and void;
  - (2) In case a Participant has a change in job position in the Group, the Restricted Shares granted to him/her will be fully regulated by the procedures as specified in the Restricted Share Incentive Scheme before the change of his/her job position;
  - (3) In case a Participant has a change in job position (including demotion) because he/she violates laws, violates professional ethics, reveals confidential information of the Company, fails to discharge his/her duties, has willful misconduct or seriously violates the regulation of the Company, causing damages to the interest or reputation of the Company, or the Company terminates his/her employment contract for personal misconduct, the Participants shall return all of their gains from the vested Restricted Shares to the Company and the Restricted Shares that have been granted but not yet vested shall not be vested and become null and void.

Personal misconduct include but are not limited to the following behaviors, and the Company has the right to recover the losses incurred by the Participants in accordance with the provisions of relevant laws, depending on the seriousness of the circumstances:

(i) violation of the labour contract, confidentiality agreement or any other similar agreements signed with the Company or its wholly-owned subsidiaries; (ii) violation of the laws of the country of residence resulting in criminal offenses or other negative conditions that affect the performance of the job; (iii) violation of professional ethics, revelation of confidential information of the Company, failure to discharge duties, willful misconduct or material violation of the system of the Company causing damages to the interest or reputation of the Company; (iv) collection of remuneration from companies other than the Company or individuals, which has not been disclosed to the Company in advance; (v) other circumstances as stipulated in Article 39 of the Labour Contract Law of the PRC leading to the termination of the labour relationship between the Company and the Participant.

2. If a Participant departs, including but not limited to voluntary resignation, layoff by the Company, non-renewal of expired labour contract/employment agreement, agreed termination of labour contract or employment agreement, or termination of labour relation with the Company due to incompetence for his/her job, the Restricted Shares that have been granted to but not yet vested in the Participant shall not be vested and become null and void from the date of departure. The Participant shall pay in full the individual income tax for the vested portion to the Company prior to his/her departure.

Where a Participant violates the non-competition agreement or any similar agreement signed with the Company after departure, he/she shall return all the gains from the vested Restricted Shares to the Company and shall be liable for compensating the losses of the Company so incurred, if any.

3. If a Participant is re-hired after retirement, the Restricted Shares granted to the Participant shall be vested in full accordance with the procedures under the Restricted Share Incentive Scheme prior to the retirement. If the Participants reject the Company's request for continued employment, or if the Participants retire and leave the Company, the Restricted Shares that have been vested prior to the instance shall remain unchanged, and the Restricted Shares that have been granted but not yet vested shall not be vested and shall become null and void. The Participant shall pay in full the individual income tax for the vested portion of Restricted Shares prior to his/her departure.

4. The resignation of the Participants due to incapacity shall be treated depending on the following two circumstances:
  - (1) If a Participant resigns due to incapacity resulting from performance of duty, the Restricted Shares granted to the Participant shall be vested subject to the procedures under the Restricted Share Incentive Scheme prior to the incapacity, and the Board may decide at its discretion that the individual performance appraisal results will no longer be included as vesting conditions;
  - (2) If the Participant resigns not due to incapacity resulting from performance of duty, the Board may decide at its discretion that the Restricted Shares that have been granted to but not yet vested in the Participant under the Restricted Share Incentive Scheme shall not be vested and become null and void.
5. The death of the Participants shall be treated depending on the following two circumstances:
  - (1) If a Participant dies due to performance of duty, the Restricted Shares granted to the Participant shall be held by his/her designated heir or lawful heir on his/her behalf. The Restricted Shares granted to but not yet vested in the Participant shall be vested subject to the procedures under the Restricted Share Incentive Scheme prior to the death, and the Board may decide at its discretion that the individual performance appraisal results will no longer be included as vesting conditions. The heir shall pay the individual income tax for the vested portion of Restricted Shares prior to the inheritance and shall pay the individual income tax for the Restricted Shares to be vested in the period prior to completion of every subsequent vesting.
  - (2) If the Participant dies for reasons other than performance of duty, the Board may decide at its discretion not to change the Restricted Shares that have been vested prior to the instance, and the Restricted Shares that have been granted but not yet vested shall not be vested and become null and void. The Company has the right to request the heir of the Participant to pay in full the individual income tax for the vested portion out of the estate of the Participant.
6. Other circumstances not stated above and the handling method thereof shall be determined by the Board.

Resolution of Disputes Between the Company and the Participants: Any dispute arising out of the implementation of the Restricted Share Incentive Scheme and/or the share incentive agreement signed by the Company and the Participants or any dispute in relation to the Restricted Share Incentive Scheme and/or the Restricted Share Agreement shall be settled by negotiation and communication between the parties or through mediation conducted by the Remuneration and Evaluation Committee of the Board. If relevant disputes fail to be settled through the abovementioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people's court with jurisdiction in the place where the Company is located.

## **II. PROPOSED ADOPTION OF THE MANAGEMENT MEASURES FOR ASSESSMENT RELATING TO THE IMPLEMENTATION OF THE 2022 RESTRICTED A SHARE INCENTIVE SCHEME**

To further facilitate the Company's establishment and improvement of a mid to long-term mechanism integrating incentive and restraint, enhance the corporate governance structure of the Company, fully motivate the enthusiasm and creativity of the Company's Participants, improve operating efficiency, maintain the Company's robust sustainable development trend, safeguard the implementation of the Restricted Share Incentive Scheme, the Assessment Management Measures are specially formulated in accordance with the requirements of laws and regulations and the actual situation of the Company, the full text of which will be set out in the circular to be despatched to the Shareholders of the Company in due course.

### **Reasons for and Benefits of the Proposed Adoption of the Restricted Share Incentive Scheme**

The objectives of the Restricted Share Incentive Scheme are to, among others, further establish and improve the long-term incentive and restraint mechanism of the Company, attract and retain talented individuals, fully motivate the enthusiasm of the core technical (business) personnel of the Company, implement the loyalty plan of the Company and effectively align the interests of the Shareholders, the Company, and core teams and individuals so that all parties can focus on the long-term development of the Company.

The Company considers that the proposal to adopt the Restricted Share Incentive Scheme is beneficial to the Company and its Shareholders as a whole. The Board also considers that the terms and conditions of the Restricted Share Incentive Scheme are fair and reasonable and in the interests of the Company and its Shareholders as a whole. In view of the nature of the Company's business and the extremely competitive industry in which it operates, it is of paramount importance for the Company to attract and retain talents, and the long-term development plan of the Company will largely hinge on the loyalty and contributions of the Participants. The Restricted Share Incentive Scheme is regarded as an important part of the employee assessment system of the Company, which can effectively align employee performance at the individual level with the overall performance of the Company.

## **Information on the Company and Participants**

The Company is a leading China-based provider of comprehensive biopharmaceutical research and development services with an expanding global presence and is principally engaged in the provision of one-stop and professional clinical research services for innovative drugs, medical devices and biotechnology related products to domestic and international enterprises engaged in providing innovative drugs and medical devices. The A Shares of the Company are listed on the ChiNext Market of Shenzhen Stock Exchange (stock code: 300347) and the H Shares of the Company are listed on the Hong Kong Stock Exchange (stock code: 3347).

The Participants are employees of the Company. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Participants of the Restricted Share Incentive Scheme are independent of the Company and its connected persons.

### **III. PROPOSED AUTHORISATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2022 RESTRICTED A SHARE INCENTIVE SCHEME**

To specifically implement the Restricted Share Incentive Scheme, the Board proposes to request that the general meeting grant authority to the Board to handle the matters related to the Restricted Share Incentive Scheme, including but not limited to the below matters:

1. The general meeting of the Company is requested to grant authority to the Board to take responsibility for the following matters in the specific implementation of the Restricted Share Incentive Scheme:
  - (1) to grant authority to the Board to determine the qualifications and conditions for the Participants to participate in the Restricted Share Incentive Scheme and to determine the grant date of the Incentive Scheme;
  - (2) to grant authority to the Board to adjust accordingly the granting and vesting number of Restricted Shares in accordance with the methods stipulated in the Restricted Share Incentive Scheme in the event of matters such as capitalisation issue, bonus issue, sub-division or share consolidation and share placement;
  - (3) to grant authority to the Board to adjust accordingly the grant price of Restricted Shares in accordance with the methods stipulated in the Restricted Share Incentive Scheme in the event of matters such as capitalisation issue, bonus issue, sub-division or share consolidation, share placement and dividend distribution;
  - (4) to grant authority to the Board to grant Restricted Shares to the Participants when they meet the conditions and handle all necessary matters for the grant of Restricted Shares, including but not limited to signing the 2022 Restricted A Share Incentive Agreement with the Participants;
  - (5) to grant authority to the Board to determine whether the Restricted Shares granted to the Participants can be vested, to review and confirm the Participants' qualifications for vesting, and the conditions and quantity of vesting, and agree to the delegation by the Board to the Remuneration and Evaluation Committee for it to exercise such right;
  - (6) to grant authority to the Board to handle all necessary matters for the vesting of the Participants, including but not limited to filing an application to the Stock Exchange for vesting and applying to the CSDC for handling the relevant registration and clearing;

- (7) to grant authority to the Board to handle procedural formalities such as the modification and termination of the Restricted Share Incentive Scheme in accordance with the provisions of the Restricted Share Incentive Scheme, including but not limited to cancelling the qualifications of the Participants for vesting, cancelling the Restricted Shares still subject to sales restrictions of the Participants, handling the inheritance of the unvested Restricted Shares of the deceased Participants, and terminating the Restricted Share Incentive Scheme; however, if laws, regulations or relevant regulatory authorities require such modification and termination to be approved by the general meeting or/and relevant regulatory authorities, such resolutions of the Board must be approved accordingly;
  - (8) to grant authority to the Board to sign, execute, modify, and terminate any agreements in relation to the incentive scheme and other relevant agreements;
  - (9) to grant authority to the Board to manage and adjust the Restricted Share Incentive Scheme and formulate or revise the management and implementation provisions of the scheme from time to time, provided that they are consistent with the terms of the Restricted Share Incentive Scheme. However, if laws, regulations or relevant regulatory authorities require such revision to be approved by the general meeting or/and relevant regulatory authorities, such revision by the Board must be approved accordingly; and
  - (10) to grant authority to the Board to handle other necessary matters required to implement the Restricted Share Incentive Scheme, except for rights expressly stipulated in the relevant documents to be exercised by the general meeting.
2. The general meeting of the Company is requested to grant authority to the Board to handle procedures including application for approval, registration, filing, obtaining approval and seeking consent related to the Restricted Share Incentive Scheme with the relevant governments and authorities; sign, execute, modify and complete documents submitted to the relevant governments, authorities, institutions and individuals; revise the Articles of Association, and handle the registration of the change in the registered capital of the Company; and perform all acts that it deems necessary, proper or fit in relation to the Restricted Share Incentive Scheme;
  3. The general meeting is requested to grant authority to the Board to appoint intermediaries such as the financial advisor, receiving banks, accountants, lawyers, and securities companies for the implementation of the Restricted Share Incentive Scheme;
  4. The general meeting of the Company is requested to give consent that the term of the authority granted to the Board be the same as the validity period of the Restricted Share Incentive Scheme.

The authority for approval of the above delegated matters, except for matters clearly stipulated in laws, administrative regulations, rules of the CSRC, regulatory documents, the Restricted Share Incentive Scheme or the Articles of Association requiring approval by the Board by way of resolution, can be exercised directly on behalf of the Board by the chairman of the Board or appropriate persons delegated by the Board.

The proceeding authorizations shall be effective from the date of approval thereof at the extraordinary general meeting to the completion date of the Restricted Share Incentive Scheme.

## **DIRECTORS' CONFIRMATION**

The Board is of the view that the terms of the Restricted Share Incentive Scheme are fair and reasonable, on normal commercial terms and in the interests of the Company and Shareholders as a whole. None of the Directors are required to abstain from voting on relevant resolutions of the Board because of their entitlement to the Restricted Share Incentive Scheme. None of the Directors has any material interests in the Restricted Share Incentive Scheme.

## **IMPLICATIONS OF THE HONG KONG LISTING RULES**

As a discretionary restricted share incentive scheme of the Company, the Restricted Share Incentive Scheme does not involve the granting of options for the Company to issue new shares or any other new securities, nor does it constitute a share option scheme as described in Chapter 17 of the Hong Kong Listing Rules.

The Company will continue to evaluate whether the Restricted Share Incentive Scheme will constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules and will abide by the applicable requirements when appropriate (including the requirements for resolutions involved connected transactions requiring abstain from voting). The Company will also make sure that it will comply with the public float requirement under the Hong Kong Listing Rules.

If any Participant under the reserved grant is a connected person of the Company, the reserved grant will constitute a connected transaction of the Company. The Company will comply with all applicable requirements under Chapter 14A of the Hong Kong Listing Rules (including the requirement to abstain from voting on resolutions involving connected transactions) where appropriate.

## **EXTRAORDINARY GENERAL MEETING AND CIRCULAR**

The Board proposed to adopt the Restricted Share Incentive Scheme, and resolved to recommend the Shareholders to approve the Restricted Share Incentive Scheme and the management measures for the implementation thereof at the forthcoming extraordinary general meeting, and to authorise the Board to handle matters related to the Restricted Share Incentive Scheme including but not limited to granting Shares according to the Restricted Share Incentive Scheme. Further details of the forthcoming extraordinary general meeting for the Shareholders to consider and approve the Restricted Share Incentive Scheme, as well as the circular containing the full text of the Restricted Share Incentive Scheme and the management measures for the implementation thereof and the notice of the extraordinary general meeting will be despatched to the Shareholders in due course.

***Shareholders and potential investors should note that, the proposed Restricted Share Incentive Scheme may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.***

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“A Share(s)”	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Assessment Management Measures”	Management Measures for Assessment Relating to the Implementation of the 2022 Restricted A Share Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd.
“Board”	the board of directors of the Company
“CSDC”	the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“Company”	Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300347) and the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 03347)
“Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》)
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“grant date”	the date on which the Company grants the Restricted Shares to the Participants, which must be a trading day
“grant price”	the price at which a Participant obtains each Restricted Share, as determined at the time of grant of Restricted Shares to the Participant by the Company
“Group”	the Company and its wholly-owned subsidiaries
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which will be subscribed for and traded in Hong Kong Dollars and listed on the Hong Kong Stock Exchange

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》)
“Management Measures”	the Management Measures for Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》)
“Participants”	the core technical (business) personnel of the Group who are entitled to the Restricted Shares under the Restricted Share Incentive Scheme
“PRC”	the People’s Republic of China
“Restricted Share(s)”	the shares of the Company to be obtained in tranches and registered by the Participants who meet the conditions for grant under the Restricted Share Incentive Scheme after meeting the corresponding vesting conditions
“Restricted Share Incentive Scheme”	2022 Restricted A Share Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd.
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China (《中華人民共和國證券法》)
“Self-regulatory Guidance No. 1”	the Self-regulatory Guidance No. 1 of Companies Listed on the ChiNext Market of Shenzhen Stock Exchange – Business Handling (《深圳證券交易所創業板上市公司自律監管指南第1號 – 業務辦理》)
“Share(s)”	comprising A Shares and H Shares
“Shareholder(s)”	shareholder(s) of the Company including holder(s) of A Share(s) and H Share(s)
“Stock Exchange”	Shenzhen Stock Exchange
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the board of Supervisors of the Company

“Underlying Shares”	the shares of the Company which the Participants are entitled to purchase pursuant to the Restricted Share Incentive Scheme
“validity period”	the period commencing on the date of the Restricted Shares under the first grant and ending on the date on which all Restricted Shares have been vested or lapsed
“vesting”	the act of registering the Restricted Shares by the listed company to the account of a Participant after the vesting conditions having been satisfied by the Participant
“vesting conditions”	the vesting conditions as stipulated under the Restricted Share Incentive Scheme which must be satisfied by a Participant in order to obtain the incentive shares
“vesting date”	the date on which the registration of the granted Restricted Shares is completed after the vesting conditions having been satisfied by a Participant, which must be a trading day
“%”	percentage

By order of the Board  
**Hangzhou Tigermed Consulting Co., Ltd.**  
**Ye Xiaoping**  
*Chairman*

Hong Kong, October 25, 2022

*As at the date of this announcement, the executive Directors are Dr. Ye Xiaoping, Ms. Cao Xiaochun, Ms. Yin Zhuan and Mr. Wu Hao; the independent non-executive Directors are Mr. Zheng Bijun, Dr. Yang Bo and Mr. Liu Kai Yu Kenneth.*

*This announcement is prepared in Chinese. In the event of discrepancies between the Chinese and English version, the Chinese version shall prevail.*