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Sinohealth Holdings Limited

中康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2361)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has resolved to adopt the Share Award Scheme on 5 December 2022. The objectives of the Share Award Scheme are: (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

As set out in the Scheme Rules, Eligible Participants include: (i) any employees of the Group; (ii) any employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any persons who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, provided any such person is not a connected person of the Group. Although the Scheme Rules allows the granting of Awards to non-employees, the Company currently has no intention to grant any Award to non-employee participants.

The Board 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, any significant shareholder or any party designated by the Company as directed by the Board which shall constitute part of the trust fund, for the purchase of Award Shares and other purposes set out in the Scheme Rules and the Trust Deed.

The Board believes that the current share price of the Company significantly undervalues the Company's business performance and underlying value, which represents a good opportunity to acquire Shares to satisfy the award of Shares under the Scheme in the future. The Board believes that the acquisition of Shares for the satisfaction of the award of Shares under the Share Award Scheme as incentive will create value for the Shareholders, and the current financial position of the Group enables the Company to provide the necessary funding to the Trustee to carry out the Share acquisition while maintaining sufficient financial resources for continued growth of the Group's operations.

The Share Award Scheme does not constitute a share option scheme under the current Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Share Award Scheme. However, it shall constitute a share scheme that is funded by existing Shares of the Company and shall be subject to the applicable disclosure requirements when the new Chapter 17 of the Listing Rules comes in effect on 1 January 2023.

ADOPTION OF THE SHARE AWARD SCHEME

The Board is pleased to announce that it has resolved to adopt the Share Award Scheme on 5 December 2022. The principal terms of the Scheme Rules are set out below.

SUMMARY OF THE SCHEME RULES

Purposes and objectives

The objectives of the Share Award Scheme are:

- (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and
- (ii) to attract suitable personnel for further development of the Group.

Eligible Participants

As set out in the Scheme Rules, Eligible Participants include: (i) any employees of the Group; (ii) any employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any persons who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, provided any such person is not a connected person of the Group. Although the Scheme Rules allows the granting of Awards to non-employees, the Company currently has no intention to grant any Award to non-employee participants.

Duration

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date, after which no further awards will be granted.

Administration

The Share Award Scheme is subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed.

To the extent permissible under the Listing Rules and other applicable laws and regulations, the Board may resolve to delegate to another committee of the Board or to one or more officers of the Company any or all of the authority and responsibility of the Board under the Scheme Rules and the Trust Deed.

The Board may from time to time cause to be paid a Contributed Amount to the Trust which shall constitute part of the trust fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed. The grant of awards would not cause any dilution of shareholding to any Shareholders.

Scheme Limit and Individual Sublimit

The Board shall not make any further grant of Award such that the total number of Shares granted under the Share Award Scheme will exceed 10% of the total number of issued Shares as of the Adoption Date. On the basis that the total number of issued Shares as of the Adoption Date is 451,770,000 Shares, the aforesaid 10% limit represents a total of 45,177,000 Shares.

The maximum number of options or awards to a Selected Participant under the Share Award Scheme and any other share option schemes and share award schemes of the Company, which would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the respective scheme(s)), shall not exceed 1% of the issued share capital of the Company in any twelve-month period.

The aforesaid limits shall always be subject to the compliance with the Listing Rules that are in force from time-to-time, including the requirement on maintaining a minimum public float.

Restrictions

Prior to the vesting of any Awarded Shares, any Award made under the Share Award Scheme shall be personal to the Selected Participant to whom it is made and shall not be assignable nor transferrable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any unvested Awarded Interests referable to him pursuant to such Award or enter or purport to enter into any agreement to do so, unless and until such Awarded Interests are actually vested in and transferred to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company).

Prior to the vesting of any Awarded Shares, a Selected Participant is not entitled to any interest or rights attaching to the unvested Awarded Shares, including but not limited to voting rights and rights to receive dividends.

No Award shall be made by the Board and no instructions to acquire Shares shall be given to the Trustee under the Share Award Scheme when dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

The Board may, at any time after it has instructed the Trustee to purchase any Shares in accordance with the provisions in the Trust Deed, instruct the Trustee in writing to cease purchasing Shares or to suspend purchasing Shares until further notice (without specifying any reasons therefor). The Board 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).

Operation

The Board may, from time to time, at its sole and absolute discretion select any Eligible Participant for participation in the Share Award Scheme as a Selected Participant and determine the number of Awarded Shares to be awarded to the respective Selected Participants, the terms and conditions before the Awarded Shares may be vested and other related matters as expressly provided under the Scheme Rules.

The Board 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, any significant shareholder or any party designated by the Company as directed by the Board which shall constitute part of the trust fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

The Board believes that the current share price of the Company significantly undervalues the Company's business performance and underlying value, which represents a good opportunity to acquire Shares to satisfy the award of Shares under the Scheme in the future. The Board believes that the acquisition of Shares for the satisfaction of the award of Shares under the Share Award Scheme as incentive will create value for the Shareholders, and the current financial position of the Group enables the Company to provide the necessary funding to the Trustee to carry out the Share acquisition while maintaining sufficient financial resources for continued growth of the Group's operations.

Subject to the Scheme Rules, the Board 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 significant shareholder or any party designated by the Company. Once purchased or received, the Shares are to be held directly or indirectly by the Trustee for the benefit of the Selected Participants under the Trust until they are vested, on and subject to the terms and conditions of the Scheme Rules and the Trust Deed. On each occasion when the Board 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 at which such Shares are to be purchased. 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.

Vesting and Lapse

Subject to the terms and conditions of the Scheme Rules and the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Participant as specified in the Share Award Scheme and the relevant grant instrument, the Awarded Shares held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant in accordance with the terms of Scheme Rules.

Where a Selected Participant subsequently becomes a connected person of the Company prior to vesting of the Award, vesting of the Award will be subject to compliance by the Company of requirements under Chapter 14A of the Listing Rules, where applicable, and the remuneration committee of the Board shall have absolute discretion to alter the vesting of or terminate such Award where such requirements would, in the opinion of the remuneration committee of the Board, be burdensome on the Company.

In the event of the following matters, all relevant Award(s) made to such Selected Participant shall automatically lapse and the relevant Awarded Shares shall not vest on the relevant vesting date but shall remain part of the trust fund:

- (i) Selected Participant is found to be an Excluded Participant;
- (ii) 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;
- (iii) where such person has been declared or adjudged to be bankrupt or has failed to pay his debts as they fall due or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his/her assets;
- (iv) where such person has been convicted of any criminal offence;
- (v) where such person has engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group;
- (vi) where such person has been convicted of or is being held liable for any offence under or any breach of the securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time; and
- (vii) where such person ceased to be an employee of the Group (other than the circumstances provided in the Scheme Rules), a Related Entity Participant or ceased to provide service as a Service Provider.

In respect of a Selected Participant who dies or retires by agreement from all members of the Group at any time prior to the vesting date, and unless the Selected Participant has been disqualified pursuant to the terms of the Scheme Rules or the grant instrument of the relevant Selected Participant, all the Awarded Interests of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement from all members of the Group.

Voting rights

No instructions shall be given by a Selected Participant (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. The Trustee shall abstain from exercising the voting rights in respect of any Shares held directly or indirectly by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom).

Termination

The Share Award Scheme shall terminate on the earlier of:

- (i) the tenth anniversary of the Adoption Date; or
- (ii) such date of early termination as determined by the Board by a resolution of the Board.

LISTING RULES IMPLICATIONS

The Share Award Scheme does not constitute a share option scheme under the current Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Share Award Scheme. However, it shall constitute a share scheme that is funded by existing Shares of the Company and shall be subject to the applicable disclosure requirements when the new Chapter 17 of the Listing Rules comes in effect on 1 January 2023.

In addition, 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.

DEFINITIONS

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

“Adoption Date”	5 December 2022, being the date on which the Board adopted the Share Award Scheme;
“Award”	an award by the Board to a Selected Participant entitling the Selected Participant to receive the Awarded Interests in accordance with the Scheme Rules;
“Awarded Interests”	in respect of an Award, the (i) Awarded Shares and/or (ii) such amount of cash from the sale of Shares awarded to him after deduction or withholding of any tax, fees and other charges in connection with the sale of Shares, and the related income (if any) as awarded under the Award;
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares as awarded to him by the Board;
“Board”	the board of Directors, and in relation to the Scheme Rules, if the context so permits, it shall include such committee or sub-committee or person(s) as from time to time delegated with the power and authority by the board of directors of the Company to administer the Scheme and/or to deal with the Trust/Trustee in any manner as authorised by the board of directors of the Company;

“Company”	Sinohealth Holdings Limited, a company incorporated in the Cayman Islands;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company, any Subsidiary, any Significant Shareholder, and/or any party designated by the Company as permitted under the Scheme to the Trust as determined by the Board from time to time;
“Director(s)”	Director (including independent non-executive director) of the Company;
“Eligible Participant”	any individual being an Employee Participant, Related Entity Participant or Service Provider, provided such person is not a connected person of the Group;
“Employee Participant”	employees (including full-time employees and part-time employees) of the Company or any of its Subsidiaries (including persons who are granted awards under the Scheme as an inducement to enter into employment contracts with these companies);
“Excluded Participant”	any Eligible Participant who is resident in a place where the grant of an Award and/or the vesting and transfer of the Awarded Interests 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 Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant;
“Group”	the Company and its Subsidiaries from time to time, and “member of the Group” means any or a specific one of them;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchase Price”	the consideration, if any, as determined at the sole and absolute discretion of the Board, payable by a Selected Participant to the Company for acceptance of an Award;
“Related Entity Participant”	employees of the holding companies, fellow Subsidiaries or associated companies of the Company;
“Scheme Rules”	the rules of the Share Award Scheme, as may be amended from time to time;
“Selected Participant”	Eligible Participant(s) selected by the Board pursuant to the Scheme Rules for participation in the Share Award Scheme (or his/her legal personal representative or lawful successor as the case may be);

“Service Provider”	persons who provide services to the Company and/or its Subsidiaries on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Company and/or its associated companies. For the avoidance of doubt, Service Provider may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;
“Share Award Scheme”	the Sinohealth Holdings Limited Share Award Scheme adopted by the Company on the Adoption Date (in its present or any amended form);
“Share(s)”	ordinary shares of US\$0.1 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification, reduction or reconstruction of the share capital of the Company from time to time);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	has the meaning given to it by the Listing Rules;
“Trust Deed”	a trust deed to be entered into between the Company as settlor and the Trustee as trustee of the Trust (as restated, supplemented and amended from time to time);
“Trust”	the trust constituted by the Trust Deed; and
“Trustee”	Futu Trustee Limited, a professional trustee appointed under the Trust Deed to act as trustee of the Trust, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed.

By Order of the Board
Sinohealth Holdings Limited
Wu Yushu
Chairman

Hong Kong, 5 December 2022

As at the date of this announcement, the executive Directors are Mr. Wu Yushu and Ms. Wang Lifang, the non-executive Director is Mr. Fu Haitao, and the independent non-executive Directors are Ms. Wang Danzhou, Ms. Du Yilin and Mr. Wei Bin.