
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in MicroTech Medical (Hangzhou) Co., Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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MicroTech Medical (Hangzhou) Co., Ltd.

微泰醫療器械(杭州)股份有限公司

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

(Stock Code: 2235)

- (1) 2021 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR 2021;
- (2) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021;
- (3) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021;
- (4) FINAL ACCOUNT REPORT FOR 2021;
- (5) PROPOSED REMUNERATION OF DIRECTORS AND SUPERVISORS FOR 2022;
- (6) PROPOSED 2021 PROFIT DISTRIBUTION PLAN;
- (7) PROPOSED RE-APPOINTMENT OF THE AUDITOR FOR 2022;
- (8) WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR 2021;
- (9) GENERAL MANDATE TO ISSUE SHARES;
- (10) GENERAL MANDATE TO REPURCHASE H SHARES;
- (11) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
- (12) PROPOSED ADOPTION OF THE 2022 H SHARE AWARD AND TRUST SCHEME;
- (13) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2022 H SHARE AWARD AND TRUST SCHEME;
- (14) NOTICE OF THE ANNUAL GENERAL MEETING OF 2021;
- (15) NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF H SHARES;
AND
- (16) NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF UNLISTED SHARES

The Company will convene the AGM at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuzue Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on Wednesday, June 22, 2022 at 2:30 p.m. and the Class Meetings immediately after conclusion of the AGM, notices of which are set out on pages 89 to 91, pages 92 to 94 and pages 95 to 97 of this circular. The proxy form for use at the AGM and Class Meetings are enclosed herein, which were also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.microtechmd.com).

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy for use at the Annual General Meeting in accordance with the instructions printed thereon and return it to the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the Annual General Meeting (i.e. not later than Tuesday, June 21, 2022 at 2:30 p.m. (Hong Kong time) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting if they so wish.

Whether or not you are able to attend the Class Meeting of Holders of H Shares, please complete and sign the enclosed form of proxy for use at the Class Meeting of Holders of H Shares in accordance with the instructions printed thereon and return it to the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the Class Meeting of Holders of H Shares (i.e. not later than 3:30 p.m. on June 21, 2022 (Hong Kong time) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Class Meeting of Holders of H Shares if they so wish.

Whether or not you are able to attend the Class Meeting of Holders of Unlisted Shares, please complete and sign the enclosed form of proxy for use at the Class Meeting of Holders of Unlisted Shares in accordance with the instructions printed thereon and return it to the Company's office at No. 108 Liuzue Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China as soon as possible but in any event not less than 24 hours before the time appointed for the Class Meeting of Holders of Unlisted Shares (i.e. not later than 4:00 p.m. on June 21, 2022 (Hong Kong time) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Class Meeting of Holders of Unlisted Shares if they so wish.

For joint shareholders of any Shares, only the joint shareholder whose name appears first in the register of members is entitled to accept the certificate for the relevant shares from the Company, and receive notices or other documents of the Company. Any notice delivered to the aforesaid shareholder shall be deemed to have been delivered to all the joint shareholders of the relevant shares. Any joint shareholder may sign the proxy form, provided that if more than one joint shareholders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. In this regard, the priority of shareholders shall be determined by the ranking of joint holders in the Company's register of members in relation to the relevant shares.

This circular together with the form of proxy are also published on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.microtechmd.com).

References to time and dates in this circular are to Hong Kong time and dates.

PRECAUTIONARY MEASURES FOR THE AGM AND CLASS MEETINGS

Please see page iv of this document for measures being taken with a view to prevent and control the spread of the coronavirus disease 2019 (COVID-19) at the AGM and Class Meetings, including:

- compulsory temperature checks and health declarations
- green Hangzhou health QR code and green travel code
- compulsory on-site antigen testing
- wearing of surgical face masks
- no distribution of corporate gifts and refreshments
- any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Any person who does not comply with the precautionary measures may be denied entry into the venue of the AGM and Class Meetings. The Company requires attendees to wear face masks and reminds Shareholders that they may appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the AGM and Class Meetings as an alternative to attending the AGM and Class Meetings in person.

May 26, 2022

CONTENTS

	<i>Page</i>
SPECIAL ARRANGEMENTS FOR THE AGM AND CLASS MEETINGS	ii
PRECAUTIONARY MEASURES FOR THE AGM AND CLASS MEETINGS.	v
DEFINITIONS	1
LETTER FROM THE BOARD	
I. INTRODUCTION.	7
II. MATTERS TO BE RESOLVED AT THE AGM	8
III. AGM.	32
IV. CLASS MEETING OF HOLDERS OF H SHARES	33
V. CLASS MEETING OF HOLDERS OF UNLISTED SHARES	33
VI. RECOMMENDATION	34
VII. RESPONSIBILITY STATEMENT	34
APPENDIX I – EXPLANATORY STATEMENT	35
APPENDIX II – WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021	38
APPENDIX III – WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021	42
APPENDIX IV – FINAL ACCOUNT REPORT FOR 2021.	45
APPENDIX V – WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR 2021.	46
APPENDIX VI – PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION.	55
APPENDIX VII – RULES RELATING TO THE 2022 H SHARE AWARD AND TRUST SCHEME (DRAFT)	60
NOTICE OF THE ANNUAL GENERAL MEETING OF 2021.	89
NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF H SHARES.	92
NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF UNLISTED SHARES	95

SPECIAL ARRANGEMENTS FOR THE AGM AND CLASS MEETINGS

Shareholders will be able to view and listen to the AGM and Class Meetings through a live webcast on a computer, tablet or any browser enabled device. Shareholders who attend the AGM and Class Meetings online will not be counted to the quorum of the AGM and Class Meetings. Shareholders will need to complete the following steps to be able to access the live webcast of the AGM and Class Meetings of the Company:

ACCESSING PROCEEDINGS OF THE AGM AND CLASS MEETINGS BY TENCENT MEETING/VOOV MEETING

For Shareholders who would like to view and listen to the AGM and Class Meetings live webcast, you will need to register by sending an email to both ir@microtechmd.com and zhengdai@microtechmd.com providing personal particulars as follows:

- (a) Full name (with relevant identification documents);
- (b) Registered address;
- (c) Number of Shares held (with relevant supporting documents);
- (d) Contact telephone number; and
- (e) Email address,

no later than 2:30 p.m. on June 20, 2022 (being not less than forty-eight (48) hours before the time appointed for holding the AGM) to enable the Company to verify the Shareholders' status. Authenticated Shareholders will receive an email confirmation no later than 2:30 p.m. on June 21, 2022 which contains a link to join the live webcast of the AGM and Class Meetings.

Please keep the link in safe custody for use at the AGM and Class Meetings and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the link.

VOTE BY APPOINTING A PROXY

All resolutions at the AGM and Class Meetings will be decided on a poll. Shareholders who wish to vote are strongly encouraged to appoint the chairman of the AGM and the Class Meetings as their proxy to vote on the relevant resolution(s) at the AGM and the Class Meetings by completing and returning the proxy form in accordance with the instructions therein by a time not less than 24 hours before the time appointed for the AGM and the Class Meetings (i.e. 2:30 p.m., 3:30 p.m. and 4:00 p.m. on Wednesday, June 21, 2022), if they have not already done so. Alternatively, Shareholders may attend the AGM and Class Meetings and vote in person.

SPECIAL ARRANGEMENTS FOR THE AGM AND CLASS MEETINGS

The proxy form has been posted to Shareholders together with the Circular. The proxy form can be downloaded from the section of “Investor Relations” of the Company’s website (www.microtechmd.com) or the website of the Stock Exchange (www.hkexnews.hk). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

QUESTIONS FROM SHAREHOLDERS

Shareholders may submit any questions they may have in advance in relation to any resolution set out in the notice of Annual General Meeting and the notices of Class Meetings by 2:30 p.m. on June 20, 2022 (being not less than forty-eight (48) hours before the date appointed for holding the AGM) via email to both ir@microtechmd.com and zhengdai@microtechmd.com providing personal particulars as follows for verification purposes:

- (a) Full name (with relevant identification documents);
- (b) Registered address;
- (c) Number of Shares held (with relevant supporting documents);
- (d) Contact telephone number; and
- (e) Email address.

ATTENDANCE AT THE VENUE OF THE AGM AND CLASS MEETINGS

In view of the ongoing COVID-19 pandemic, the Company will implement necessary preventive measures at the AGM and Class Meetings to protect the attending Shareholders and other attendees from the risk of infection. For details of the preventive measures, please refer to “Precautionary Measures for AGM and Class Meetings” in this circular.

SPECIAL ARRANGEMENTS FOR THE AGM AND CLASS MEETINGS

CHANGES TO ARRANGEMENTS

We are closely monitoring the impact of COVID-19 in the PRC. Should any changes be made to the arrangements of the AGM and Class Meetings, we will notify Shareholders via an announcement posted on the Company's website (www.microtechmd.com) and the website of the Stock Exchange (www.hkexnews.hk).

If Shareholders have any questions relating to the AGM and Class Meetings, please contact the Company's H share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

PRECAUTIONARY MEASURES FOR THE AGM AND CLASS MEETINGS

In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the AGM and Class Meetings to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the Venue of the AGM and Class Meetings (“**Venue**”). Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the Venue or be required to leave the Venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the Venue a declaration form. Any person who does not comply with this requirement may be denied entry into the Venue or be required to leave the Venue.
- (iii) All Shareholders, proxies and other attendees are required to show green Hangzhou health QR code and green travel code at the entrance of the Venue. Any person with a yellow or red code may be denied entry into the Venue or be required to leave the Venue.
- (iv) All Shareholders, proxies and other attendees are required to conduct the on-site antigen testing at the entrance of the Venue. Any person with a positive testing result may be denied entry into the Venue or be required to leave the Venue.
- (v) Attendees are required to always wear surgical face masks inside the Venue, and to maintain a safe distance between seats.
- (vi) No refreshments will be served, and there will be no corporate gifts.
- (vii) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

PRECAUTIONARY MEASURES FOR THE AGM AND CLASS MEETINGS

To the extent permitted under law, the Company reserves the right to deny entry into the Venue or require any person to leave the Venue in order to ensure the safety of the attendees at the AGM and Class Meetings. In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the AGM and Class Meetings is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the AGM and Class Meetings as their proxy to vote on the relevant resolutions at the AGM and Class Meetings instead of attending the AGM and Class Meetings in person.

Subject to the development of the COVID-19 pandemic and the requirements or guidelines of the Government and/or regulatory authorities, the Company may announce further updates on the arrangement of the AGM and Class Meetings on the Company's website (www.microtechmd.com) and the Stock Exchange's website (www.hkexnews.hk) as and when appropriate.

DEFINITIONS

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

“2021 Profit Distribution Plan”	the profit distribution plan of the Company for the year ended December 31, 2021
“2022 H Share Award and Trust Scheme” or “H Share Scheme”	the 2022 H Share Award and Trust Scheme proposed to be adopted by the Company
“Actual Selling Price”	the actual price at which the Awarded Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the H Share Scheme
“Adoption Date”	the date on which the Shareholders approve this H Share Scheme
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on Wednesday, June 22, 2022 at 2:30 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 89 to 91 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Award”	award granted by the Board or the Delegatee to a Selected Employee, pursuant to the H Share Scheme, which may vest in the form of Awarded Shares or the Actual Selling Price of the Awarded Shares in cash, as the Board or the Delegatee may determine in accordance with the terms of the H Share Scheme Rules
“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 H Share Scheme

DEFINITIONS

“Awarded Shares”	In respect of a Selected Employee, such number of Shares awarded by the Board or the Delegatee
“Board” or “Board of Directors”	the board of Directors of the Company
“Business Day”	a day on which the Stock Exchange is open for trading and banks in Hong Kong are open for business (excluding Saturdays, Sundays or public holidays)
“Class Meetings”	the Class Meeting of Holders of H Shares and the Class Meeting of Holders of Unlisted Shares
“Class Meeting of Holders of H Shares”	the 2022 first class meeting of holders of H Shares proposed to be held on June 22, 2022 at 3:30 p.m. (or immediately after the conclusion of the AGM), notices of which or any adjournment thereof are set out on pages 92 to 94 of this circular
“Class Meeting of Holders of Unlisted Shares”	the 2022 first class meeting of holders of Unlisted Shares proposed to be held on June 22, 2022 at 4:00 p.m. (or immediately after the conclusion of the Class Meeting of Holders of H Shares), notices of which or any adjournment thereof are set out on pages 95 to 97 of this circular
“Company”	MicroTech Medical (Hangzhou) Co., Ltd. (微泰醫療器械(杭州)股份有限公司), a joint stock company incorporated in the People’s Republic of China with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company, any of its subsidiaries, and/or any party designated by the Company as permitted under the H Share Scheme as determined by the Board or the Delegatee from time to time
“Delegatee”	the EBC Management Committee, person(s) or board committee(s) to which the Board has delegated its authority
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Shareholder(s) of Unlisted Shares”	holder(s) of Unlisted Shares
“Unlisted Share(s)”	unlisted ordinary share(s) issued by our Company, with a nominal value of RMB1.0 each
“EBC Management Committee”	the equity-based compensation management committee of the H Share Scheme, which includes the chairman of the Board, chief strategy and development officer and the financial director of the Company to which the Board has delegated its authority to administer the H Share Scheme
“Eligible Participant”	any full-time PRC or non-PRC employee of any members of the Group, who is a Director, supervisor, senior management, key operating team member, employee, or, a consultant of the Group but excluding the Excluded Employees
“Employee(s)”	any employee(s) (including without limitation any executive director) of any member of the Group
“Excluded Employee(s)”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the H Share Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Delegatee or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee
“General Mandate”	the general mandate granted or to be granted by the Shareholders at general meetings or by way of written resolution(s) (as the case may be) from time to time
“Grant Date”	the date of a Grant Notice, on which the grant of an Award is made to a Selected Employee

DEFINITIONS

“Grant Notice”	a notice sent by the Board or its Delegatee to each Selected Employee in such form as the Board or the Delegatee may from time to time determine, setting out the number of Awarded Shares so granted and the conditions (if any) upon which such Awarded Shares were granted
“H Shareholder(s)”	holder(s) of H Shares
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited, the H Share registrar of the Company
“H Share Scheme Limit”	the maximum size of the H Share Scheme, being the maximum number of H Shares that will be acquired by the Trustee from time to time, and in any case being not more than 8,510,000 H Shares
“H Share Scheme Rules”	the rules governing the operation of the H Share Scheme as well as the implementation procedure (as amended from time to time)
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“inside information”	has the meaning ascribed thereto under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Issue Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue or otherwise deal with new Shares not exceeding 20% of the total number of shares of the respective classes of Shares in issue as at the date of passing the relevant resolution approving such mandate

DEFINITIONS

“Latest Practicable Date”	May 20, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Amendments”	the proposed amendments to the Articles of Association as set out in Appendix VI of this circular
“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to repurchase H Shares during the relevant period not exceeding 10% of the total number of H Shares in issue as at the date of passing of the relevant resolution approving such mandate
“RMB”	Renminbi, the lawful currency of the PRC
“Selected Employee”	Employee who, in accordance with H Share Scheme Rules, is selected for participation in the H Share Scheme
“Share(s)”	ordinary share(s) in the issued share capital of the Company, with a nominal value of RMB1.00 each
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time

DEFINITIONS

“Trust”	the trust constituted by the Trust Deed to service the H Share 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)
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Selected Employees (other than the Excluded Employees)
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Futu Trustee Limited, a company incorporated in Hong Kong and having its registered office at 5/F, Bangkok Bank Building, 14-20 Bonham Strand West, Sheung Wan, Hong Kong
“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 Employee as set out in the relevant Grant Notice
“Vesting Period”	the vesting period(s) of the Awards granted under the H Share Scheme
“%”	percent

LETTER FROM THE BOARD



MicroTech Medical (Hangzhou) Co., Ltd.

微泰醫療器械(杭州)股份有限公司

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

(Stock Code: 2235)

Executive Directors:

Dr. Zheng Pan (*Chairman*)
Dr. Yu Fei
Dr. Shi Yonghui
Ms. Liu Xiu

Non-executive Directors:

Mr. Hu Xubo
Ms. Gao Yun

Independent Non-executive Directors:

Dr. Li Lihua
Ms. Gao Jian
Ms. Wang Chunfeng
Mr. Ho Kin Cheong Kelvin

Registered Office:

No. 108 Liuze Street
Cangqian Street
Yuhang District, Hangzhou
Zhejiang, China

*Headquarters and Principal Place of
Business in the PRC:*

No. 108 Liuze Street
Cangqian Street
Yuhang District, Hangzhou
Zhejiang, China

*Principal Place of Business in
Hong Kong:*

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

May 26, 2022

To the Shareholders

Dear Sir or Madam,

- (1) 2021 ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS FOR 2021;
(2) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021;
(3) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021;
(4) FINAL ACCOUNT REPORT FOR 2021;
(5) PROPOSED REMUNERATION OF DIRECTORS AND
SUPERVISORS FOR 2022;
(6) PROPOSED 2021 PROFIT DISTRIBUTION PLAN;
(7) PROPOSED RE-APPOINTMENT OF THE AUDITOR FOR 2022;
(8) WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS
FOR 2021;
(9) GENERAL MANDATE TO ISSUE SHARES;
(10) GENERAL MANDATE TO REPURCHASE H SHARES;
(11) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
(12) PROPOSED ADOPTION OF
THE 2022 H SHARE AWARD AND TRUST SCHEME;
(13) PROPOSED AUTHORIZATION TO THE BOARD AND/OR
THE DELEGATEE TO HANDLE MATTERS PERTAINING TO
THE 2022 H SHARE AWARD AND TRUST SCHEME;
(14) NOTICE OF THE ANNUAL GENERAL MEETING OF 2021;
(15) NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF H SHARES;
AND
(16) NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF
UNLISTED SHARES

I. INTRODUCTION

The AGM will be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on June 22, 2022 at 2:30 p.m., the notice of which is set out on pages 89 to 91 of this circular.

LETTER FROM THE BOARD

The Class Meeting of Holders of H Shares will be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on June 22, 2022 at 3:30 p.m. (or immediately after conclusion of the AGM to be held on the same date or any adjournment thereof), the notice of which is set out on pages 92 to 94 of this circular.

The Class Meeting of Holders of Unlisted Shares will be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on June 22, 2022 at 4:00 p.m. (immediately after conclusion of the AGM and Class Meeting of Holders of H Shares to be held on the same date or any adjournment thereof), the notice of which is set out on pages 95 to 97 of this circular.

The purpose of this circular is to provide you with the information of certain resolutions to be considered at the AGM and Class Meetings, so as to enable you to make an informed decision as to whether voting in favor of or against such resolutions.

II. MATTERS TO BE RESOLVED AT THE AGM

Resolutions to be proposed at the AGM for the Shareholders' consideration and approval by way of ordinary resolutions include: (1) the 2021 annual report and its summary; (2) the work report of the Board of Directors for 2021; (3) the work report of the Supervisory Committee for 2021; (4) the final account report for 2021; (5) the proposed remuneration of Directors and Supervisors for 2022; (6) the proposed 2021 Profit Distribution Plan; (7) the proposed re-appointment of the auditor for 2022 and the authorization to the Board of Directors to fix the remuneration of the auditor; (8) the proposed adoption of the 2022 H Share Award and Trust Scheme; and (9) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2022 H Share Award and Trust Scheme.

Resolutions to be proposed at the AGM for the Shareholders' consideration and approval by way of special resolutions include: (10) general mandate to issue Shares; (11) general mandate to repurchase H Shares; and (12) proposed amendments to the Articles of Association.

LETTER FROM THE BOARD

Proposal to be proposed at the AGM for the Shareholders' review which is not subject to resolution includes: (13) the work report of the independent non-executive Directors for 2021.

Details of the matters to be resolved at the AGM are set out in the notice of the AGM on pages 25 to 27 of this circular. To enable you to get a better understanding of the resolutions to be proposed at the AGM and make informed decisions with sufficient and necessary information, we have provided particulars thereon in this circular and the accompanying appendices.

ORDINARY RESOLUTIONS

(1) 2021 ANNUAL REPORT AND ITS SUMMARY

The 2021 annual report has been considered and approved by the Board on March 25, 2022, and is hereby proposed at the AGM for consideration. The annual report has been published on the websites of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.microtechmd.com>) and despatched to the Shareholders on April 26, 2022.

(2) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021

The work report of the Board for 2021, as set out in Appendix II of this circular, has been considered and approved by the Board on March 25, 2022, and is hereby proposed at the AGM for consideration.

(3) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021

The work report of the Supervisory Committee for 2021, as set out in Appendix III of this circular, has been considered and approved by the Supervisory Committee on March 25, 2022, and is hereby proposed at the AGM for consideration.

(4) FINAL ACCOUNT REPORT FOR 2021

The final account report for 2021, as set out in Appendix IV of this circular, has been considered and approved by the Board on March 25, 2022, and is hereby proposed at the AGM for consideration.

LETTER FROM THE BOARD

(5) PROPOSED REMUNERATION OF DIRECTORS AND SUPERVISORS FOR 2022

In accordance with the relevant provisions of the Company Law, the Articles of Association and other regulations, the remuneration packages of the Directors and Supervisors were determined based on the remuneration standards of the industry in which the Company operates, the annual operating performance and performance appraisal results of the Company, and combined with the actual situation of the Company and the working hours of independent non-executive Directors.

Executive Directors and Supervisors who hold specific executive positions in the Company receive their respective remuneration according to their specific positions and duties in the Company; non-executive Directors and Supervisors who do not hold specific executive positions in the Company shall not receive remuneration; the annual remuneration of independent non-executive Directors is as follows: (The Board proposes that the remuneration of the following independent non-executive Directors be calculated with effect from October 19, 2021)

Name	Position	Proposed annual remuneration
Li Lihua	Independent Non-executive Director	RMB100,000
Gao Jian	Independent Non-executive Director	RMB100,000
Wang Chunfeng	Independent Non-executive Director	RMB100,000
Ho Kin Cheong Kelvin	Independent Non-executive Director	HK\$228,000

An ordinary resolution will be proposed at the Annual General Meeting for Shareholders to consider and approve the above remuneration of Independent Non-executive Directors.

(6) PROPOSED 2021 PROFIT DISTRIBUTION PLAN

Based on the operating results, financial position and future development of the Company, the Board recommended not to distribute the final dividend for 2021.

The profit distribution plan for 2021 has been considered and approved by the Board on March 25, 2022, and is hereby proposed at the AGM.

LETTER FROM THE BOARD

(7) PROPOSED RE-APPOINTMENT OF THE AUDITOR FOR 2022 AND THE AUTHORIZATION TO THE BOARD OF DIRECTORS TO FIX THE REMUNERATION OF THE AUDITOR

In line with the requirements of the Articles of Association and the auditing tasks of the Company, the Company proposes to re-appoint Ernst & Young to be the auditor of the Company for 2022 with a term of one year. The Company confirmed to pay Ernst & Young an audit fee of RMB1.68 million (including audit fees incurred by each subsidiary) for their services rendered in 2021 and it will be proposed at the AGM to authorize the Board or person(s) authorized by the Board to determine the remuneration of Ernst & Young as auditor of the Company for 2021. The resolution in relation to re-appointment of auditor for 2022 and their remuneration for 2021 has been considered and approved by the Board on March 25, 2022, and is hereby proposed at the AGM for consideration.

(8) PROPOSED ADOPTION OF THE 2022 H SHARE AWARD AND TRUST SCHEME

As disclosed in the announcement of the Company dated May 18, 2022, the Board has proposed to adopt the H Share Scheme and an ordinary resolution will be proposed at the AGM to consider and approve the proposed adoption of the draft H Share Scheme. The H Share Scheme shall be effective upon the approval by the Shareholders at the AGM.

The full text of the H Share Scheme Rules is set out in Appendix VII to this circular.

(a) Purpose and Objectives of the H Share Scheme

The H Share Scheme is a share award of H Shares and trust scheme established by the Company to award Selected Employees and the objectives of the H Share 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

LETTER FROM THE BOARD

- (iii) to (a) recognize the contributions of the leadership of the Company including the Directors; (b) attract, encourage, motivate and retain the key personnel 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 long standing employee by aligning the interests of such personnel of the Company to those of the Shareholders and the Group as a whole.

(b) Duration, Alteration or Termination of the H Share Scheme

Duration

Unless terminated earlier by the Board pursuant to the H Share Scheme Rules, the H Share Scheme shall be valid for ten years commencing from the Adoption Date, i.e. the date on which the H Share Scheme is approved by the Shareholders at the AGM.

Alternation

The H Share Scheme may be altered in any respect by resolution of the Board.

Termination

The H Share Scheme shall terminate on the earlier of (i) the tenth anniversary date from the Adoption Date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee.

Upon termination, (i) no further grant of Awarded Shares may be made under the H Share Scheme; (ii) all Awarded Shares of the Selected Employees granted under the H Share Scheme shall continue to be held by the Trustee and become vested in the Selected Employees according to the conditions of the Award; (iii) all Shares (except for any Awarded Shares subject to vesting on the Selected Employees) remaining in the Trust Fund shall be sold by the Trustee during a period mutually agreed upon with the Board or the EBC Management Committee (on which the trading of the Shares has not been suspended); and (iv) net sale proceeds and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions) shall be remitted to the Company forthwith after the sale. The Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the sale proceeds of such Shares).

LETTER FROM THE BOARD

(c) Source of Funds

The source of funds for funding the H Share Scheme is the internal funds of the Company.

(d) Operation

The Board or the Delegatee may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company, any subsidiary or any party designated by the Company as directed by the Board or the Delegatee which shall constitute part of the Trust Fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the H Share Scheme Rules and the Trust Deed. Subject to prior written direction and/or consent of the Board or the Delegatee, the Trustee may accept Shares transferred, gifted, assigned, or conveyed to the Trust from any party designated by the Company from time to time in such number as such party designated by the Company may at their sole discretion determine, which shall constitute part of the Trust Fund.

In the event that the Awarded Shares are to be allotted and issued as new Shares under the General Mandate for the purpose of the Trust, the Company shall comply with all applicable laws and regulations, Listing Rules and the Articles of Association when allotting and issuing any new Shares and application shall be made to the Stock Exchange and China Securities Regulatory Commission for the listing of, and permission to deal in the new Shares to be issued to the Trustee.

The Board or the Delegatee may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange or accept and receive a specified number of Shares from any party designated by the Company. Once purchased or received, the Shares are to be held by the Trustee for the benefit of the Selected Employees under the Trust on and subject to the terms and conditions of the H Share Scheme and the Trust Deed. On each occasion when the Board or the Delegatee instructs the Trustee to purchase Shares on the Stock Exchange, it shall specify the maximum amount of funds to be used and the range of prices or the specified price at which such Shares are to be purchased, and such range of prices or specified price shall be within the price range agreed by the Board from time to time. The Trustee may not incur more than the maximum amount of funds or purchase any Shares at a price falling beyond the range of specified price unless with the prior written consent of the Board or the Delegatee.

LETTER FROM THE BOARD

The Trustee shall keep the Board informed, from time to time, of the number of Shares purchased and the price at which those Shares have been purchased. If, for any reason, the Trustee shall not be able to purchase any or all of the Shares with the maximum amount of funds (where the range of prices at which such Shares are to be purchased has been specified by the Board) so specified in the notice within ten Business Days on which the trading of the Shares has not been suspended on the Stock Exchange after being instructed by the Board to do so, the Trustee shall notify the Board in writing. The Board shall then decide on whether to instruct the Trustee to continue with such purchase and the conditions thereof.

The Company shall instruct the Trustee whether or not to apply any Awarded Shares, which are not vested and/or are forfeited in accordance with the terms of the H Share Scheme, to satisfy any grant of Awards made, and if such 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.

(e) H Share Scheme Limit

Subject to the H Share Scheme Rules, the H Share Scheme Limit shall be the maximum number of H Shares that will be acquired by the Trustee from time to time, and in any case being not more than 8,510,000 H Shares. The Company shall not make any further grant of Awards which will result in the aggregate number of H Shares underlying all grants made pursuant to the H Share Scheme (excluding Awarded Shares that have been forfeited in accordance with the H Share Scheme) to exceed the H Share Scheme Limit without approval of the general meeting of the Shareholders.

Save as required above, the maximum number of non-vested Awarded Shares granted to a Selected Employee under the H Share Scheme shall not exceed one per cent of the issued share capital of the Company from time to time in any 12-month period.

LETTER FROM THE BOARD

(f) Date of Grant

No Award shall be made by the Board or the Delegatee and no instructions to acquire any Shares shall be given to the Trustee under the H Share Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without violating the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (iii) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

(g) Administration of the H Share Scheme

The H Share Scheme shall be subject to the administration of the following administrative bodies:

- (a) the general meeting of the Shareholders, as the institution vested with the supreme authority of the Company, is responsible for the consideration and approval of the adoption of the H Share Scheme. The general meeting of the Shareholders may authorize the Board or the Delegatee to deal with all matters related to the H Share Scheme to the extent of its authority;

LETTER FROM THE BOARD

- (b) the H Share Scheme shall be subject to the administration of the Board and the Trustee in accordance with the H Share Scheme Rules and the Trust Deed. The decision of the Board or the Delegatee with respect to any matter arising under the H Share Scheme (including the interpretation of any provision) shall be final and binding on all persons affected. The Remuneration Committee shall be responsible for drafting and revising the H Share Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the H Share Scheme, the Board will submit the H Share Scheme to the general meeting of the Shareholders for consideration. The Board or the Delegatee may handle all matters related to the H Share Scheme within the authorization by the general meeting of the Shareholders;
- (c) subject to any restrictions in the H Share Scheme Rules, it is noted that as at the Adoption Date, the Board has delegated to the EBC Management Committee, as the Delegatee, the authority to administer the H Share Scheme, including the power to grant an Award under the H Share Scheme;
- (d) without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board or the Delegatee may also from time to time appoint one or more Trustees in respect of granting, administration or vesting of any Awarded Shares. The Board or, if delegated to the Delegatee, then the Delegatee shall be the sole body which has the authority to give any direction, instruction or recommendation to the Trustee or from which the Trustee seeks direction, instruction or recommendation with respect to the H Share Scheme and the Trust;
- (e) the Trust will be constituted to service the H Share 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 8,510,000 H Shares in accordance with the H Share Scheme Rules with funds to be transferred by the Company to the Trust.

LETTER FROM THE BOARD

(h) Selected Employees of the H Share Scheme

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

The Board or the Delegatee may, from time to time, select any Eligible Participant to be a Selected Employee and grant such number of Awarded Shares to any Selected Employee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

In determining the number of Awarded Shares to be granted to any Selected Employee (excluding any Excluded Employee), the Board or the Delegatee shall take into consideration matters including, but without limitation to,

- (a) the present contribution and expected contribution of the relevant Selected Employee to the earnings of the Group;
- (b) the general financial condition of the Group;
- (c) the Group's overall business objectives and future development plan; and
- (d) any other matter which the Board or the Delegatee considers relevant.

(i) Grant of Awards

The Board or the Delegatee is entitled to impose any conditions (including a period of continued service within the Group after the Award), as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employee, and shall inform the Trustee and such Selected Employee the relevant conditions of the Award and the Awarded Shares. Subject to applicable laws and regulations, the Board or the Delegatee shall be at liberty to waive any vesting conditions.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

LETTER FROM THE BOARD

After the Board or the Delegatee has decided to make a grant of Awarded Shares to any Selected Employee, the Board or the Delegatee shall send a Grant Notice to such Selected Employee, setting out, among others, the number of Awarded Shares so granted and the conditions (if any) upon which such Awarded Shares were granted. The number of Awarded Shares specified in the Grant Notice shall, subject to acceptance by the relevant Selected Employee in accordance with the H Share Scheme Rules, constitute the definitive number of Awarded Shares being granted to him/her.

If the Selected Employee fails to sign and return the acceptance form attached to the Grant Notice within five Business Days after the date of the Grant Notice, the grant of the Awarded Shares to such Employee shall lapse forthwith and the Awarded Shares shall remain as part of the Trust Fund. Such Employee shall have no right or claim against the Company, any other member of the Group, the Board, the Delegatee, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way.

(j) Vesting of the Awarded Shares

Subject to the terms and condition of the H Share Scheme and the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Employee as specified in the H Share Scheme and the Grant Notice, the respective Awarded Shares held by the Trustee on behalf of the Selected Employee pursuant to the provision hereof shall vest in such Selected Employee in accordance with the vesting schedule (if any) as set out in the Grant Notice, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Employee on the Vesting Date, or sell the relevant Awarded Shares as soon as practicable from the Vesting Date and pay the Actual Selling Price to the Selected Employees within a reasonable time period in satisfaction of the Award.

In accordance with the H Share Scheme Rules, barring any unforeseen circumstances, unless otherwise agreed between the Board or the Delegatee, and the Trustee, at least 30 Business Days prior to the Vesting Date, the Board or the Delegatee shall send to the relevant Selected Employee (with a copy to the Trustee) a Vesting Notice together with such prescribed transfer documents which require the Selected Employee to execute to effect the vesting and transfer/sale of the Awarded Shares.

LETTER FROM THE BOARD

Subject to the receipt by the Trustee of (a) the reply slip from the Selected Employee (or his/her legal representative or lawful successor as the case may be) to the Vesting Notice and transfer documents prescribed by the Trustee and duly signed by the Selected Employee within the period stipulated in the Vesting Notice, (b) a confirmation from the Company that all vesting conditions having been fulfilled, and (c) certified copies of the identification documents of the Selected Employee, the Trustee shall transfer the relevant Awarded Shares to the relevant Selected Employee as soon as practicable on or after the Vesting Date and in any event not later than ten Business Days after the Vesting Date, or sell the relevant Awarded Shares as soon as practicable from the Vesting Date and pay the Actual Selling Price to the Selected Employee within a reasonable time period in satisfaction of the Award.

(k) Interest in the Awarded Shares

Prior to the Vesting Date, any Award made shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him/her pursuant to such Award, unless the Award or any interest thereof is transferred as a result of the Selected Employee's death in accordance with the terms of the H Share Scheme.

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

The Board or the Delegatee may at its discretion, with or without further conditions, grant additional Shares or cash award out of the Trust Fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Awarded Shares during the period from the date of Award to the Vesting Date to the Selected Employee upon the vesting of any Awarded Shares. In such case, the Board or the Delegatee shall deliver a Grant Notice to the Selected Employee and the Trustee specifying the number of additional Shares and cash amount to be granted to the Selected Employee. The Trustee shall transfer the specified number of additional Shares and the cash award, together with the Awarded Shares, to the Selected Employee on the Vesting Date in accordance with the H Share Scheme Rules. In the event that the Awarded Shares are to be forfeited, such underlying dividend shall be transferred back to the Trust (in case of share award) or Trust Fund (in case of cash award).

LETTER FROM THE BOARD

(l) Occurrence of certain events pertaining to the Company

(i) Change in control

If there occurs an event of change in control (as defined under the Codes on Takeovers and Mergers and Share Buy-backs) of the Company (whether by way of offer, merger, scheme of arrangement or otherwise) or the Company's withdrawal of its listing from the Stock Exchange pursuant to the Listing Rules prior to the Vesting Date, the Board or the Delegatee shall determine at its discretion whether such Awarded Shares shall vest in the Selected Employee and the time at which such Awarded Shares shall vest.

(ii) Open offer and rights issue

In the event the Company undertakes an open offer of new securities in respect of any Shares which are held by the Trustee under the H Share Scheme, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall seek instructions from the Company to decide whether to sell such amount of the nil-paid rights allotted to it on the market as is appropriate and the net proceeds of sale of such rights shall be held as part of the Trust Fund.

(iii) Consolidation or sub-division of shares

In the event the Company undertakes a subdivision or consolidation of the Shares, such Selected Employee shall be entitled to those Awarded Shares as so subdivided or consolidated and the Board or the Delegatee shall as soon as reasonably practicable after such subdivision or consolidation has been effected, notify each such Selected Employee of the number of Awarded Shares that he has become entitled to on vesting after such subdivision or consolidation (as the case may be).

(m) Disqualification of the Selected Employee

In the event that prior to or on the Vesting Date, a Selected Employee is found to be an Excluded Employee or is deemed to cease to be an Employee unless agreed specifically between the Selected Employee and the Company, the relevant Award made to such Selected Employee shall automatically forfeited forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such Employee shall have no right or claim against the Company, any other member of the Group, the Board or the Delegatee, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way.

LETTER FROM THE BOARD

Unless the Board or the Delegatee determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Employee shall include, without limitation, the following:

- (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his/her employment or engagement by any member of the Group and whether or not it has resulted in his/her employment or engagement being terminated by the relevant member of the Group;
- (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his/her debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his/her assets;
- (c) where such person has been convicted of any criminal offence; or
- (d) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.

In respect of a Selected Employee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Employee shall be deemed to be vested on the day immediately prior to his/her death or the day immediately prior to his retirement with the relevant member of the Group.

(n) Reasons for and Benefits of the Adoption of the H Share Scheme

Please refer to the section headed “I. The H Share Scheme – A. Proposed Adoption of the 2022 H Share Award and Trust Scheme – (a) Purpose and Objectives of the H Share Scheme” in the announcement of the Company dated May 18, 2022.

The Directors (including the independent non-executive Directors) are of the view that the adoption of the H Share Scheme will realize the aforesaid goals, and that the terms and conditions of the H Share Scheme are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(o) Implications under the Listing Rules

The H Share Scheme does not constitute a share option scheme or an arrangement similar to a share option scheme as defined and regulated under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

(9) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE H SHARE SCHEME

In order to ensure the successful implementation of the H Share Scheme, the Board has proposed that, subject to the approval of the H Share Scheme by the Shareholders at the AGM, the Shareholders also grant an authorization to the Board and/or the Delegatee to deal with matters in relation to the H Share Scheme with full authority, including but not limited to:

- (i) to authorize the Board to consider, appoint and establish the EBC Management Committee for the purpose of the H Share Scheme, consisting of the chairman of the Board, chief strategy and development officer and the financial controller of the Company;
- (ii) to authorize any member of the EBC 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 H Share Scheme;
- (iii) to authorize the Board to set up a cash securities account under the name of Futu Trustee Limited so as to facilitate the provision of trading services and trading platform for the Selected Employees of the H Share Scheme by the Trustee;
- (iv) to authorize the Board to consider and authorize the EBC Management Committee to handle matters pertaining to the H Share Scheme with full authority during the validity period of the H Share 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 Grant Notice, select Eligible Participants to become Selected Employees, and grant Awards to Selected Employees from time to time;

LETTER FROM THE BOARD

- b. to determine the Grant Date and Vesting Date of Awards;
- c. to administer, amend and adjust the H Share Scheme, including but not limited to adjusting the number of outstanding Awarded Shares or accelerate the Vesting Dates of any Awards, provided that the H Share 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 H Share Scheme;
- e. to sign, execute, and terminate all agreements and other relevant documents in connection with the H Share Scheme, fulfill all relevant procedures in relation to the H Share Scheme, and adopt other methods to implement the terms of the H Share 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 Employees can be vested;
- g. to determine the execution, amendment and termination of the H Share Scheme, including the forfeiture of Awards and continued vesting of Awarded Shares upon the changes in circumstances pertaining to the Selected Employees;
- h. to construe and interpret the H Share Scheme Rules and to resolve any issues and disputes arising from or in connection with the H Share Scheme;
- i. to exercise any other authorizations in relation to matters necessary to the implementation of the H Share Scheme granted by the Shareholders' meeting from time to time;

LETTER FROM THE BOARD

- j. on behalf of the Company, execute all documents in relation to the operations of and other matters of the H Share 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 Futu Trustee Limited, the release of Awarded Shares for the purpose of the vesting of the Awards, or the sale of Awarded Shares on– market at the prevailing market price and pay the proceeds arising from such sale to Selected Employees, or directing and procuring the Trustee to release the Awarded Shares to the Selected Employees by transferring the Awarded Shares to the Selected Employees 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
- 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.

LETTER FROM THE BOARD

SPECIAL RESOLUTIONS

(10) GENERAL MANDATE TO ISSUE SHARES

In accordance with the requirements of relevant laws, regulations, the Listing Rules and other normative documents, and based on the practices of the capital market, it is proposed at the AGM to grant the Board a general mandate to issue Shares, to allot, issue or otherwise deal with additional Unlisted Shares and the H Shares of not more than 20% of the respective total issued number of the Unlisted Shares and the H Shares, and authorize the Board to make corresponding amendments to the Articles of Association as it deems appropriate to reflect the capital structure of the Company as a result of the additional Shares allotted or issued under such mandate. Details are as follows:

A. Subject of mandate

The specific scope of the mandate includes but not limited to:

- (a) granting of a general mandate to the Board, subject to market conditions and the needs of the Company, separately or concurrently issue, allot and deal with additional Unlisted Shares and/or H Shares during the Relevant Period (as defined below), and each of the number of the Unlisted Shares and/or H Shares to be allotted or agreed conditionally or unconditionally to be allotted by the Board shall not exceed 20% of the respective number of Unlisted Shares and/or H Shares in issue on the date of passing of such resolution at the AGM (including but not limited to ordinary shares, preference shares, securities convertible into Shares, options and warrants or similar right which may subscribe for any Share or above convertible securities), and decide to make or grant offers for sale, offers, agreements, share options, power to exchange for or convert into Shares or other powers as required or may be required to allot Shares. Notwithstanding the Issue Mandate as set out above, provided that the allotment of Shares will effectively alter the control of the Company, the Board is required to obtain prior authorization at a general meeting by way of a special resolution to allot such Shares;

LETTER FROM THE BOARD

- (b) the Board be authorized to formulate and implement detailed issuance plan in the exercise of the above-mentioned Issue Mandate, including but not limited to the class of new shares to be issued, pricing mechanism and/or issuance/conversion/exercise price (including price range), form of issuance, number of shares to be issued, allottees and use of proceeds, time of issuance, period of issuance and whether to allot shares to existing Shareholders;
- (c) the Board be authorized to engage professional advisers for matters related to the issuance, and to approve and execute all acts, deeds, documents and other related matters which are necessary, appropriate or advisable for share issuance; to approve and execute, on behalf of the Company, agreements related to the issuance, including but not limited to underwriting agreements, placing agreements, engagement agreements of professional advisers;
- (d) the Board be authorized to approve and execute, on behalf of the Company, documents in connection with the issuance of Shares to be submitted to relevant regulatory authorities, to carry out relevant approval procedures required by regulatory authorities and place where the Company is listed, and to complete all necessary filings, registrations and records procedures with the relevant government authorities of the PRC, Hong Kong and/or any other regions and jurisdictions (if applicable);
- (e) the Board be authorized to amend, as required by regulatory authorities within or outside the PRC, the related agreements and statutory documents; and
- (f) the Board be authorized to increase the registered capital of the Company after the issuance and to make corresponding amendments to the Articles of Association relating to share capital and shareholdings, etc., and to authorize the operating management of the Company to carry out the relevant procedures.

LETTER FROM THE BOARD

B. Term of the mandate

Except that the Board may make or grant offers, agreements, options during the Relevant Period (as defined below) in relation to the issuance of Shares, which might require further promotion or implementation after the end of the Relevant Period, the exercise of the Issue Mandate shall be within the Relevant Period.

The “Relevant Period” represents the period from the approval of the resolution as a special resolution at the AGM until the earliest of:

- (a) conclusion of the next annual general meeting of the Company;
- (b) expiration of the 12-month period from the date on which the resolution is approved at the AGM;
- (c) the revocation or variation of the Issue Mandate under the resolution by a special resolution at any general meeting of the Company.

The Board may only exercise the issuance plan in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Listing Rules or all applicable laws, regulations and provisions of any other governments or regulatory authorities, and subject to obtaining approvals from the relevant government agencies.

LETTER FROM THE BOARD

(11) GENERAL MANDATE TO REPURCHASE H SHARES

In accordance with the requirements of relevant laws, regulations, the Listing Rules and other normative documents, in order to provide flexibility to the Directors in any event that it becomes desirable to repurchase H Shares, it is proposed at the AGM to grant the Board a general mandate to repurchase H Shares issued on the Stock Exchange with an aggregate nominal value of not exceeding 10% of the aggregate nominal value of H Shares in issue and to authorize the Board to do all such deeds, acts, matters and business necessary or desirable for the purpose of or in connection with the exercise of the general mandate to repurchase H Shares. Details are as set out below:

A. Subject of the mandate

The specific scope of the mandate includes but not limited to:

- (a) granting of a conditional general mandate to the Board to repurchase H Shares in issue at the Stock Exchange in accordance with market conditions and needs of the Company, provided that the number of repurchased H Shares shall not exceed 10% of the total number of H Shares in issue on the date of passing the special resolution at the AGM and Class Meetings;
- (b) the Board be authorized to do all such deeds, acts, matters and business necessary or desirable for the purpose of or in connection with the exercise of the general mandate to repurchase H Shares, including but not limited to amendments to the Articles of Association and the cancellation of the repurchased H Shares after such general mandate has been exercised.

LETTER FROM THE BOARD

The Company Law of the PRC (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for (a) reducing its share capital; (b) a merger with another entity that holds the shares of the Company; (c) granting shares for the employee stock ownership plan or share incentive; (d) the repurchase is made at the request of its shareholders who disagree with shareholders' resolutions in connection with merger or division of the company; (e) the repurchased shares are used for the corporate bonds convertible into shares of the listed company; or (f) the repurchase is necessary for maintaining the value of the listed company and the interests of its shareholders. The Articles of Association provide that, subject to obtaining the approval of the relevant regulatory authorities and complying with the Articles of Association, share repurchase may be effected by the Company for the reduction of its share capital, a merger between itself and another entity that holds its shares, the employee stock ownership plan or share incentive, the request of its shareholders who disagree with shareholders' resolutions in connection with merger or division of the company, the conversion of convertible corporate bonds issued by the listed company, maintenance of the value of the company and the interests of its shareholders, or in circumstances permitted by law or administrative regulations.

The Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the Board to repurchase H shares of such company that is listed on the Stock Exchange. Such Repurchase Mandate is required to be given by way of a special resolution passed by shareholders at the AGM and special resolutions passed by holders of unlisted shares and holders of H shares in separate class meetings.

As the H Shares are traded on the Stock Exchange in Hong Kong Dollars and the price payable by the Company for any repurchase of H Shares will, therefore, be paid in Hong Kong Dollars, the approvals of SAFE and other relevant government authorities are required for any repurchase of H Shares.

LETTER FROM THE BOARD

In accordance with the requirements of the Articles of Association applicable to capital reduction, if the Company reduces its registered capital, a balance sheet and an inventory of assets should be prepared. Prior to exercising the Repurchase Mandate, the Company will have to notify its creditors in writing of the passing of such special resolutions and the possible reduction of the registered capital of the Company. The Company shall notify its creditors within 10 days after the passing of such special resolutions and also by way of publication of announcement in newspaper within 30 days after the passing of such special resolutions. Creditors then have a period of up to 30 days after the Company's written notification or if no such notification has been received, up to 45 days after the first publication of the newspaper announcement to require the Company to repay amounts due to them or to provide guarantees in respect of such amounts.

B. Conditions precedent

The repurchase is conditional upon satisfaction of each of the following condition:

- (a) the special resolutions regarding the grant of the Repurchase Mandate having been approved at the AGM and Class Meetings;
- (b) the Company having obtained the approval from and/or filed to the SAFE (or its successor authority) and/or any other regulatory authorities (if applicable) as may stipulated under the PRC laws, rules and regulations; and
- (c) the Company has not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the provisions of the Articles of Association. If the Company determines to repay any amount to any of its creditors in circumstances described under conditions above, it expects to do so out of its internal resources. The Board will not exercise the Repurchase Mandate if the abovementioned conditions are not satisfied.

LETTER FROM THE BOARD

C. Term of the mandate

The term of the Repurchase Mandate shall commence from consideration and approval at the AGM and Class Meetings until the following dates (whichever is earlier):

- (a) the conclusion of the next annual general meeting of the Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the revocation or variation of the Repurchase Mandate under the resolution by a special resolution at the next general meeting of the Company.

An explanatory statement containing all the information relating to the Repurchase Mandate is set out in Appendix I of this circular, which provides you with information reasonably required to make an informed decision as to whether voting in favor of or against the resolution regarding the grant of the Repurchase Mandate to the Board.

(12) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated May 18, 2022 in relation to proposed amendments to the Articles of Association, details of which are set out in Appendix VI of this circular.

The proposed amendments to the Articles of Association are to (1) reflect, as set out in the Over-allotment Announcement, the issuance of an additional and aggregate of 2,213,100 H Shares on November 10, 2021 pursuant to the partial exercise of the Over-allotment Options, in the current Articles of Association; (2) clarify the voting procedures for listing and trading of Unlisted Shares overseas; (3) adjust the book closure arrangements for share transfers in connection with the approval of potential corporate actions of the Company; and (4) comply with, among others, the core shareholder protection standards set out in Appendix 3 to the Listing Rules (comprehensive Articles of Association amendments regarding core shareholder protection standards will be completed no later than the corresponding annual general meeting for the fiscal year commencing January 1, 2022).

Save for the proposed amendments, other provisions of the Articles of Association shall remain unchanged. The proposed amendments to the Articles of Association are prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

LETTER FROM THE BOARD

The resolution in relation to the amendments to the Articles of Association has been considered and approved by the Board on May 18, 2022, and is hereby proposed at the AGM for consideration and it is proposed that the Board be authorized at the AGM and to delegate such authorization to the chairman and person(s) authorized by the chairman to make adjustments to the amendments to the Articles of Association according to requirements and advice of the relevant regulatory authorities both at home and abroad, and changes in domestic and overseas laws and regulations and other normative documents.

AS REPORTING DOCUMENT

(13) WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR 2021

The work report of the independent non-executive Directors for 2021, as set out in Appendix V of this circular, has been reviewed by the Board on March 25, 2022, and is hereby proposed at the AGM for review by the Shareholders, which is not subject to resolution.

III. AGM

The notice convening the AGM at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on June 22, 2022 at 2:30 p.m. is set out on pages 89 to 91 in this circular.

The proxy form for use at the AGM is enclosed in this circular and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.microtechmd.com).

If you intend to attend the AGM by proxy, you are required to return the duly completed accompanying proxy form according to the instructions printed thereon. Shareholders who intend to attend the AGM by proxy are required to duly complete the proxy form and return the same to Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) or the Company's office at No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China (for holders of Unlisted Shares) as soon as practicable but in any event not less than 24 hours before the time appointed for holding the AGM (i.e. not later than June 21, 2022 at 2:30 p.m.), or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM.

LETTER FROM THE BOARD

IV. CLASS MEETING OF HOLDERS OF H SHARES

The Class Meeting of Holders of H Shares will be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on June 22, 2022 at 3:30 p.m. (or immediately after conclusion of the AGM to be held on the same date or any adjournment thereof), for the H Shareholders to consider and, if thought fit, approve the resolution in relation to grant of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with a total number of not exceeding 10% of the aggregate number of H Shares in issue and to authorize the Board to do all such deeds, acts, matters and business necessary or desirable for the purpose of or in connection with the exercise of the general mandate to repurchase H Shares.

The proxy form for use at the Class Meeting of Holders of H Shares is enclosed in this circular and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.microtechmd.com).

If you intend to attend the Class Meeting of Holders of H Shares by proxy, you are required to return the duly completed accompanying proxy form according to the instructions printed thereon. Shareholders who intend to attend the Class Meeting of Holders of H Shares by proxy are required to duly complete the proxy form and return the same to Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 24 hours before the time appointed for holding the Class Meeting of Holders of H Shares (i.e. not later than June 21, 2022 at 3:30 p.m.), or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the Class Meeting of Holders of H Shares.

V. CLASS MEETING OF HOLDERS OF UNLISTED SHARES

The Class Meeting of Holders of Unlisted Shares will be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on June 22, 2022 at 4:00 p.m. (or immediately after conclusion of the AGM and the Class Meeting of Holders of H Shares to be held on the same date or any adjournment thereof), for the Shareholders of Unlisted Shares to consider and, if thought fit, approve the resolution in relation to grant of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with a total number of not exceeding 10% of the aggregate number of H Shares in issue and to authorize the Board to do all such deeds, acts, matters and things necessary or desirable for the purpose of or in connection with the exercise of the general mandate to repurchase H Shares.

LETTER FROM THE BOARD

Shareholders of Unlisted Shares whose names appear on the register of members of the Company on June 22, 2022 are entitled to attend and vote at the Class Meeting of Holders of Unlisted Shares.

The proxy form for use at the Class Meeting of Holders of Unlisted Shares is enclosed in this circular and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.microtechmd.com).

If you intend to attend the Class Meeting of Holders of Unlisted Shares by proxy, you are required to return the duly completed accompanying proxy form according to the instructions printed thereon. Shareholders who intend to attend the Class Meeting of Holders of Unlisted Shares by proxy are required to duly complete the proxy form and return the same to the office of the Company, at No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China as soon as practicable but in any event not less than 24 hours before the time appointed for holding the Class Meeting of Holders of Unlisted Shares (i.e. not later than June 21, 2022 at 4:00 p.m.), or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the Class Meeting of Holders of Unlisted Shares.

VI. RECOMMENDATION

The Directors consider that all resolutions set out in the notice of Annual General Meeting and the notices of Class Meetings for consideration and approval by Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the AGM and Class Meetings.

VII. RESPONSIBILITY STATEMENT

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

Yours faithfully,
By order of the Board
MicroTech Medical (Hangzhou) Co., Ltd.
Zheng Pan
Chairman of the Board

The following is an explanatory statement, as required by the Listing Rules, to provide you with the requisite information for your consideration to vote for or against the ordinary resolution to be proposed at the AGM in relation to the Repurchase Mandate.

I. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 65,742,600 H Shares, 286,473,574 Domestic Shares and 73,526,426 Unlisted Foreign Shares with a nominal value of RMB1.00 each. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Company may repurchase pursuant to the Repurchase Mandate a maximum of 6,574,260 H Shares which represent 10% of the total number of H Shares in issue as at the date of passing of the relevant resolution at the AGM.

II. REASONS AND FUNDING OF THE REPURCHASE OF SHARES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its H Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Articles of Association, the Listing Rules and the applicable PRC laws and regulations. The amount of premium payable on repurchase may only be paid out of either the profits of the Company or out of the share premium account before or at the time the Shares are repurchased in the manner provided for under the PRC laws.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the Repurchase Mandate were to be exercised in full at the current prevailing market value, it may not have a material adverse impact on the working capital and the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at December 31, 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining and in the best interest of the Company.

III. GENERAL

To the best of their knowledge and belief, having made all reasonable enquiries, none of the Directors or any of their close associates (as defined in the Listing Rules), currently intends to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders and is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable PRC laws and regulations.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is granted by the Shareholders at the AGM.

IV. TAKEOVERS CODE

If as a result of a repurchase of Shares by the Company pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code. Save as disclosed below, the Directors are not aware of any consequences which would arise under the Takeover Codes as a result of any repurchase of Shares pursuant to the Repurchase Mandate.

V. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares (whether on the Stock Exchange or otherwise) has been made by the Company in the six months immediately preceding the Latest Practicable Date.

The Company has no present intention to repurchase Shares to such extent as to result in the number of Shares held by the public being reduced to less than 25%.

VI. SHARE PRICES

The highest and lowest traded prices for the Shares recorded on the Stock Exchange during each of the months from the Listing Date up to the Latest Practicable Date were as follows:

Month	Highest traded prices <i>HK\$</i>	Lowest traded prices <i>HK\$</i>
2021		
October (from the Listing Date)	31.70	30.40
November	31.50	26.50
December	28.20	20.25
2022		
January	24.00	14.90
February	18.10	13.92
March	15.00	10.52
April	11.48	10.70
May (up to the Latest Practicable Date)	11.26	10.00

APPENDIX II WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021

In 2021, the Board of MicroTech Medical (Hangzhou) Co., Ltd. (the “Company”, “We” or “MicroTech Medical”), with the strong support of shareholders and the careful supervision of the Supervisory Committee, strictly complied with the Company Law of the People’s Republic of China (the “Company Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Articles of Association of MicroTech Medical (Hangzhou) Co., Ltd. (the “Articles of Association”), the Rules of Procedure for the Board Meetings and other regulations. Closely focusing on the Group’s development strategies, the Board acted with due diligence, honesty and integrity in a manner responsible to all Shareholders to perform their obligations and exercise their functions and power diligently and faithfully, earnestly implemented all resolutions of the general meeting, and proactively carried out various works of the Board, in order to effectively safeguard the legitimate rights and interests of the Company and Shareholders. The work of the Board for 2021 is hereby reported as follows:

I. OVERALL OPERATION OF THE COMPANY IN 2021

In 2021, the Company recorded a total revenue of RMB151 million, an increase of 101% compared to 2020. Among them, domestic revenue was RMB107 million, a year-on-year increase of 78%; overseas revenue was RMB44.12 million, a year-on-year increase of 191%. At the same time, during the reporting period, the Company’s gross profit reached RMB70.88 million, a substantial increase of 94%; the net loss shrank to RMB48 million, a significant decrease of loss by more than 60% year-on-year.

In 2021, We have made significant progress in our R&D pipeline, including (1) obtaining the marketing approval for AiDEX G7 CGMS product from the NMPA in November 2021 as planned; (2) carrying out clinic research on indications expansion for children and adolescents of patch insulin pump and CGMS; (3) submitting for type testing on the second-generation patch insulin pump, the AiDEX X CGMS and the closed-loop artificial pancreas system; (4) submitting FDA registration application for Equil patch insulin pump; and (5) promoting the R&D and application of digital management products for diabetes based on our significant technical advantages.

In terms of commercialization, the sales revenue of our core product, Equil patch insulin pump, significantly increased by 111% in 2021 as compared to 2020, and the sales network has covered more than 800 hospitals. In 2021, Equil patch insulin pump was included in the “Guidelines for insulin pump therapy in China”. It’s also the first and only patch insulin pump product approved in China. AiDEX G7, the first approved calibration-free, real-time CGMS in China has started production and commercialization in December 2021, which provides real-time and accurate blood glucose monitoring solutions for doctors and patients from hospitals, retail pharmacy users, retail terminals and e-commerce platforms.

Our business in overseas markets has also made significant progress, with major products gaining access to medical insurance in several European countries in 2021. Revenue from overseas products in 2021 increased significantly by 191% compared to 2020, mainly due to the entry of the Equil patch insulin pump and the AiDEX G7 CGMS into more European markets, and the growth of blood glucose monitoring systems in the European and Latin American markets.

II. ROUTINE WORK OF THE BOARD

(i) Composition of the Board and special committees

The Company issued overseas public shares (H shares) and applied for listing on the main board of The Stock Exchange of Hong Kong Limited. After consideration at the general meeting held on April 21, 2021, it was confirmed that from the date of this overseas public offering and listing of H shares, Dr. Zheng Pan, Dr. Yu Fei, Ms. Xu Fangling and Ms. Liu Xiu were executive Directors, Mr. Hu Xubo and Ms. Gao Yun were non-executive Directors, and Mr. Li Lihua, Ms. Gao Jian, Ms. Wang Chunfeng and Mr. Ho Kin Cheong Kelvin (newly added, the term of office was effective from the date of listing) were independent non-executive Directors.

Due to Ms. Xu Fangling's resignation as an executive Director, Mr. Shi Yonghui was elected as an executive Director at the general meeting held on June 30, 2021. As at the date of this report, the composition of Directors of the Company is as follows: Dr. Zheng Pan, Dr. Yu Fei, Mr. Shi Yonghui and Ms. Liu Xiu as executive Directors, Mr. Hu Xubo and Ms. Gao Yun as non-executive Directors and Mr. Li Lihua, Ms. Gao Jian, Ms. Wang Chunfeng and Mr. Ho Kin Cheong Kelvin as independent non-executive Directors.

According to the provisions of domestic and foreign laws and regulations, the requirements of domestic and foreign regulatory agencies and the actual situation of the Company, as of the date of this report, the composition of each special committee of the Board is as follows:

Audit Committee: Ms. Gao Jian, Mr. Ho Kin Cheong Kelvin, Ms. Gao Yun, of which Ms. Gao Jian serves as the chairlady;

Remuneration and Assessment Committee: Ms. Wang Chunfeng, Mr. Ho Kin Cheong Kelvin, Mr. Shi Yonghui, of which Ms. Wang Chunfeng serves as the chairlady;

Nomination Committee: Mr. Li Lihua, Ms. Gao Jian, Dr. Zheng Pan, of which Mr. Li Lihua serves as the chairman;

APPENDIX II WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021

Strategy Committee: Dr. Zheng Pan, Mr. Li Lihua, Mr. Hu Xubo, of which Dr. Zheng Pan serves as the chairman.

(ii) Board meetings

In 2021, the Board held a total of three plenary meetings and, in accordance with Rule A.2.7 of Appendix 14 of the Listing Rules, one meeting was held on December 28, 2021 between the Chairman and the independent non-executive Directors without the presence of other Directors. The attendance rate of all Directors was 100%.

(iii) Implementation of resolutions of general meetings by the Board

In 2021, the Company held a total of two general meetings. The Board earnestly implemented the resolutions passed at the general meetings of the Company in strict accordance with the resolutions and authorizations of the general meetings, safeguarding the interests of all Shareholders of the Company and promoting the long-term, stable and sustainable development of the Company.

(iv) Performance of duties of the committees under the Board

The Board has established four special committees, namely, the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee. All committees operate in accordance with the terms of reference set out in the Articles of Association and their respective working rules, perform their duties faithfully and diligently, conduct research on their respective professional matters, and put forward opinions and recommendations for the Board's reference in making decisions.

(v) Performance of duties by independent non-executive Directors

In accordance with the relevant provisions of the Company Law, the Listing Rules and the Articles of Association, the independent non-executive Directors of the Company earnestly perform their duties as independent non-executive Directors with diligence and responsibility, attend the Board meetings and general meetings on time, carefully consider various proposals, make independent and fair judgments with their professional knowledge, effectively safeguard the interests of the Shareholders of the Company and actively participate in the decision-making of major issues of the Company. In 2021, the independent non-executive Directors did not raise any objection to the proposals considered at the Board meetings and other issues of the Company.

III. REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL**(i) Risk management**

The Board recognizes that risk management is critical to the success of the Company's business. The Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. The Audit Committee and ultimately the Directors supervise the implementation of the Company's risk management policies. Risks identified by the management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by the Company and reported to the Directors.

The Board considers that the Directors and members of senior management of the Company possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

(ii) Internal control

During the reporting period, the Company regularly reviewed and strengthened its risk management and internal control systems. We consider that the Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. The Board has reviewed the effectiveness of the risk management and internal control systems and considers that these systems are effective and adequate.

IV. WORK PLAN OF THE BOARD FOR 2022

In 2022, the Board will discharge its duties in a more diligent, responsible, standardized and effective manner, and will unswervingly support the management in implementing the research and development, production and market expansion plans. At the same time, the Board will continue to improve the corporate governance structure, increase the level of standard corporate operation, strengthen interaction with investors, enhance internal control and risk management, and actively fulfill corporate social responsibility, so as to reward our investors with better operating results.

Board of Directors
MicroTech Medical (Hangzhou) Co., Ltd.
March 25, 2022

WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021**REPORT OF SUPERVISORY COMMITTEE**

With the collaborative effort from all Supervisors, the Supervisory Committee conscientiously performed the duties and responsibilities granted by relevant laws and regulations, actively and effectively carried out the work, supervised the lawful operation of the Company and the performance of duties by the Directors and senior management of the Company, and safeguarded the legitimate rights and interests of the Company as well as its Shareholders in the spirit of being responsible to all Shareholders pursuant to the laws and regulations such as the Company Law of the People's Republic of China (the “**Company Law**”) and the provisions of the Articles of Association and the Rules of Procedures for Meeting of the Supervisory Committee.

The Supervisory Committee's duties for 2021 and work plan for 2022 are hereby reported as follows:

DUTIES OF SUPERVISORY COMMITTEE

In 2021, the Supervisory Committee has convened and held two meetings pursuant to the laws. The procedures for notifying, convening and voting at the meetings were in compliance with the requirements of the Company Law and relevant laws and regulations as well as the Articles of Association and the Rules of Procedures for Meeting of the Supervisory Committee. The duties of the Supervisory Committee mainly included:

1. Attending general meetings of the Company to understand the operation of the general meetings;
2. Attend the meetings of the Board to understand the operation of the Board;
3. Review the financial reports of the Company and the audit reports submitted by the accounting firm; and
4. Supervise the lawful operation of the Company and internal control.

OPINIONS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD**(i) Lawful Operation**

The Board and senior management of the Company operated in strict compliance with the relevant provisions of the Company Law and the Articles of Association, diligently and responsibly performed their duties with a scientific and reasonable decision-making process, and earnestly implemented each resolution of the general meetings of the Company. The Supervisory Committee was not aware of any illegal act or acts against the interests of the Company.

(ii) Financial Position of the Company

The Supervisory Committee has reviewed and approved the audited consolidated financial statements for the year ended December 31, 2021, and is of the view that the financial statements of the Company has given an objective and true view of the financial position and the operating results of the Company and do not contain false representations, misleading statements and material omissions.

(iii) Internal Control

Based on the relevant provisions of the Company Law and the Articles of Association together with its actual condition, the Company has established a comprehensive internal management and internal control system, which ensures the normal operation of the Company. The Company has a complete internal control organization which ensures that the implementation and supervision of the internal control of Company are fully effective.

(iv) Integrity and Self-discipline

The Directors and senior management of the Company are law-abiding, honest and act with integrity, and have not been found to have committed any illegal acts for their personal interests.

APPENDIX III WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021

WORK PLAN FOR 2022

The Supervisory Committee will, in accordance with the Company Law, the Articles of Association as well as relevant laws and regulations, further standardize its work, reinforce its supervision and safeguard the interests of the Company and its Shareholders as follows:

- (1) Attend general meetings of the Company and pay close attention to the operation of the general meetings as well as the Company's business decisions in a timely manner to ensure the standardized operation of the Company.
- (2) Attend the meetings of Board and continue to actively participate in various work meetings organized and convened by the Company to keep abreast of the operation of the Board and the development of the Company's operation in a timely manner to ensure the standardized operation of the Company.
- (3) Further strengthen the supervision and inspection of the financial position of the Company.
- (4) Perform a supervisory role in the fulfilment of compliance and due diligence obligations by the Directors and senior management of the Company.

Supervisory Committee
MicroTech Medical (Hangzhou) Co., Ltd.
March 25, 2022

FINAL ACCOUNT REPORT FOR 2021

The Company has prepared the financial statements for 2021, which have been audited by Ernst & Young with an unqualified audit report issued thereon. The major accounting data and financial indicators for the year 2021 are reported as follows:

- I. The Company recorded revenue of RMB151,404,000, representing an increase of 101.1% over the same period of the previous year. In specific:
 - (i) patch insulin pump realized revenue of RMB73,137,000 for the year;
 - (ii) the blood glucose monitoring system realized revenue of RMB70,965,000 for the year;
 - (iii) the continuous glucose monitoring system realized revenue of RMB3,940,000 for the year;
 - (iv) other income was RMB3,362,000.
- II. The Company recorded net loss attributable to shareholders of the Company of RMB48,153,000, representing a decrease of RMB73,097,000 as compared with RMB121,250,000 for the same period of the previous year.
- III. As of the end of 2021, cash and cash equivalents were RMB2,150,978,000, representing an increase of 291.2% as compared with the same period of the previous year.
- IV. As of the end of 2021, the Group's total assets were RMB2,329,139,000.
- V. As of the end of 2021, the Group's net assets were RMB2,246,661,000 in total.
- VI. As of the end of 2021, the Group's gearing ratio was 3.5%.

MicroTech Medical (Hangzhou) Co., Ltd.

March 25, 2022

Dear Directors,

As the independent non-executive Directors of MicroTech Medical (Hangzhou) Co., Ltd. (hereinafter, the “**Company**”), in 2021, in accordance with the Company Law of the PRC, the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Articles of Association of the Company and the Working Rules for Independent Non-executive Directors of the Company Ltd. and other relevant provisions, we have diligently and earnestly performed our duties as independent non-executive Directors, played the due role of independent non-executive Directors, and safeguarded the legitimate rights and interests of the Company and shareholders. We hereby set out our work report in 2021 as follows:

I. BASIC INFORMATION ABOUT INDEPENDENT NON-EXECUTIVE DIRECTORS

(1) Personal working experiences, professional background and part-time situation

Dr. Li Lihua (厲力華), was appointed as an independent non-executive Director of the Company in October 2020 and transferred as an independent non-executive Director in April 2021. His main responsibility is to participate in the decision making of major events of the Company and to provide advice on corporate governance, audit and remuneration and evaluation of Directors, Supervisors and senior management.

Dr. Li served as an assistant professor and associate professor at the University of South Florida School of Medicine from 1994 to 2006. Since June 2006, he has served as the director of The Institute of Biomedical Engineering and Instrument, the Dean of the School of Life Information and Instrument Engineering, and the Dean of the Institute of Intelligent Health of Hangzhou Dianzi University (杭州電子科技大學).

Dr. Li is well-known in the field of science. In December 2006, he was selected as the first level of “The New Century 151 Talent Project” (新世紀 151 人才工程) of Zhejiang Province. In August 2006, he was appointed as “Qianjiang Scholar” Distinguished Professor of Zhejiang Higher Education Institution (浙江省高等學校“錢江學者”特聘教授). In September 2007, he was awarded the National Science Fund for Outstanding Young Scholars by the National Natural Science Foundation of China (國家自然科學基金委員會). In 2009, he was selected as the national talent of “New Century Millions of Talents Project”. Dr. Li has served as associate editor of Medical Physics, a prestigious international journal, Cancer Information editorial board member, National Institutes of Health and Department of Defense project reviewer, and was included in the Marquis Who’s Who in the World. Dr. Li is currently a member of the Science and Technology Development Advisory Committee of Zhejiang Province (浙江省科技發展諮詢委員會委員), a member of the Academic Advisory Committee of Zhijiang Laboratory (之江實驗室學術諮詢委員會), vice chairman (chairman designate) of the Image Information and Control Professional Committee of the Chinese Society of Biomedical Engineering (中國生物醫學工程學會圖像信息與控制專業委員會), and vice chairman of the Medical Imaging Professional Committee of the Chinese Society of Image and Graphics (中國圖象圖形學會醫學影像專業委員會). Dr. Li was awarded the Third Prize of Science and Technology Progress Award by the State Education Commission (國家教委科技進步三等獎) in 1991 and the Overseas Chinese Contribution Award — Innovative Talent Award (僑界貢獻獎創新人才獎) by All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會) in August 2012.

Dr. Li received his ph. D. degree in Signal and Information Processing from Southeast University (東南大學) in China in November 1990.

Ms. Gao Jian (高健), was appointed as an independent non-executive Director of the Company in October 2020 and re-designated as an independent non-executive Director in April 2021. She is primarily responsible for participating in the decision making for our Company’s significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Ms. Gao has extensive experience in accounting and financial areas. Prior to joining our Group, she successively served as the vice general manager and the secretary to the board of Eastern Shenghong Co., Ltd. (江蘇東方盛虹股份有限公司)(formerly known as Jiangsu Wujiang China Eastern Silk Market Co.,Ltd. (江蘇吳江中國東方絲綢市場股份有限公司)), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000301) from November 2010 to June 2011; the independent non-executive director of Kuaijishan Shaoxing Rice Wine Company Limited. (會稽山紹興酒股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 601579) since September 2019. Since June 2021, Ms. Gao has been a director of Suzhou Datong New Materials Co., Ltd. (蘇州達同新材料有限公司).

Ms. Gao received a bachelor's degree in accounting from Zhejiang University of Finance and Economics (浙江財經大學) in the PRC in 1995. Ms. Gao is also a certified practising accountant since June 1998, a senior accountant, a certified public valuer, a tax advisor and a qualified practising lawyer since August 1998. She obtained the permission of practising securities and futures related businesses from Ministry of Finance (財政部) and China Securities Regulatory Commission (中國證券監督管理委員會) as a certified practising accountant since November 2002.

Ms. Wang Chunfeng (王春鳳), was appointed as an independent non-executive Director of the Company in October 2020 and re-designated as an independent non-executive Director in April 2021. She is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Ms. Wang served successively as the supervisor and securities affairs representative of Enjoyor Co., Ltd. (銀江股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 300020) from September 2007 to July 2010. She has been serving successively as the chief executive officer and the vice chairperson of Yinjiang Incubator Co., Ltd. (銀江孵化器股份有限公司) from June 2018 to January 2021 and since February 2021 respectively.

Ms. Wang received a master's degree in business administration from Lanzhou University of Technology (蘭州理工大學) in the PRC in December 2015. She was granted the third prize of Hangzhou Science and Technology Progress Award (杭州市科技進步三等獎) by Hangzhou Science and Technology Bureau (杭州市科學技術局) in October 2011.

Mr. Ho Kin Cheong Kelvin (何建昌), was appointed as an independent non-executive Director on April 21, 2021, with effect from October 19, 2021. He is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Ho has over 20 years of experience in finance and accounting, company secretary, initial public offering and debt restructuring areas. Mr. Ho worked at Grand Orient Holdings Limited (偉東集團有限公司)(stock code: 0106.HK) from June 1999 to October 2000, serving as the company secretary and chief financial officer. From December 2000 to November 2003, he worked for Hanny Magnetics Limited, a subsidiary of Hanny Holdings Limited (錦興集團有限公司)(currently known as Master Glory Group Limited) (stock code: 0275.HK) at which his last position was financial analyst. From January 2004 to September 2005, he worked for Friedmann Pacific Greater China Investments Limited (富泰大中華投資有限公司)(stock code: 1226.HK) as the company secretary and chief financial officer. From August 2006 to August 2008, he worked for Anhui Tianda Oil Pipes Company Limited (安徽天大石油管材有限公司)(stock code: 0839.HK) as company secretary and chief financial officer. From August 2008 to January 2010, he worked for FU JI Food and Catering Services Holdings Limited (福記食品服務控股有限公司)(currently known as Fresh Express Delivery Holdings Group Co., Limited) (stock code: 1175.HK) as company secretary and chief financial officer. From April 2010 to March 2012 and from May 2012 to December 2014, he worked for Greens Holdings Limited (格菱控股有限公司)(stock code: 1318.HK) at which his last position was company secretary and chief financial officer. From January 2016 to December 2017, he worked for Sand River Golf Club Limited (沙河高爾夫球會有限公司) as the company secretary and chief financial officer. From March 2019 to May 2020, he worked for Richly Field China Development Limited (裕田中國發展有限公司)(stock code: 0313.HK) as the company secretary and chief financial officer. From August 2020 to January 2022, Mr. Ho has been the company secretary and chief financial officer of China Wood International Holding Co., Limited (中木國際控股有限公司)(stock code: 1822.HK).

Mr. Ho was an independent non-executive director of Cheung Tai Hong Holdings Limited (currently known as ITC Properties Group Limited) (祥泰行集團有限公司) (stock code: 0199.HK) from October 2001 to May 2003 and a non-executive director of HongDa Financial Holding Limited (currently known as China Wood International Holding Co., Limited) (stock code: 1822.HK) (弘達金融控股有限公司) from April 2016 to April 2017. From August 2018 to February 2022, Mr. Ho has been an independent non-executive director of CECEP COSTIN New Materials Group Limited (In Provisional Liquidation) (中國節能海東青新材料集團有限公司) (“CECEP COSTIN”) (stock code: 2228.HK). Based on published information, CECEP COSTIN received a winding up petition and a summons for the appointment of joint provisional liquidators dated October 2017. Mr. Ho’s appointment was made subsequent to the winding up petition against CECEP COSTIN and he was appointed by the joint provisional liquidators to meet the relevant requirements under the Listing Rules. In February 2022, the listing status of CECEP COSTIN was cancelled by the Stock Exchange. Since July 2020, Mr. Ho has been an independent non-executive director of Rosan Resources Holdings Limited (融信資源控股有限公司) (stock code: 0578.HK). Since August 2020, he has been an independent non-executive director of Green Leader Holdings Group Limited (綠領控股集團有限公司) (stock code: 0061.HK). Since October 2020, he has been an independent non-executive director of Yadong Group Holdings Limited (亞東集團控股有限公司) (stock code: 1795.HK) and JW (Cayman) Therapeutics Company., Limited (藥明巨諾(開曼)有限公司) (stock code: 2126.HK). Notwithstanding the above appointments as independent non-executive director, Mr. Ho confirmed that he will devote sufficient time to act as an independent non-executive Director of our Company. In addition, Mr. Ho acting as independent non-executive director is neither a full-time member of the above-mentioned listed companies nor involved in day-to-day operations or management of the above-mentioned listed companies, and as such he has no executive or management responsibility.

Mr. Ho was admitted as an associate member of the Hong Kong Society of Accountants (currently known as The Hong Kong Institute of Certified Public Accountants) in June 1997 and a fellow member of The Association of Chartered Certified Accountants in the United Kingdom in April 2002. He has passed the Securities Broker Examination of The Stock Exchange of Hong Kong Limited in March 2000.

Mr. Ho obtained a bachelor degree of business administration from Hong Kong Baptist College (currently known as Hong Kong Baptist University) in Hong Kong in November 1990.

(2) Statement on whether the independence is affected

As independent non-executive Directors, we have the independence required by the Listing Rules, the Articles of Association and the Working System for Independent Non-executive Directors and the qualifications to serve as an independent non-executive Director of the Company, can ensure an objective and independent professional judgment, and have not been subject to any punishment by the CSRC and other relevant authorities or by any stock exchanges. Neither we nor our immediate family members hold shares in the Company and have held any positions in the Company other than independent non-executive directors; nor have relationship with the Directors, Supervisors and senior management of the Company and the shareholders and de-facto controllers holding more than 5% of the shares of the Company, nor is there any other situation affecting the independence.

**II. PERFORMANCE OF DUTIES OF INDEPENDENT NON-EXECUTIVE DIRECTORS
IN THE YEAR 2021**

In 2021, based on the principle of prudence and objectivity, we gave full play to our respective professional roles with a diligent and responsible attitude. We carefully reviewed the meeting-related materials, actively participated in the discussion of proposals, independently expressed opinions and voted according to law when considering proposals, to give full play to the role of independent non-executive Directors. We believe that the convening and holding procedures of the Board meetings and general meetings in 2021 were in compliance with statutory requirements, and relevant approval procedures have been performed in major business decision-making matters and other major matters, which were legal and effective. On the basis of careful review, we voted in favor of all proposals of the Board and other matters of the Company, and there was no dissent, objection or waiver.

(1) Attendance at meetings in 2021

Name of Director	Board meetings time(s)	Attendance in person time(s)	Attendance by proxy time(s)	Absence time(s)	Failure to attend in person for two consecutive meetings time(s)	Presence at general meetings time(s)
Li Lihua	3	3	0	0	No	2
Gao Jian	3	3	0	0	No	2
Wang Chunfeng	3	3	0	0	No	2
Ho Kin Cheong Kelvin ¹	1	1	0	0	No	0

Note:

¹. Mr. Ho Kin Cheong Kelvin has held office since 19 October 2021.

(2) Key concerns of independent non-executive Directors in their performance of duties in the year

In 2021, we conscientiously performed the duties of independent non-executive Directors, understood the Company's dynamics in real time, and kept in touch with the Company's executives, senior management, financial director and other relevant staff. For major matters that need to be decided by the Board, we shall carefully review the meeting materials before the meeting and fully understand the situation with the Company, actively exercise our powers, effectively perform our duties, and earnestly safeguard the legitimate rights and interests of the Company and all shareholders.

1. Related party transactions

In 2021, the Company had no related party transactions.

2. External guarantee and occupation of funds

In 2021, the Company did not provide guarantees for third parties, and there was no illegal occupation of the Company's funds by related parties. The Company has established a sound external guarantee risk control system, which could conscientiously implement the relevant system regulations, and strictly control external guarantee risks and the risk of funds occupied by related parties.

3. *Merger and reorganization*

In 2021, the Company did not undertake any merger and reorganization.

4. *Cash dividends and other investor returns*

In 2021, the Company had no cash dividends and other investor returns.

5. *Implementation of internal control*

In 2021, in accordance with the requirements of the Company Law, the Listing Rules, the Basic Norms of Enterprise Internal Control and other relevant laws and regulations, the Company carried out in-depth internal control, actively promoted the construction of internal control system and promoted the effective implementation of the Company's internal control activities. The Company established various internal control systems to meet the needs of the Company's management, and continuously improved them in combination with the Company's development needs. The relevant internal control systems cover all aspects and links of the Company's business activities and internal management. The Company's internal control systems are complete, reasonable and effectively implemented. Therefore, we believe that the Company's internal control system operates effectively without major and important defects.

III. OVERALL EVALUATION AND RECOMMENDATIONS

As independent non-executive Directors, in 2021, adhering to the working principles of integrity and diligence, we actively inspected and investigated the Company in accordance with the requirements of various laws, regulations and norms, and paid attention to the Company's development strategy and operation mode and gave full play to our professional knowledge to make suggestions for the development of the Company. As independent non-executive Directors, we always maintain an objective, prudent and diligent working attitude and actively perform supervisory duties on matters closely related to investors, such as the Company's financial reports, related party transactions, major asset restructuring, etc. to ensure that the legitimate rights and interests of the Company's shareholders can be effectively safeguarded.

In 2022, we will continue to strengthen communication with the Directors, Supervisors and senior management of the Company. In the spirit of integrity and diligence and the principle of being responsible for the Company and all shareholders, we will exercise the rights of independent non-executive Directors and fulfill the obligations of independent non-executive Directors in accordance with the provisions and requirements of laws, regulations and the Articles of Association, actively and proactively provide scientific and reasonable decision-making suggestions, to objectively and fairly protect the legitimate rights and interests of the Company and shareholders, and play a active role in the Company's continuous standardized operation and continuous improvement of sustainable development.

MicroTech Medical (Hangzhou) Co., Ltd.

Li Lihua

Gao Jian

Wang Chunfeng

Ho Kin Cheong Kelvin

Independent Non-executive Directors

March 25, 2022

APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Details of the proposed amendments to the Articles of Association are as follows:

<p>1. Upon request of the registration authority, it is recommended that the shareholders' general meeting confirm Article 6 of the Articles of Association: The Company is a joint stock limited liability company with perpetual existence.</p>	
<p>2. The following provisions are amended upon completion of the over-allotment by the Board of Directors and the Delegatee under the authorization granted by the 2021 first extraordinary general meeting, and are hereby confirmed:</p>	
Before amendments	After amendments
<p>Article 2 The Company is a joint stock company with limited liability established in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations of the PRC.</p> <p>The Company is a joint stock limited company jointly established by all shareholders of MicroTech Medical (Hangzhou) Company Limited (微泰醫療器械(杭州)有限公司) by means of promotion, and was registered with the Administration for Market Regulation of Yuhang District in Hangzhou on November 6, 2020 and obtained a business license with unified social credit code of 9133011056875135XF.</p>	<p>Article 2 The Company is a joint stock company with limited liability established in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations of the PRC.</p> <p>The Company is a joint stock limited company jointly established by all shareholders of MicroTech Medical (Hangzhou) Company Limited (微泰醫療器械(杭州)有限公司) by means of promotion, and was registered with the Administration for Market Regulation of Yuhang District in Hangzhou on November 6, 2020 and obtained a business license with unified social credit code of 9133011056875135XF. <u>At present, the Company has been transferred to the Zhejiang Provincial Administration for Market Regulation for registration.</u></p>
<p>Article 5 The registered capital of the Company is RMB423,529,500.</p>	<p>Article 5 The registered capital of the Company is RMB423,529,500<u>425,742,600</u>.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p>Article 20 Upon completion of the initial public offering of overseas listed foreign shares (H Shares), the share capital of the Company is 423,529,500 shares, the capital structure shall comprise of: 286,473,574 domestic shares, 73,526,426 non-overseas listed foreign shares and 63,529,500 overseas listed foreign shares.</p>	<p>Article 20 Upon completion of the initial public offering of overseas listed foreign shares (H Shares) and the over-allotment, the share capital of the Company is 423,529,500<u>425,742,600</u> shares, the capital structure shall comprise of: 286,473,574 domestic shares, 73,526,426 non-overseas listed foreign shares and 63,529,500<u>65,742,600</u> overseas listed foreign shares.</p>
<p>3. The proposed amendments:</p>	
Currently in force	Proposed to be amended as
<p>Article 18 Shares that the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares that are listed overseas shall be referred to as overseas listed foreign shares.</p> <p>Foreign currencies referred to in the preceding paragraph mean the lawful currencies (other than Renminbi) of other countries or regions that are recognized by the foreign exchange authority of the PRC and that can be used to pay the share price to the Company.</p> <p>Foreign shares issued by the Company that are listed in Hong Kong shall be referred to as H shares. H shares are shares that have been approved for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in foreign currencies.</p> <p>Both holders of domestic shares and holders of foreign shares are holders of ordinary shares, and have and bear the same rights and obligations.</p>	<p>Article 18 Shares that the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares that are listed overseas shall be referred to as overseas listed foreign shares.</p> <p>Foreign currencies referred to in the preceding paragraph mean the lawful currencies (other than Renminbi) of other countries or regions that are recognized by the foreign exchange authority of the PRC and that can be used to pay the share price to the Company.</p> <p>Foreign shares issued by the Company that are listed in Hong Kong shall be referred to as H shares. H shares are shares that have been approved for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in foreign currencies.</p> <p>Both holders of domestic shares and holders of foreign shares are holders of ordinary shares, and have and bear the same rights and obligations.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p>Subject to the approval of the securities regulatory authorities of the State Council, shareholders of the Company may list and trade the unlisted shares they hold overseas. Listing and trading of the aforesaid shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market.</p> <p>Ordinary shareholders of domestic shares and foreign shares of the Company shall have the same rights in any distribution made by dividends or other forms.</p>	<p>Subject to the approval of the securities regulatory authorities of the State Council, shareholders of the Company may <u>transfer all or part of the unlisted shares they hold to foreign investors and list and trade the unlisted shares on an overseas stock exchange, and may also convert all or part of the unlisted shares they hold into overseas listed shares and arrange for the listing and trading of these shares on an overseas stock exchange.</u> Listing and trading of the aforesaid <u>transferred or converted</u> shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market. <u>No approval of a shareholders' general meeting or meeting of class shareholders is required for the listing and trading of such transferred shares on overseas stock exchange, or all or part of the unlisted shares held by the shareholders of the Company being converted into overseas listed shares and listed and traded on the overseas stock exchange. The Company's unlisted shares, upon being listed and traded on the overseas stock exchange, shall belong to the same class of shares as the original overseas listed shares.</u></p> <p>Ordinary shareholders of domestic shares and foreign shares of the Company shall have the same rights in any distribution made by dividends or other forms.</p>
<p>Article 44 No changes due to the transfer of shares may be made to the register of members within 30 days prior to the date of a shareholders' general meeting or within 5 days before the record date set by the Company for the purpose of distribution of dividends.</p>	<p>Article 44 No changes due to the transfer of shares may be made to the register of members within 30<u>4</u> days prior to the date of a shareholders' general meeting or within 5 days before the record date set by the Company for the purpose of distribution of dividends.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p>Article 70 Notice of shareholders’ annual general meetings shall be given to all shareholders by the convener 20 days before the meeting; notice of extraordinary general meetings shall be given to all shareholders 15 days before the meeting. The date when the meeting is held shall be excluded for the purpose of determining any time limit hereunder.</p>	<p>Article 70 Notice of shareholders’ annual general meetings shall be given to all shareholders by the convener <u>20</u>^{<u>21</u>} days before the meeting; notice of extraordinary general meetings shall be given to all shareholders 15 days before the meeting. The date when the meeting is held shall be excluded for the purpose of determining any time limit hereunder.</p>
<p>Article 106 Rights conferred to class shareholders may not be varied or abrogated by the Company unless approved by way of a special resolution at a shareholders’ general meeting and by the affected class shareholders at a separate shareholders’ meeting convened in accordance with Articles 108 to 112 hereof.</p>	<p>Article 106 Rights conferred to class shareholders may not be varied or abrogated by the Company unless approved by way of a special resolution at a shareholders’ general meeting and by the affected class shareholders at a separate shareholders’ meeting convened in accordance with Articles 108 to 112 hereof.</p> <p><u>Subject to the approval of the securities regulatory authorities of the State Council, where shareholders of the Company transfer all or part of the unlisted shares they hold to foreign investors and list and trade the unlisted shares on an overseas stock exchange, and convert all or part of the unlisted shares they hold into overseas listed shares and arrange for the listing and trading of these shares on an overseas stock exchange, it shall not be regarded as the Company’s proposed modification or termination of the rights of a class of shareholders.</u></p>

APPENDIX VI PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p>Article 113 Directors shall be elected at the shareholders' general meetings for a term of 3 years. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election and re-appointment.</p> <p>Written notice of the intention to nominate a candidate for directorship and the candidate's indication of his or her willingness to accept the nomination shall be sent to the Company seven days prior to the shareholders' general meeting.</p> <p>The election and removal of the chairman shall be approved by more than half of all directors. The chairman shall serve for a term of three years and may be re-elected.</p> <p>Subject to the relevant laws and administrative regulations, a director may be removed by an ordinary resolution in a shareholders' general meeting, before the expiration of his term of office (but without prejudice to any claim under any contract).</p> <p>A director is not required to hold any shares of the Company.</p>	<p>Article 113 Directors shall be elected at the shareholders' general meetings for a term of 3 years. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election and re-appointment.</p> <p>Written notice of the intention to nominate a candidate for directorship and the candidate's indication of his or her willingness to accept the nomination shall be sent to the Company seven days prior to the shareholders' general meeting.</p> <p>The election and removal of the chairman shall be approved by more than half of all directors. The chairman shall serve for a term of three years and may be re-elected.</p> <p><u>Any person appointed by the Board of Directors as director to fill a casual vacancy on or as an addition to the Board of Directors shall hold office only until the first annual general meeting of the issuer after his/her appointment, and shall then be eligible for re-election.</u></p> <p>Subject to the relevant laws and administrative regulations, a director <u>(including an executive director)</u> may be removed by an ordinary resolution in a shareholders' general meeting, before the expiration of his term of office; <u>but such removal shall not have prejudice to any damage claim made by that director under any contract</u>.</p> <p>A director is not required to hold any shares of the Company.</p>
<p>Article 192 The remuneration or method of determining the remuneration of an accounting firm shall be decided by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.</p>	<p>Article 192 The remuneration or method of determining the remuneration of an accounting firm shall be decided by the shareholders' general meeting, <u>which may authorize the Board of Directors to determine the relevant remuneration.</u> The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.</p>

RULES RELATING TO

THE 2022 H SHARE AWARD AND TRUST SCHEME (THE “SCHEME RULES”)

Table of Contents

1.	DEFINITIONS AND INTERPRETATION	62
2.	GENERAL INTRODUCTION & PURPOSES AND OBJECTIVES	68
3.	DURATION	69
4.	ADMINISTRATION	69
5.	OPERATION OF SCHEME	71
6.	TAKEOVER, RIGHT ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME	82
7.	SCHEME LIMIT	83
8.	DISPUTES	84
9.	ALTERATION OF THE SCHEME	84
10.	TERMINATION	84
11.	WITHHOLDING	85
12.	MISCELLANEOUS	86
13.	GOVERNING LAW	87
14.	DISCLOSURE RIGHTS	88

1. DEFINITIONS AND INTERPRETATION

- (A) In the Scheme Rules, unless the context otherwise requires, the following words and expressions shall have the meaning shown opposite to them below:

“Actual Selling Price”	the actual price at which the Awarded Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme;
“Adoption Date”	the date on which the Scheme is adopted by the Company;
“Award”	an award granted by the Board or the Delegatee to a Selected Employee, pursuant to the Scheme, which may vest in the form of Awarded Shares or the Actual Selling Price of the Awarded Shares in cash, as the Board or the Delegatee may determine in accordance with the terms of the Scheme Rules;
“Awarded Share(s)”	in respect of a Selected Employee, such number of Shares as awarded by the Board or the Delegatee;
“Board”	the board of directors of the Company;
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Company”	MicroTech Medical (Hangzhou) Co., Ltd., a company incorporated in the People’s Republic of China;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company, any of its Subsidiaries, and/or any party designated by the Settlor as permitted under the Scheme as determined by the Board or the Delegatee from time to time;

“CRS”	the Organisation for Economic Cooperation and Development Common Reporting Standard;
“Delegatee”	the EBC Management Committee, person(s) or board committee(s) to which the Board has delegated its authority;
“Director(s)”	director(s) of the Company;
“EBC Management Committee”	the equity-based compensation management committee of the Scheme, which includes the chairman of the Board, chief strategy and development officer and the financial director of the Company to which the Board has delegated its authority to administer the Scheme;
“Employee”	any employee (including without limitation any executive director) of any member of the Group;
“Excluded Employee”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Delegatee or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee;
“FATCA”	(a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;

“General Mandate” the general mandate granted or to be granted by the Shareholders at general meetings or by way of written resolution(s) (as the case may be) from time to time;

“Grant Notice” has the meaning ascribed to it in Paragraph 5.2(E);

“Group” the Company and its Subsidiaries from time to time, and “member of the Group” means any or a specific one of them;

“H Share(s)” overseas listed foreign ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange;

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

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

“inside information”	has the meaning ascribed thereto under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“IRO”	the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong);
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof; (ii) any cash income or dividends derived from Shares held under the Trust; (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iv) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied in the acquisition of any Shares;
“Scheme”	the “2022 H Share Award and Trust Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof;
“Selected Employee(s)”	Employee(s) selected by the Board or the Delegatee pursuant to Paragraph 5.2(A) for participation in the Scheme;
“Settlor”	MicroTech Medical (Hangzhou) Co., Ltd.;
“Shares”	ordinary share(s) in the capital of the Settlor with a nominal value of RMB1.00 each, comprising domestic shares and H Shares (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification, reduction or reconstruction of the share capital of the Settlor from time to time);

“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning given under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trust Fund”	<p>the funds and properties held under the Trust and managed by the Trustee for the benefit of the Selected Employees (other than the Excluded Employees), including without limitation:</p> <ul style="list-style-type: none">(a) HK\$100 as initial sum;(b) all Shares acquired by the Trustee for the purpose of the Trust and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust;(c) any Residual Cash;(d) any Awarded Shares or other property to be vested or not vested with the Selected Employee under the terms of the Scheme; and

- (e) all other properties from time to time representing (a), (b), (c), and (d) above;

“Trust Period” shall have the meaning as set out in Clause 1.1 of the Trust Deed;

“Trustee” FUTU TRUSTEE LIMITED, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed;

“US” the United States of America;

“Vesting Date” in respect of a Selected Employee, the date on which his entitlement to the Awarded Shares is vested in such Selected Employee in accordance with Paragraph 5.3(A) and other terms of the Scheme; and

“Vesting Notice” has the meaning ascribed to it in Paragraph 5.3(B).

(B) In these rules of the Scheme, save where the context otherwise requires:–

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of these rules of the Scheme;
- (ii) references to Paragraphs and Schedules are references to paragraphs and schedules of these rules of the Scheme;
- (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expressions in any gender shall include other genders; and

- (vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind.

2. GENERAL INTRODUCTION & PURPOSES AND OBJECTIVES

- (A) The Scheme is a share award of H Shares and trust scheme established by the Company to award Selected Employees, who could be Director, senior management, key operating team member, employee, or consultant.
- (B) A Trust Deed will be entered into between the Company and the Trustee, being FUTU TRUSTEE LIMITED initially. Pursuant to the Trust Deed, the Trust will be constituted to service the Scheme whereby the Trustee shall assist with the administration of the Scheme and shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire such underlying H Shares of the Scheme through on-market transactions with funds to be transferred by the Company to the Trust or share subscription under the General Mandate. Such underlying H Shares of the Scheme shall not exceed 8,510,000 shares in any event. Awards granted to the Selected Employees shall be held by the Trustee on trust for the benefit of the Selected Employees, and the Trustee shall, for the purposes of vesting of the Award and upon the instruction of the Board or the Delegatee, release from the Trust the Awarded Shares to the Selected Employees or sell the number of Awarded Shares so vested on-market at the prevailing market price and pay the Selected Employees the proceeds in cash arising from such sale in accordance with Paragraph 5.3 and relevant provisions under the Trust Deed.
- (C) The specific objectives of the 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, and Employees, including the operational and executive management; and

(iii) to (a) recognize the contributions of the leadership of the Company including the Directors; (b) attract, encourage, motivate and retain the key personnel 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 long standing employee by aligning the interests of such personnel of the Company to those of the Shareholders and the Group as a whole;

(D) The Scheme Rules serve to set out the terms and conditions upon which the incentive arrangement for the Employees shall operate.

3. DURATION

Unless the H Share Scheme is early terminated by the Board pursuant to the H Share Scheme Rules, the H Share Scheme shall be valid for a term of ten years commencing on the Adoption Date.

4. ADMINISTRATION

(A) The general meeting of the Shareholders, as the institution vested with the supreme authority of the Company, is responsible for the consideration and approval of the adoption of the Scheme. The general meeting of the Shareholders may authorize the Board to deal with all matters related to the Scheme to the extent of its authority.

(B) The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The decision of the Board or the Delegatee with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding on all persons affected. The Remuneration Committee shall be responsible for drafting and revising the Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the Scheme, the Board will submit the Scheme to the general meeting of the Shareholders for consideration. The Board or the Delegatee may handle all matters related to the Scheme within the authorization by the general meeting of the Shareholders.

(C) Subject to any restrictions in the Scheme Rules, it is noted that as at the Adoption Date the Board has delegated to the EBC Management Committee, as the Delegatee, the authority to administer the Scheme, including the power to grant an Award under the Scheme.

- (D) Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board or the Delegatee may also from time to time appoint one or more Trustees in respect of granting, administration or vesting of any Awarded Shares. For the avoidance of doubt, notwithstanding any provision herein, the Board or, if delegated to the Delegatee, then the Delegatee shall be the sole body which has the authority to give any direction, instruction or recommendation to the Trustee or from which the Trustee seeks direction, instruction or recommendation with respect to the Scheme and the Trust.
- (E) Subject to the Scheme Rules, the Listing Rules and any applicable laws and regulations, the Board or the Delegatee shall have the power from time to time to:
- (i) construe and interpret the Scheme Rules and the terms of the Awards granted under the Scheme;
 - (ii) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Scheme, provided that they are not inconsistent with the Scheme Rules;
 - (iii) decide how the vesting of the Awarded Shares will be settled pursuant to Paragraph 5.3;
 - (iv) determine the basis of eligibility of any Selected Employee for the grant of Awards from time to time on the basis of their contribution to the development and growth of the Group or such other factors deemed appropriate;
 - (v) grant Awards to those Selected Employees whom it shall select from time to time;
 - (vi) determine the terms and conditions of the Awards;
 - (vii) establish, assess and administer performance targets in respect of the Scheme;
 - (viii) approve the form and content of a Grant Notice;
 - (ix) adjust the number of outstanding Awarded Shares or accelerate the Vesting Dates of any Awards pursuant to the terms of the Scheme;
 - (x) exercise any authority as may be granted by the Shareholders from time to time;

- (xi) engage bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the Scheme; and
 - (xii) sign, execute, amend and terminate all documents relating to the Scheme, undertake all procedures relevant to the Scheme and take such other steps or actions to give effect to the terms and intent of the Scheme Rules.
- (F) the Trust will be constituted to service the Scheme whereby the Trustee shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire not more than 8,510,000 H Shares with funds to be transferred by the Company to the Trust in accordance with Paragraphs 5.1.
- (G) The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

5. OPERATION OF SCHEME

5.1. Contribution to the Trust

- (A) The Board or the Delegatee may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company, any Subsidiary or any party designated by the Settlor as directed by the Board or the Delegatee which shall constitute part of the Trust Fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the Scheme Rules and the Trust Deed. Subject to prior written direction and/or consent of the Board or the Delegatee, the Trustee may accept Shares transferred, gifted, assigned, or conveyed to the Trust from any party designated by the Company from time to time in such number as such party designated by the Company may at their sole discretion determine, which shall constitute part of the Trust Fund. The Trustee shall administer the Shares in the same manner in accordance with the Trust Deed and Scheme Rules regardless whether they are purchased, subscribed or otherwise acquired by the Trust or transferred, gifted, assigned, or conveyed to the Trust.

- (B) Subject to Paragraphs 5.5(B) and 7(A), in the event that the Awarded Shares are to be allotted and issued as new Shares under the General Mandate for the purpose of the Trust, The Company shall, for purpose of satisfying any grant of Awarded Shares, issue and allot Shares to the Trustee. The Company shall comply with the all applicable laws and regulations, Listing Rules and the Articles of Association of the Company when allotting and issuing any new Shares under the General Mandate and application shall be made to the Stock Exchange and China Securities Regulatory Committee for the listing of, and permission to deal in the new Shares to be issued to the Trustee pursuant to this Paragraph 5.5(B). The Company intends to use the General Mandate available at the time of granting the Shares.
- (C) Subject to Paragraphs 5.5(B) and 7(A), the Board or the Delegatee may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange or accept and receive a specified number of Shares from any party designated by the Settlor. Once purchased or received, the Shares are to be held by the Trustee for the benefit of the Selected Employees under the Trust on and subject to the terms and conditions of the Scheme and the Trust Deed. On each occasion when the Board or the Delegatee instructs the Trustee to purchase Shares on the Stock Exchange, it shall specify the maximum amount of funds to be used and the range of prices or the specified price at which such Shares are to be purchased, and such range of prices or specified price shall be within the price range agreed by the Board from time to time. The Trustee may not incur more than the maximum amount of funds or purchase any Shares at a price falling outside the range of prices so specified unless with the prior written consent of the Board or the Delegatee.

- (D) As soon as practicable after receiving the notice setting out the instructions from the Company under Paragraph 5.1(C) with respect to the purchase of the Shares on the Stock Exchange and during such period until being notified by the Board or the Delegatee to suspend or cease the purchase, the Trustee shall apply such amount of Residual Cash towards the purchase of such maximum board lot of Shares at the prevailing market price according to the instructions set out in the notice. The Trustee shall also pay the related purchase expenses (including for the time being, the brokerage fee, stamp duty, the Securities and Futures Commission transaction levy and Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of the Shares out of the Residual Cash. For the avoidance of doubt, the Shares so purchased and the remaining balance of any Residual Cash shall form part of the Trust Fund. The Trustee is not obliged to purchase any Shares unless the prevailing market price of the Shares falls within the range of prices in accordance with Paragraph 5.1(C) and that the Trustee has sufficient funds in the Trust to undertake the purchase of such Shares.
- (E) The Trustee shall keep the Board informed from time to time of the number of Shares purchased and the price at which those Shares have been purchased. If, for any reason, the Trustee shall not be able to purchase any or all of the Shares with the maximum amount of funds (where the range of prices at which such Shares are to be purchased has been specified by the Board) so specified in the notice within ten (10) Business Days on which the trading of the Shares has not been suspended on the Stock Exchange after being instructed by the Board to do so, the Trustee shall notify the Board in writing. The Board shall then decide on whether to instruct the Trustee to continue with such purchase and the conditions thereof.

The Company shall instruct the Trustee whether or not to apply any Awarded Shares, which are not vested and/or are forfeited in accordance with the terms of the Scheme, to satisfy any grant of Awards made, and if such 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.

5.2. Award of Awarded Shares to Selected Employees

- (A) Subject to the provisions of the Scheme, including but not limited to the restrictions set out in Paragraphs 5.5(B), 7(A) and 7(B), the Board or the Delegatee may, from time to time, at its absolute discretion select any Employee (other than any Excluded Employee) for participation in the Scheme as a Selected Employee, and grant such number of Awarded Shares to any Selected Employee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.
- (B) In determining the number of Awarded Shares to be granted to any Selected Employee (excluding any Excluded Employee), the Board or the Delegatee shall take into consideration matters including, but without limitation to,
 - (a) the present contribution and expected contribution of the relevant Selected Employee to the earnings of the Group;
 - (b) the general financial condition of the Group;
 - (c) the Group's overall business objectives and future development plan; and
 - (d) any other matter which the Board or the Delegatee considers relevant.
- (C) The Board or the Delegatee is entitled to impose any conditions (including a period of continued service within the Group after the Award), as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employee, and shall inform the Trustee and such Selected Employee the relevant conditions of the Award and the Awarded Shares. Notwithstanding any other provisions of the Scheme, subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions referred to in this Paragraph 5.2(C).
- (D) Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

- (E) After the Board or the Delegatee has decided to make a grant of Awarded Shares to any Selected Employee, the Board or the Delegatee shall send a notice (the “**Grant Notice**”) to such Selected Employee with a copy thereof to the Trustee within five (5) Business Days after the grant was made, setting out the number of Awarded Shares so granted and the conditions (if any) upon which such Awarded Shares were granted. The number of Awarded Shares specified in the Grant Notice shall, subject to acceptance by the relevant Selected Employee in accordance with Paragraph 5.2(G), constitute the definitive number of Awarded Shares being granted to him.
- (F) Upon receipt of the Grant Notice, the Selected Employee shall confirm acceptance of the Awarded Shares being granted to him by signing and returning to the Board or the Delegatee the acceptance form attached to the Grant Notice within five (5) Business Days after the date of the Grant Notice (the “**Acceptance Period**”). As soon as practicable after the receipt of the acceptance form duly signed by the relevant Employee, the Board or the Delegatee shall forward a copy thereof to the Trustee.
- (G) If the Selected Employee fails to sign and return the acceptance form attached to the Grant Notice before the expiry of the Acceptance Period, the grant of the Awarded Shares to such Employee shall lapse forthwith and the Awarded Shares shall remain as part of the Trust Fund. Such Employee shall have no right or claim against the Company, any other member of the Group, the Board, the Delegatee, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way. In such instance, the Board or the Delegatee shall notify the Trustee of the lapse of the grant of such Awarded Shares as soon as practicable after the expiration of the Acceptance Period.

5.3. Vesting of Awarded Shares

- (A) Subject to the terms and condition of the Scheme and the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Employee as specified in the Scheme and the Grant Notice, the respective Awarded Shares held by the Trustee on behalf of the Selected Employee pursuant to the provision hereof shall vest in such Selected Employee in accordance with the vesting schedule (if any) as set out in the Grant Notice, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Employee on the Vesting Date, or sell the relevant Awarded Shares as soon as practicable from the Vesting Date and pay the Actual Selling Price to the Selected Employees within a reasonable time period in satisfaction of the Award.
- (B) Upon the vesting of the Awarded Shares,
- (i) barring any unforeseen circumstances, unless otherwise agreed between the Board or the Delegatee, and the Trustee, at least thirty (30) Business Days prior to the Vesting Date, the Board or the Delegatee shall send to the relevant Selected Employee (with a copy to the Trustee) a vesting notice (the “**Vesting Notice**”) together with such prescribed transfer documents which require the Selected Employee to execute to effect the vesting and transfer/sale of the Awarded Shares;
 - (ii) upon receipt of the Vesting Notice, the Selected Employee (or his legal representative or lawful successor as the case may be) is required to return to the Board or the Delegatee the reply slip attached to the Vesting Notice to confirm the securities account details, together with the relevant duly signed transfer documents. In the event that the Board or the Delegatee does not receive the reply slip and the transfer form from the Selected Employee at least ten (10) Business Days prior to the Vesting Date, the Awarded Shares which would have otherwise vested in such Selected Employee shall be automatically forfeited and remain as part of the Trust Fund; and

- (iii) subject to the receipt by the Trustee of (a) the reply slip to the Vesting Notice and transfer documents prescribed by the Trustee and duly signed by the Selected Employee within the period stipulated in the Vesting Notice referred to in Paragraph 5.3(B)(ii), (b) a confirmation from the Company that all vesting conditions having been fulfilled, and (c) certified copies of the identification documents of the Selected Employee, the Trustee shall transfer the relevant Awarded Shares to the relevant Selected Employee as soon as practicable on or after the Vesting Date and in any event not later than ten (10) Business Days after the Vesting Date, or sell the relevant Awarded Shares as soon as practicable from the Vesting Date and pay the Actual Selling Price to the Selected Employees within a reasonable time period in satisfaction of the Award.
- (C) Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award, unless the Award or any interest thereof is transferred as a result of the Selected Employee's death in accordance with the terms of the Scheme.
- (D) The Board or the Delegatee may at its discretion, with or without further conditions, grant additional Shares or cash award out of the Trust Fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Awarded Shares during the period from the date of Award to the Vesting Date to a Selected Employee upon the vesting of any Awarded Shares. In such case the Board or the Delegatee shall deliver a Grant Notice to the Selected Employee and the Trustee specifying the number of additional Shares and cash amount to be granted to the Selected Employee. The Trustee shall transfer the specified number of additional Shares and the cash award, together with the Awarded Shares, to the Selected Employee on the Vesting Date in accordance with Paragraph 5.3(B)(iii). In the event that the Awarded Shares are to be forfeited, such underlying dividend shall be transferred back to the Trust (in case of share award) or Trust Fund (in case of cash award).

5.4. Disqualification of Selected Employee

- (A) In the event that prior to or on the Vesting Date, a Selected Employee is found to be an Excluded Employee or is deemed to cease to be an Employee pursuant to Paragraph 5.4(B) unless agreed specifically between the Selected Employee and the Company, the relevant Award made to such Selected Employee shall automatically forfeited forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such Employee shall have no right or claim against the Company, any other member of the Group, the Board, the Delegatee, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way.
- (B) Unless the Board or the Delegatee determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Employee shall include, without limitation, the following:
 - (i) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
 - (ii) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
 - (iii) where such person has been convicted of any criminal offence; or
 - (iv) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.

- (C) In respect of a Selected Employee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Employee shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.
- (D) (i) In the event of the death of a Selected Employee, the Trustee shall hold the vested Awarded Shares (hereinafter referred to as “**Benefits**”) upon trust to transfer the same to the legal personal representatives of the Selected Employee and subject as aforesaid the Trustee shall hold the Benefits or so much thereof as shall not be transferred or applied under the foregoing powers within (a) two (2) years of the death of the Selected Employee (or such longer period as the Trustee and the Board or the Delegatee shall agree from time to time) or (b) the Trust Period (whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Selected Employee; or
- (ii) If the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall remain part of the Trust Fund.

5.5. Other terms and conditions

- (A) For the avoidance of doubt,
 - (i) subject to Paragraph 5.3(D), a Selected Employee shall not have any interest or rights (including the right to receive dividends) in the Awarded Shares prior to the Vesting Date;
 - (ii) a Selected Employee shall have no rights in the Residual Cash or Shares or such other Trust Fund or property held by the Trust;
 - (iii) no instructions shall be given by a Selected Employee (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested, and such other properties of the Trust Fund managed by the Trustee;

- (iv) the Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom);
 - (v) subject to Paragraph 5.3(D), all cash income and the sale proceeds of non-scrip distribution declared in respect of a Share held upon the Trust will be applied towards (a) the payment of the fees, costs and expenses of the Trust and (b) the remainder, if any, remain as part of the Trust Fund;
 - (vi) unless otherwise waived by the Board or the Delegatee, in the event that the vesting conditions specified in the Grant Notice are not fully satisfied prior to or on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall be forfeited, such Awarded Shares shall not vest on the relevant Vesting Date and the Selected Employee shall have no claims against the Company, the Board or the Delegatee, the Trust or the Trustee; and
 - (vii) in the case of the death of a Selected Employee, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Selected Employee is made within the period prescribed in Paragraph 5.4(D), and the legal personal representatives of the Selected Employee shall have no claims against the Company or the Trustee.
- (B) No Award shall be made by the Board or the Delegatee on a Business Day pursuant to Paragraph 5.2(A) and no instructions to acquire any Shares shall be given to the Trustee under the Scheme pursuant to Paragraphs 5.1(B) and (C) where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without violating the generality of the foregoing, no such instruction is to be given and no such grant is to be made:
- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;

- (ii) during the period of sixty (60) days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (iii) during the period of thirty (30) days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

The Board or the Delegatee may, at any time after it has instructed the Trustee to purchase or acquire any Shares in accordance with Paragraphs 5.1(B) and (C), instruct the Trustee in writing to cease purchasing Shares or to suspend purchasing Shares until further notice (without specifying any reasons therefor). The Board or the Delegatee may also instruct the Trustee in writing to cease receiving any transfer, gift, assignment or conveyance of Shares or to suspend receiving any transfer, gift, assignment or conveyance of Shares until further notice (without specifying any reasons therefor).

- (C) In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

6. TAKEOVER, RIGHT ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME

- (A) Notwithstanding any other provision provided herein, if there occurs an event of change in control of the Company (whether by way of offer, merger, scheme of arrangement or otherwise) or the Company's withdrawal of its listing from the Stock Exchange pursuant to the Listing Rules prior to the Vesting Date, the Board or the Delegatee shall determine at its discretion whether such Awarded Shares shall vest in the Selected Employee and the time at which such Awarded Shares shall vest. Subject to the receipt by the Trustee of duly executed prescribed transfer documents within seven (7) Business Days from the deemed Vesting Date, the Trustee shall transfer the Awarded Shares to the Selected Employee in accordance with Paragraph 5.3(B)(iii). For the purpose of this Paragraph 6(A), "control" shall have the meaning as specified in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases from time to time.
- (B) In the event the Company undertakes a subdivision or consolidation of the Shares, such Selected Employee shall be entitled to those Awarded Shares as so subdivided or consolidated and the Board or the Delegatee shall as soon as reasonably practicable after such subdivision or consolidation has been effected, notify each such Selected Employee of the number of Awarded Shares that he has become entitled to on vesting after such subdivision or consolidation (as the case may be).
- (C) In the event the Company undertakes an open offer of new securities in respect of any Shares which are held by the Trustee under the Scheme, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall seek instructions from the Company to decide whether to sell such amount of the nil-paid rights allotted to it on the market as is appropriate and, subject to Paragraph 5.3(D), the net proceeds of sale of such rights shall be held as part of the Trust Fund.
- (D) In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall sell the bonus warrants created and granted to it on the market, subject to Paragraph 5.3(D), the net proceeds of sale of such bonus warrants shall be held as part of the Trust Fund.
- (E) In the event that the Company undertakes an issue of bonus Shares, subject to Paragraph 5.3(D), the bonus Shares allotted with respect to any Shares which are held by the Trustee shall be held as part of the Trust Fund.

- (F) In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive scrip Shares and, subject to Paragraph 5.3(D), scrip Shares allotted with respect to any Shares which are held by the Trustee shall be held as part of the Trust Fund.
- (G) In the event of other non-cash and non-scrip distribution made by the Company in respect of Shares held upon the Trust, the Trustee shall dispose of such distribution and, subject to Paragraph 5.3(D), the net sale proceeds thereof shall be deemed as cash income of a Share held as part of the Trust Fund.
- (H) If notice is duly given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering a resolution for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) or an order of winding up of the Company is made, the Board or the Delegatee shall determine at its discretion whether such Awarded Shares shall vest in the Selected Employee and the time at which such Awarded Shares shall vest. If the Board or the Delegatee determines that any Awarded Shares shall vest, it shall promptly notify the Selected Employee and shall use its reasonable endeavours to procure the Trustee to take such action as may be necessary to transfer the legal and beneficial ownership of the Awarded Shares which are to become vested in such Selected Employee to such Selected Employee.

7. SCHEME LIMIT

- (A) The maximum size of the Scheme shall be the maximum number of H Shares that will be acquired by the Trustee from time to time, and in any case being not more than 8,510,000 H Shares (the "**Scheme Limit**"). 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 Scheme (excluding Awarded Shares that have been forfeited in accordance with the Scheme) to exceed the Scheme Limit without approval of the general meeting of the Shareholders.
- (B) The maximum number of non-vested Awarded Shares granted to a Selected Employee under the Scheme shall not exceed one per cent of the issued share capital of the Company from time to time in any 12 (twelve)-month period.

8. DISPUTES

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board whose decision shall be final and binding.

9. ALTERATION OF THE SCHEME

- (A) The Scheme may be amended in any respect by a resolution of the Board.
- (B) Written notice of any amendment to the Scheme shall be given to all Selected Employees and the Trustee.

10. TERMINATION

- (A) The Scheme shall terminate on the earlier of:
 - (i) the tenth (10) anniversary date of the Adoption Date; and
 - (ii) such date of early termination as determined by the Board by a resolution of the Board, PROVIDED THAT such termination shall not affect any subsisting rights of any Selected Employee hereunder.
- (B) Upon termination of the Scheme,
 - (i) no further grant of Awarded Shares may be made under the Scheme;
 - (ii) all the Awarded Shares of the Selected Employees granted under the Scheme shall continue to be held by the Trustee and become vested in the Selected Employees according to the conditions of the Award, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected Employee;
 - (iii) all Shares (except for any Awarded Shares subject to vesting on the Selected Employees) remaining in the Trust Fund shall be sold by the Trustee during a period mutually agreed upon with the Board or the EBC Management Committee (on which the trading of the Shares has not been suspended) (or such longer period as the Trustee and the Board may otherwise determine);

- (iv) upon the expiration of the Trust Period all net proceeds of sale referred to in Paragraph 10(B)(iii) and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to Paragraph 10(B)(iii)).
- (C) For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

11. WITHHOLDING

- (A) The Company or any Subsidiary shall be entitled to withhold, and any Selected Employee shall be obliged to pay, the amount of any tax and/or social security contributions (if applicable) attributable to or payable in connection with the grant of the Awarded Shares.
- (B) The Board may establish appropriate procedures to provide for any such payment so as to ensure that the Company or any Subsidiary receive advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or social security contributions or which may make available to the Company or such Subsidiary any tax deduction resulting from the occurrence of such event.
- (C) The Company or any Subsidiary may, by notice to the Selected Employee and subject to any rules as the Board may adopt, require that the Selected Employee pay at the time of the Award an amount estimated by the Company or any Subsidiary to cover all or a portion of the tax and/or social security contributions attributable to or payable in connection with the Award.

12. MISCELLANEOUS

- (A) The Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Employee, and the rights and obligations of any Employee under the terms of his office or employment shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- (B) The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Paragraph 12(D), expenses, stamp duty, transaction levies and normal registration fees incurred in the purchase of Shares by the Trustee and the transfer of Awarded Shares to Selected Employees on the relevant Vesting Date; PROVIDED THAT, in respect of any gift, assignment, conveyance or transfer of Shares to the Trust, any tax or expenses of such other nature (including without limitation the stamp duty) payable shall be borne by the relevant party gifting, assigning, conveying or transferring such Shares to the Trust. For the avoidance of doubt, the Company shall not be liable for any tax or expenses of such other nature payable on the part of any Employee in respect of any sale, purchase, vesting or transfer of Shares.
- (C) None of the Directors or any Delegatee shall be personally liable by reason of any contract or other instrument executed by him, or on his behalf or for any mistake of judgment made in good faith, for the purposes of the Scheme, and the Company shall indemnify and hold harmless each member of the Board and any Delegatee in relation to the administration or interpretation of the Scheme, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Scheme unless arising out of such person's own wilful default, fraud or bad faith.
- (D) In the event that any tax, duty, levy or social security contribution in any jurisdiction is payable by any Selected Employee in connection with the grant of any Awarded Shares or the vesting (or otherwise the transfer) of any Awarded Shares, such Selected Employee shall be responsible for the prompt payment of such tax, duty, levy or social security contribution (as the case may be) and shall indemnify the Company and the Trustee against any loss, damage, liability, costs and expenses arising from or in connection with any default or delay in the payment thereof.

- (E) Any notice or other communication between the Company and any Employee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its head office and principal place of business in Hong Kong or such other address as notified to the Employee from time to time, and in the case of an Employee, his address as notified to the Company from time to time. Any notice or other communication served by post shall be deemed to have been served twenty-four (24) hours after the same was put in the post.
- (F) The Company, the Board, the Delegatee, the Trust and the Trustee shall not be responsible for any failure by any Employee to obtain any consent or approval required for such Employee to participate in the Scheme as a Selected Employee or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in the Scheme.
- (G) Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these rules of the Scheme, and any such deletion shall not affect the enforceability of the rules of the Scheme as remain not so deleted.
- (H) For the avoidance of doubt, a contribution of Shares by way of gift, assignment, conveyance or transfer by any party to the Trust does not confer on such party any power, right or interest in respect of the Trust or any part of the Trust Fund; PROVIDED THAT should any such party be a Selected Employee, any power, right or interest conferred on such party in the capacity of a Selected Employee shall be unaffected.

13. GOVERNING LAW

- (A) The Scheme shall operate subject to the Articles of Association of the Company and any applicable law and regulations to which the Company is subject.
- (B) The Scheme is governed by and shall be construed in accordance with the laws of Hong Kong.
- (C) Hong Kong courts shall be the exclusive venue for resolving dispute relating to or arising from the Scheme.

14. DISCLOSURE RIGHTS

- (A) Notwithstanding anything to the contrary contained in the Scheme, the Trustee shall, in furtherance of the Trustee's obligation under or pursuant to FATCA, IRO or CRS or any analogous law, regulation, rule, ordinance or treaty (collectively "**Compliance Laws**") and such other obligations and duties as required by any taxation or government authorities anywhere in the world howsoever and wheresoever arising and whether legally enforceable or not (collectively "**Compliance Obligations**") as the Trustee may in its absolute discretion deem necessary, have the power to:
- (a) keep information relating to the identity, citizenship and tax residence and status and such other necessary information (as required under the Compliance Laws or by any taxation or government authorities) of the Company, the Employees or other controlling person for the purpose of compliance with such Compliance Obligations; and
 - (b) disclose or report such information referred to in paragraph (a) above to any relevant government or tax authority or third party financial institution in any jurisdiction for any purpose as such government or tax authority or third party financial institution may deem appropriate in the circumstances at their discretion.
- (B) Notwithstanding anything to the contrary contained in the Scheme, in the absence of willful misconduct, gross negligence or fraud, the Trustee shall not be liable for any penalty or withholding imposed under the Compliance Laws and all local or foreign statute, law, regulation, ordinance, rule, judgment, decree, voluntary code, directive, sanctions regime, court order, treaty, agreement with or demands or request by such authorities resulting from the reporting of incomplete or incorrect information, or the failure to report such information and the Company shall indemnify the Trustee on a full indemnity basis against any such penalty or withholding.

NOTICE OF THE ANNUAL GENERAL MEETING OF 2021



MicroTech Medical (Hangzhou) Co., Ltd.

微泰醫療器械(杭州)股份有限公司

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

(Stock Code: 2235)

NOTICE OF THE ANNUAL GENERAL MEETING OF 2021

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM”) of MicroTech Medical (Hangzhou) Co., Ltd. (the “**Company**”) will be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on Wednesday, June 22, 2022 at 2:30 p.m. for the purposes of considering and, if deemed appropriate, approving the following resolutions.

ORDINARY RESOLUTIONS

To consider and approve:

1. The 2021 annual report and its summary;
2. The work report of the Board of Directors for 2021;
3. The work report of the Supervisory Committee for 2021;
4. The final account report for 2021;
5. The proposed remuneration of Directors and Supervisors for 2022;
6. The proposed 2021 Profit Distribution Plan;
7. The proposed re-appointment of the auditor for 2022 and the authorization to the Board of Directors to fix the remuneration of the auditor;
8. The proposed adoption of the 2022 H Share Award and Trust Scheme; and
9. The proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2022 H Share Award and Trust Scheme.

NOTICE OF THE ANNUAL GENERAL MEETING OF 2021

SPECIAL RESOLUTIONS

To consider and approve:

10. The grant of a general mandate to the Board to issue ordinary shares of the Company;
11. The grant of a general mandate to the Board to repurchase H shares of the Company;
and
12. Proposed amendments to the Articles of Association.

AS REPORTING DOCUMENT

13. To review the work report of the independent non-executive Directors for 2021.

Details of the above resolutions proposed at the AGM are contained in the Circular, which is available on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.microtechmd.com).

By Order of the Board
MicroTech Medical (Hangzhou) Co., Ltd.
Zheng Pan
Chairman of the Board

Hangzhou, the PRC, May 26, 2022

Notes:

- (i) Unless the context otherwise stated, capitalized terms used in this notice shall have the meanings as those defined in the circular of the Company dated May 26, 2022.
- (ii) Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorized.
- (iv) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H shares) or the Company's office at No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China (for

NOTICE OF THE ANNUAL GENERAL MEETING OF 2021

holders of unlisted shares) as soon as practicable but in any event not less than 24 hours before the time appointed for holding the AGM (i.e. not later than June 21, 2022 at 2:30 p.m.), or any adjourned meeting thereof (as the case may be).

- (v) Completion and return of the form of proxy shall not preclude the shareholders of the Company (the “Shareholders”) from attending and voting in person at the AGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (vi) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the AGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
- (vii) For the purpose of determining the H shareholders of the Company entitled to attend and vote at the AGM, the register of members of H shares of the Company will be closed from May 23, 2022 to June 22, 2022 (both days inclusive). The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be June 22, 2022.
- (viii) Shareholders shall produce their identity documents and supporting documents in respect of the shares of the Company held when attending the AGM. If corporate Shareholders appoint authorised representative to attend the AGM, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the AGM.
- (ix) Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
- (x) All resolutions at the AGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules.
- (xi) All times refer to Hong Kong local time, except as otherwise stated.
- (xii) For any matter relating to the Annual General Meeting, please contact the securities representative or the investor relationship department of the Group (via email: zhengdai@microtechmd.com; ir@microtechmd.com, respectively, or telephone: 0571-88566373-866).

NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF H SHARES



MicroTech Medical (Hangzhou) Co., Ltd.

微泰醫療器械(杭州)股份有限公司

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

(Stock Code: 2235)

NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN THAT the 2022 first class meeting of holders of H shares (the “**Class Meeting of Holders of H Shares**”) of MicroTech Medical (Hangzhou) Co., Ltd. (the “**Company**”) will be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on Wednesday, June 22, 2022 at 3:30 p.m. (or immediately after conclusion of the 2021 annual general meeting of the Company to be held on the same date or any adjournment thereof) for the purpose of considering and, if deemed appropriate, approving the following resolution.

SPECIAL RESOLUTION

1. To consider and approve the resolution on the grant of a general mandate to the Board to repurchase H shares of the Company

By order of the Board

MicroTech Medical (Hangzhou) Co., Ltd.

Zheng Pan

Chairman of the Board

Hangzhou, the PRC, May 26, 2022

NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF H SHARES

Notes:

- (i) Unless the context otherwise stated, capitalized terms used in this notice shall have the meanings as those defined in the circular of the Company dated May 26, 2022.
- (ii) Any holder of H shares of the Company entitled to attend and vote at the Class Meeting of Holders of H Shares is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorized.
- (iv) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 24 hours before the time appointed for holding the Class Meeting of Holders of H Shares (i.e. not later than June 21, 2022 at 3:30 p.m.), or any adjourned meeting thereof (as the case may be).
- (v) Completion and return of the form of proxy shall not preclude the shareholders of the Company (the "**Shareholders**") from attending and voting in person at the Class Meeting of Holders of H Shares or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (vi) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Class Meeting of Holders of H Shares, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
- (vii) For the purpose of determining the H shareholders of the Company entitled to attend and vote at the Class Meeting of Holders of H Shares, the register of members of H shares of the Company will be closed from May 23, 2022 to June 22, 2022 (both days inclusive). The record date for determining the entitlement of the H shareholders of the Company to attend and vote at the Class Meeting of Holders of H Shares will be June 22, 2022.
- (viii) Shareholders shall produce their identity documents and supporting documents in respect of the shares of the Company held when attending the Class Meeting of Holders of H Shares. If corporate Shareholders appoint authorised representative to attend the Class Meeting of Holders of H Shares, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the Class Meeting of Holders of H Shares.
- (ix) Shareholders attending the Class Meeting of Holders of H Shares shall be responsible for their own travel and accommodation expenses.

NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF H SHARES

- (x) All resolutions at the Class Meeting of Holders of H Shares will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules.
- (xi) All times refer to Hong Kong local time, except as otherwise stated.
- (xii) For any matter relating to the Class Meeting of Holders of H Shares, please contact the securities representative or the investor relationship department of the Group (via email: zhengdai@microtechmd.com; ir@microtechmd.com, respectively, or telephone: 0571-88566373-866).

NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF UNLISTED SHARES



MicroTech Medical (Hangzhou) Co., Ltd.

微泰醫療器械(杭州)股份有限公司

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

(Stock Code: 2235)

NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF UNLISTED SHARES

NOTICE IS HEREBY GIVEN THAT the 2022 first class meeting of holders of unlisted shares (the “**Class Meeting of Holders of Unlisted Shares**”) of MicroTech Medical (Hangzhou) Co., Ltd. (the “**Company**”) will be held at Business Conference Room, 3rd Floor, MicroTech Medical Administration Building, No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China on June 22, 2022 at 4:00 p.m. (or immediately after conclusion of the 2021 annual general meeting and the 2022 first class meeting of holders of H shares of the Company to be held on the same date or any adjournment thereof) for the purpose of considering and, if deemed appropriate, approving the following resolution.

SPECIAL RESOLUTION

1. To consider and approve the resolution on the grant of a general mandate to the Board to repurchase H shares of the Company

By order of the Board

MicroTech Medical (Hangzhou) Co., Ltd.

Zheng Pan

Chairman of the Board

Hangzhou, the PRC, May 26, 2022

NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF UNLISTED SHARES

Notes:

- (i) Unless the context otherwise stated, capitalized terms used in this notice shall have the meanings as those defined in the circular of the Company dated May 26, 2022.
- (ii) Any shareholder of Unlisted Shares of the Company entitled to attend and vote at the Class Meeting of Holders of Unlisted Shares is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorized.
- (iv) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Company's office at No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China as soon as practicable but in any event not less than 24 hours before the time appointed for holding the Class Meeting of Holders of Unlisted Shares (i.e. not later than June 21, 2022 at 4:00 p.m.), or any adjourned meeting thereof (as the case may be).
- (v) Completion and return of the form of proxy shall not preclude the shareholders of the Company (the "**Shareholders**") from attending and voting in person at the Class Meeting of Holders of Unlisted Shares or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (vi) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Class Meeting of Holders of Unlisted Shares, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
- (vii) The record date for determining the entitlement of holders of Unlisted Shares of the Company to attend and vote at the Class Meeting of Holders of Unlisted Shares will be June 22, 2022.
- (viii) Shareholders shall produce their identity documents and supporting documents in respect of the shares of the Company held when attending the Class Meeting of Holders of Unlisted Shares. If corporate Shareholders appoint authorised representative to attend the Class Meeting of Holders of Unlisted Shares, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the Class Meeting of Holders of Unlisted Shares.
- (ix) Shareholders attending the Class Meeting of Holders of Unlisted Shares shall be responsible for their own travel and accommodation expenses.

NOTICE OF 2022 FIRST CLASS MEETING OF HOLDERS OF UNLISTED SHARES

- (x) All resolutions at the Class Meeting of Holders of Unlisted Shares will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules.
- (xi) All times refer to Hong Kong local time, except as otherwise stated.
- (xii) For any matter relating to the Class Meeting of Holders of Unlisted Shares, please contact the securities representative or the investor relationship department of the Group (via email: zhengdai@microtechmd.com; ir@microtechmd.com, respectively, or telephone: 0571-88566373-866).