

**PRESS RELEASE**

**Ad hoc announcement pursuant to article 53 LR**

**Lepu Medical Technology(Beijing) Co., Ltd.**  
**Announcement on the initial grant of restricted**  
**shares to the incentive recipients of the 2022**  
**Restricted Share Incentive Plan**

**The company and all members of the board of directors guarantee that the content announced is authentic, accurate and complete without false records, misleading statements or major omissions.**

**Special tips:**

1. Share Incentive Plan Methods: Class II Restricted Shares.
2. Grant date of the restricted stocks: 28 October, 2022
3. Grant quantity of the restricted stocks: 16 million shares
4. Grant price of the restricted stocks: RMB 10.74/share
5. The restricted shares granted in this incentive plan will be vested in installments according to the agreed proportion within the vesting period after the incentive objects meet the corresponding vesting conditions.

LEPU MEDICAL TECHNOLOGY (BEIJING) CO.,LTD (hereinafter referred to as the "Company") 2022 Restricted Share Incentive Plan (hereinafter referred to as the "Share Incentive Plan") has been approved by the first extraordinary general meeting of the Company in 2022. Authorized by the shareholders' meeting, the Company held the thirty-first meeting of the Fifth Session of the Board of Directors and the twenty-sixth meeting of the Fifth Session of the Supervisory Committee on 28 October, 2022

to approve the proposal of *The Initial grant of Restricted Shares to the Incentive Recipients of the 2022 Restricted Share Incentive Plan*. The Company will regard 28 October, 2022 as the date of the initial grant of restricted shares, and grant 810 eligible incentive recipients 16 million restricted shares in total at a grant price of RMB 10.74 per share. The relevant matters are specified as follows.

## **I. Introduction to the Share Incentive Plan and the implemented approval procedures**

### **(1) Introduction to the Share Incentive Plan**

On 14 September 2022, the Company held the extraordinary general meeting of 2022, and adopted the "*Restricted Share Incentive Plan of the Company for 2022 (Revised Draft) and its Summary*" and other relevant proposals. The gist of the Share Incentive Plan is as follows:

1. Share Incentive Plan Methods: Class II Restricted Stock.
2. Object shares sources: the Company's A ordinary shares repurchased from the secondary market.
3. Number of restricted shares to be granted. The total number of restricted shares to be granted to incentive recipients under the Share Incentive Plan is not more than 20 million shares, representing approximately 1.06% of the Company's total of 189,301.23 million shares as at 30 September, 2022. The number of restricted shares to be granted for the first time shall not exceed 16 million shares, representing approximately 0.85% of the Company's total share capital as at 30 September, 2022 and approximately 80% of the total interests to be granted under the Share Incentive Plan. The number of restricted shares to be granted shall not exceed 4 million shares, representing approximately 0.21% of the Company's total share capital as at 30 September 2022 and approximately 20% of the total interests to be granted under the Share Incentive Plan.
4. Grant price: The grant price of the restricted shares under this Share Incentive Plan is RMB 10.74 per share, i.e. the incentive recipients who have met the vesting conditions are allowed to purchase the Company's A ordinary shares repurchased from the secondary market at a price of RMB 10.74 per share.

5. Incentive object: A total of 810 incentive objects were granted for the first time under the Share Incentive Plan, including senior management of the Company, core and key employees of the Company and its subsidiaries, excluding independent directors, supervisors, shareholders who individually or collectively hold more than 5% of the shares of the Company or the de facto controller and their spouses, parents and children. The criteria for determining the reserved incentive recipients are determined with reference to the criteria for the initial grant.

The list of incentive recipients and the allocation of granted interests are as follows

<b>Name</b>	<b>Title</b>	<b>Number of restricted stocks granted (shares calculated in ten thousand)</b>	<b>Percentage in the total number of restricted shares granted</b>	<b>Proportion of total share capital</b>
Zhang Zhibin	General Manager	50	2.50%	0.0264%
Wei Zhanjiang	Senior Deputy General Manager	35	1.75%	0.0185%
Zhang Xia	Senior Deputy General Manager	35	1.75%	0.0185%
Wang Yong	Senior Deputy General Manager and Chief Financial Officer	35	1.75%	0.0185%
Zhang Bingfeng	Deputy General Manager	30	1.50%	0.0158%
Feng Xiaoying	Deputy General Manager	30	1.50%	0.0158%
Zheng Guorui	Deputy General Manager	30	1.50%	0.0158%
Qiang Yu	Deputy General Manager	30	1.50%	0.0158%
Jiang Weina	Secretary to the Board	30	1.50%	0.0158%
801 core and key employees of the Company and its subsidiaries		1295	64.75%	0.6841%
<b>Total recipients of initial grant (810)</b>		<b>1600</b>	<b>80%</b>	0.8452%
<b>Reserved part</b>		<b>400</b>	<b>20%</b>	0.2113%

Name	Title	Number of restricted stocks granted (shares calculated in ten thousand)	Percentage in the total number of restricted shares granted	Proportion of total share capital
<b>Total</b>		<b>2000</b>	<b>100%</b>	1.0565%

Note: ① The percentage data in the above table is based on the Company's total of 1,893,012,280 shares as at 30 September 2022.

② Any discrepancies between the total and the sum of the values in the above table are caused by rounding.

6. Validity period, grant date, vesting arrangement, lock-up period.

(1) Validity period

This incentive plan is valid for a maximum of 36 months from the date of grant of restricted shares to the date when all restricted shares granted to incentive recipients are fully vested or cancelled for invalidity.

(2) Grant date

The grant date shall be determined by the Board of Directors after this Share Incentive Plan has been reviewed and approved by the general meeting, and the grant date shall be a transaction date.

The Company shall convene the Board of Directors to grant the interests to the incentive recipients within 60 days after approved by the general meeting in accordance with the relevant regulations, and complete the relevant procedures such as announcements. If the Company fails to complete the above work within 60 days, it shall promptly disclose the reasons for the failure, and declare the termination of this Share Incentive Plan and the expiration of the restricted shares not being granted.

The recipients of the reserved interests shall be clarified and the granting be completed within 6 months after the approval of this Share Incentive Plan by the general meeting. If the incentive recipients are not clarified within 6 months, the reserved interests shall lapse.

(3) Vesting arrangement

The restricted shares granted under this Share Incentive Plan will vest separately in the agreed proportions when the incentive recipients meet the corresponding vesting

conditions. The vesting date shall be a trading day, and the following periods are not recognized.

- ① 30 days before the announcement of the annual report and interim report if the date of the announcement of the financial report is postponed for special reasons, it shall be counted from the 30th day before the original appointment announcement date to 1 day before the announcement;
- ② Within 10 days prior to the announcement of quarterly reports, performance forecast and performance bulletin announcement of companies;
- ③ Within the period from the date of occurrence or during the decision-making process of a significant event that may have a material impact on the trading price of the Company's securities and its derivatives to the date of disclosure in accordance with the law;
- ④ Other periods prescribed by the CSRC and the Shenzhen Stock Exchange.

The above "material events" are transactions or other significant events that should be disclosed by the Company in accordance with the *Rules Governing the Listing of Shares on the ChiNext Market of the Shenzhen Stock Exchange*. If the relevant laws, administrative regulations and departmental rules provide otherwise for the period during which no vesting is allowed, the relevant provisions shall prevail.

The vesting ratio arrangement for each tranche of restricted shares granted for the first time under the Share Incentive Plan is set out in the table below.

<b>Vesting Arrangement</b>	<b>Vesting time</b>	<b>Vesting ratio</b>
First vesting period	From the first trading day 12 months after the date of initial grant to the last trading day within 24 months from the date of grant	50%
Second vesting period	From the first trading day 24 months after the date of initial grant to the last trading day within 36 months from the date of grant	50%

The reserved portion of restricted shares under this Share Incentive Plan will be determined and the share granting will be completed within 6 months after the approval of this Share Incentive Plan by the general meeting. The vesting period and arrangement of the reserved restricted shares to be granted will be the same as that of

the initial grant. The specific details are as follows:

Vesting Arrangement	Vesting time	Vesting ratio
First vesting period	From the first trading day 12 months after the date of initial grant to the last trading day within 24 months from the date of grant	50%
Second vesting period	From the first trading day 24 months after the date of initial grant to the last trading day within 36 months from the date of grant	50%

Restricted shares that have been granted but not yet vested to incentive recipients are subject to vesting conditions as a result of the conversion of capital reserve to share capital, the payment of stock dividends or the share subdivision, and may not be transferred, used as security or to repay debts until they have vested. If the restricted shares do not vest at that time, the shares acquired for the aforementioned reasons will also not vest.

Restricted shares that satisfy the vesting conditions during each vesting period may be registered by the Company for vesting. Restricted shares that do not meet the vesting conditions or that the incentive recipients who has not applied for vesting shall not vest but lapse.

#### (4) Lock-up period

The lock-up period is the time when the restricted shares granted to the incentive recipients are restricted from being sold after they have vested. The restrictions on sale under the Restricted Share Incentive Plan are implemented in accordance with the *Company Law*, the *Securities Law* and other relevant laws, regulations, regulatory documents and *the Company's Articles of Association*, as follows.

- ① If the incentive object is Senior Executives of the company, the shares transfer every year shall not exceed 25% of the total shares held of the company during its tenure; Within half-year after demission, the company's shares held shall not be transferred.
- ② If the incentive object is senior executives of the company, the income returns gained by selling out shares of the company bought in or buying in shares sold out within 6 months by them shall belong to the company and shall be

withdrawn by the board of directors of the company.

③ During the validity period of this Share Incentive Plan, if the *Company Law*, *Securities Law* and other relevant laws, regulations and regulatory documents and the *Articles of Association of the Company* have any change about the regulations of the transfer of shares held by the directors and senior executives, then the incentive objects shall comply with the revised regulations of the *Company Law*, *Securities Law* and other relevant laws, regulations and regulatory documents and the *Articles of Association of the Company* when transferring the Company's stocks.

#### 7. Award conditions

Restricted shares may only be granted to incentive recipients if the following conditions are also met.

(1) Any of the following circumstances do not happen to the company:

- ① Circumstances where the certified public accountants issues the audit report that includes adverse opinion or disclaimer opinion in terms of the financial accounting report in the most recent fiscal year;
- ② Circumstances where the certified public accountants issues the audit report that includes adverse opinion or disclaimer Opinonn in terms of the internal control of the financial accounting report in the most recent fiscal year;
- ③ Circumstances where the profits have not been distributed according to laws and regulations, articles of association and public commitments in the last 36 months after listing;
- ③ Those share incentive plan cannot be implemented according to law and regulations;
- ⑤ Other circumstances recognized by the CSRC.

(2) The following circumstances do not happen to the incentive objects:

- ① Be identified by the stock exchange as an inappropriate candidate within the last 12 months;

② Be identified as an inappropriate candidate by the CSRC and its dispatched agencies within the last 12 months;

③ Be subject to administrative penalty or banned from entering the market by the CSRC or its dispatched agencies for major violations of laws and regulations within the recent 12 months;

④ Being prohibited to serve as the director or senior executive of the Company as stipulated in the *Company Law*;

④ Be prohibited to participate in share incentive plan of listed companies in line with laws and regulations;

⑥ Other circumstances recognized by the CSRC.

#### 8. Vesting conditions

The restricted shares granted to the incentive recipients should also meet the following conditions before vesting in batches.

(1) Any of the following circumstances do not happen to the company:

① Circumstances where the certified public accountants issues the audit report that includes adverse opinion or disclaimer opinion in terms of the financial accounting report in the most recent fiscal year;

② Circumstances where the certified public accountants issues the audit report that includes adverse opinion or disclaimer opinion in terms of the internal control of the financial accounting report in the most recent fiscal year;

③ Circumstances where the profits have not been distributed according to laws and regulations, articles of association and public commitments in the last 36 months after listing;

④ Those share incentive plan cannot be implemented according to law and regulations;

⑤ Other circumstances recognized by the CSRC.

(2) The following circumstances do not happen to the incentive objects:



① Be identified by the stock exchange as an inappropriate candidate within the last 12 months;

② Be identified as an inappropriate candidate by the CSRC and its dispatched agencies within the last 12 months;

③ Be subject to administrative penalty or banned from entering the market by the CSRC or its dispatched agencies for major violations of laws and regulations within the recent 12 months;

④ Being prohibited to serve as the director or senior executive of the Company as stipulated in the *Company Law*;

⑤ Be prohibited to participate in share incentive plan of listed companies in line with laws and regulations;

⑥ Other circumstances recognized by the CSRC.

If any of the circumstances specified in clause (1) above happens in the Company, all the restricted shares granted to the incentive recipients under this Share Incentive Plan but not yet vested shall be canceled and lapse. If any of the circumstances specified in Article (2) above of not granting restricted shares happens to an incentive recipient, the restricted shares that has been granted but not yet vested to such incentive recipient shall be canceled and lapse.

### (3) Company-level performance assessment requirements

The assessment year of this Share Incentive Plan is two fiscal years of 2022 and 2023, with one assessment for each fiscal year, and the performance indicators for each year are shown in the table below.

<b>Vesting period</b>	<b>Performance Appraisal Objectives</b>
First vesting period	A growth rate of not less than 15% and net profit attributable to shareholders of the Company after deducting non-recurring gain and loss not less than RMB 2,133 million in 2022, based on net profit attributable to shareholders of the Company after deducting non-recurring gain and loss of RMB 1,855 million in 2021.
Second vesting period	A growth rate of not less than 32% and net profit attributable to shareholders of the Company after deducting non-recurring gain and loss not less than RMB 2,450 million in 2023, based on net profit attributable to shareholders of the Company after deducting non-recurring gain and loss of RMB 1,855

	million in 2021.
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Note: ① The above indicators of "net profit attributable to shareholders of the Company after deducting non-recurring gain and loss" and "growth rate of net profit attributable to shareholders of the Company after deducting non-recurring gain and loss" refer to the data of the audited consolidated financial statements as the basis for calculation. The indicators of "net profit attributable to shareholders of the Company after deducting non-recurring gain and loss" and "growth rate of net profit attributable to shareholders of the Company after deducting non-recurring gain and loss" are calculated based on the value excluding the effect of share-based payment expenses during the evaluation period of the Share Incentive Plan.

② The above assessment targets do not constitute performance forecasts and material commitments of the Company to investors.

During the vesting period, the Company will register the shares for those incentive recipients who meet the vesting conditions. If the Company does not meet the above performance assessment targets, all restricted shares of the incentive recipients that are scheduled to vest in the year of assessment shall not be vested and shall be treated as null and void.

#### (4) Assessment requirements for individual performance

The Remuneration and Evaluation Committee will determine the evaluation rating according to the performance evaluation index of the individual incentive recipients and determine the actual number of shares to be vested according to the evaluation rating of the incentive recipients. The performance appraisal results of the incentive recipients are divided into three grades: excellent, qualified and unqualified, and the actual number of shares vested by the incentive recipients will then be determined according to the individual level vesting ratio corresponding to the following appraisal rating table.

Assessment result	Vesting ratio of individual level
Excellent	100%
Qualified	80%
Unqualified	0%

If the Company meets the performance assessment requirements at the Company level in that year, the actual number of restricted shares vested by the incentive recipient in that year = the number vested by the individual plan in that year × the vesting ratio at the individual level.

If the restricted shares planned to vest in the current period by the incentive

recipients cannot be vested or cannot be fully vested due to the appraisal, they will be null and void and cannot be deferred to future years. The performance appraisal targets for each year of the reserved shares are the same as the initial grant.

## **(II) Consideration procedures performed for this Share Incentive Plan**

1. At the twenty-seventh meeting of the Fifth Session of the Board of Directors of the Company held on 5 May 2022, the proposal on *The Company's 2022 Restricted Share Incentive Plan (Draft) and its Summary*, the proposal on *The Company's 2022 Restricted Share Incentive Plan Implementation Assessment Management Measures* and the proposal on *Proposal to authorize the Board of Directors to Handle Matters Relating to the 2022 Restricted Share Incentive Plan* were approved. The independent directors consented to the proposal.

At the twenty-third meeting of the Fifth Session of the Board of Directors of the Company held on 5 May 2022, the proposal on *The Company's 2022 Restricted Share Incentive Plan (Draft) and its Summary*, the proposal on *The Company's 2022 Restricted Share Incentive Plan Implementation Assessment Management Measures* and the proposal on *Proposal to review the list of incentive recipients of the 2022 Restricted Share Incentive Plan* were approved.

On 6 May, 2022, the Company disclosed the *List of Incentive Recipients Under the 2022 Restricted Share Incentive Plan*.

2. On 25 August, 2022, the twenty-eighth meeting of the Fifth Session of the Board of Directors of the Company was held and approved the proposal on *The Company's Restricted Share Incentive Plan for 2022 (Revised Draft) and its Summary*. The independent directors consented to the proposal.

On 25 August, 2022, the twenty-fourth meeting of the Fifth Session of the Supervisory Committee of the Company was held and approved the proposal on *The Company's Restricted Share Incentive Plan for 2022 (Revised Draft) and its Summary*, and the proposal on the *Verification of Incentive Recipients List of the Company's Restricted Share Incentive Plan for 2022 (Revised)*.

On 27 August, 2022, the Company disclosed *The List of Incentive Recipients Under the 2022 Restricted Share Incentive Plan (Revised Vision)*.

On 27 August, 2022, the Company disclosed the *Report on Public Solicitation of Proxy Voting Rights by Independent Directors* (Announcement No. 2022-069). The independent director Wang Lihua as the solicitor, solicited voting rights from all shareholders in relation to the relevant proposals on the Company's 2022 Restricted Share Incentive Plan to be considered at the first extraordinary general meeting of the Company in 2022.

3. From 29 August, 2022 to 7 September, 2022, the Company made a public announcement within the Company on the incentive objects to be granted for the first time under this Share Incentive Plan, with a total public announcement period of 10 days. By the end of the public announcement period, the Supervisory Committee of the Company had not received any objection from any organization or person to the list of incentive recipients. On 8 September, 2022, the Company disclosed the *Description and Verification Opinions of the Supervisory Committee on the Public Announcement of Incentive Recipients List for the Initial grant of the Company's 2022 Restricted Share Incentive Plan* (Announcement No. 2022-074).

4. At the first extraordinary general meeting of the Company held on 14 September, 2022, the proposal on *The Company's 2022 Restricted Share Incentive Plan (Draft) and its Summary*, the proposal on *The Company's 2022 Restricted Share Incentive Plan Implementation Assessment Management Measures* and the proposal on *Proposal to authorize the Board of Directors to Handle Matters Relating to the 2022 Restricted Share Incentive Plan* as well as the proposals related to the Incentive Plan were approved.

5. At the Thirty-first meeting of the Fifth Session of the Board of Directors and the Twenty-sixth meeting of the Fifth Session of the Supervisory Committee held on 28 October, 2022, the Company considered and passed the proposal on *The Initial Grant of Restricted Shares to the Incentive Recipients of the 2022 Restricted Share Incentive Plan*. The independent directors consented to the proposal.

## **II. Explanation of the Board of Directors on the achievement of the grant conditions**

According to the *Administrative Measures on Share Incentives for Listed Companies* and the relevant provisions of the *2022 Restricted Share Incentive Plan (Revised Draft)* of *LEPU MEDICAL TECHNOLOGY (BEIJING) CO., LTD* (hereinafter referred to as 2022 Restricted Share Incentive Plan), the Board of Directors has reckoned that the grant conditions stipulated by the Share Incentive Plan have been fulfilled as follows:

**(I) Any of the following circumstances do not happen to the company:**

1. Circumstances where the certified public accountants issues the audit report that includes adverse opinion or disclaimer opinion in terms of the financial accounting report in the most recent fiscal year;

2. Circumstances where the certified public accountants issues the audit report that includes adverse opinion or disclaimer opinion in terms of the internal control of the financial accounting report in the most recent fiscal year;

3. Circumstances where the profits have not been distributed according to laws and regulations, articles of association and public commitments in the last 3 months after listing;

4. Those share incentive plan cannot be implemented according to law and regulations;

5. Other circumstances recognized by the CSRC.

**(II) The following circumstances do not happen to the incentive objects:**

1. Be identified by the stock exchange as an inappropriate candidate within the last 12 months;

2. Be identified as an inappropriate candidate by the CSRC and its dispatched agencies within the last 12 months;

3. Be subject to administrative penalty or banned from entering the market by the CSRC or its dispatched agencies for major violations of laws and regulations within the recent 12 months;

4. Being prohibited to serve as the director or senior executive of the Company as stipulated in the *Company Law*;

5. Be prohibited to participate in share incentive plan of listed companies in line

with laws and regulations;

6. Other circumstances recognized by the CSRC.

After careful verification, the Board of Directors considered that neither the Company nor the incentive recipients had the above-mentioned circumstances, and there were no other circumstances that could not be granted or could not be the incentive recipients, and the conditions for the grant of the Share Incentive Plan had been fulfilled, and there were no circumstances that could not be granted or could not be the incentive recipients.

### **III. Differences between the Share Incentive Plan and the disclosed Share Incentive Plan**

The Share Incentive Plan to be implemented this time is consistent with the Share Incentive Plan considered and disclosed at the first extraordinary general meeting of the Company in 2022.

### **IV. The initial grant of this Share Incentive Plan**

(I) Date of initial grant: 28 October, 2022

(II) Number of shares initially granted: 16 million shares

(III) Sources of stocks: An ordinary shares repurchased by the Company from the secondary market

(IV) Number of initial grants. 810 persons

(V) Initial grant price: RMB 10.74/share

(VI) The list of initial incentive recipients and the allocation of the restricted shares among the incentive recipients are as follows.

<b>Name</b>	<b>Title</b>	<b>Number of restricted stocks granted (shares calculated in ten thousand)</b>	<b>Percentage in the total number of restricted shares granted</b>	<b>Proportion of total share capital</b>
Zhang Zhibin	General Manager	50	2.50%	0.0264%
Wei Zhanjiang	Senior Deputy General Manager	35	1.75%	0.0185%

Name	Title	Number of restricted stocks granted (shares calculated in ten thousand)	Percentage in the total number of restricted shares granted	Proportion of total share capital
Zhang Xia	Senior Deputy General Manager	35	1.75%	0.0185%
Wang Yong	Senior Deputy President and Chief Financial Officer	35	1.75%	0.0185%
Zhang Bingfeng	Deputy General Manager	30	1.50%	0.0158%
Feng Xiaoying	Deputy General Manager	30	1.50%	0.0158%
Zheng Guorui	Deputy General Manager	30	1.50%	0.0158%
Qiang Yu	Deputy General Manager	30	1.50%	0.0158%
Jiang Weina	Board Secretary	30	1.50%	0.0158%
801 core and key employees of the Company and its subsidiaries		1295	64.75%	0.6841%
<b>Total recipients of initial grant (810)</b>		<b>1600</b>	<b>80%</b>	<b>0.8452%</b>

Note: ① The percentage data in the above table is based on the Company's total of 1,893,012,280 shares as at 30 September, 2022.

② Any discrepancies between the total and the sum of the values in the above table are caused by rounding.

(VII) The vesting arrangements for the initial grant of restricted shares are as follows.

Vesting Arrangement	Vesting time	Vesting ratio
First vesting period	From the first trading day 12 months after date of initial grant to the last trading day within 24 months from the date of grant	50%
Second vesting period	From the first trading day 24 months after the date of initial grant to the last trading day within 36 months from the date of grant	50%

Restricted shares that have been granted but not yet vested to incentive recipients are subject to vesting conditions as a result of the conversion of capital reserve to share capital, the payment of stock dividends or the share subdivision, and may not be

transferred, used as security or to repay debts until they have vested. If the restricted shares do not vest at that time, the shares acquired for the aforementioned reasons will also not vest.

Restricted shares that satisfy the vesting conditions during each vesting period may be registered by the Company for vesting. Restricted shares that do not meet the vesting conditions or that the incentive recipients who has not applied for vesting shall not vest but lapse.

## **V. Impact of the grant of restricted shares on the financial statements and performance of the Company in the relevant year**

In accordance with the provisions of *AS 11 - Share-based Payment* and *AS 22 - Recognition and Measurement of Financial Instruments*, the Company will, at each balance sheet date during the period from the grant date to the vesting date, revise the estimated number of vesting restricted shares based on the latest available changes in the number of vesting holders, the completion of performance indicators. The number of restricted shares expected to vest will be revised based on subsequent information such as the latest available information on the number of vested restricted shares, and the services acquired during the period will be charged to the relevant cost or expense and capital surplus at the fair value of the restricted shares at the date of grant.

### **(I) Fair value and determination method of restricted shares**

In accordance with the relevant provisions in *Application Examples of Share-based Payment Standards - Grant of Restricted Shares* by the Accounting Department of the Ministry of Finance of the People's Republic of China, the Company used the Black-Scholes model as the measurement model for the fair value of the Class II restricted shares at the date of grant, which was formally measured at the time of grant.

### **(II) Impact of the grant on operating results for each period**

Assuming that the initial grant date of the restricted shares under this incentive plan is 28 October, 2022. The impact of the initial grant of Class II restricted shares under the Share Incentive Plan on the accounting cost for each period has been measured as shown in the table below.



<b>Number of restricted shares granted (ten thousand shares)</b>	<b>Total costs to be amortized (ten thousand)</b>	<b>2022 (ten thousand)</b>	<b>2023 (ten thousand)</b>	<b>2024 (ten thousand)</b>
1,600	23,328	2,916	15,552	4,860

Note: ① The actual accounting cost is related to the grant date, the grant price, the closing price of the Company's shares on the grant date and the vesting quantity. If the incentive recipient leaves the Company before vesting, or if the Company's performance appraisal or individual performance appraisal fails to meet the corresponding standard, the actual vesting quantity will be reduced accordingly and thus the share-based payment expense will be reduced. At the same time, the Company reminds shareholders of the possible dilutive effect of the share-based payment expense.

② The above-mentioned impact on the Company's operating results will be subject to the audit report issued by the accounting firm.

③ The above measured portion does not include the restricted shares reserved under this Share Incentive Plan, and additional share-based payment expenses will be incurred upon the grant of the reserved portion.

Based on the preliminary estimation of the current information, without considering the stimulating effect of this Share Incentive Plan on the Company's performance, the amortization of the restricted shares expenses will have an impact on the net profit of each year during the validity period, if considering the positive effect of this Share Incentive Plan on the development of the Company, thus stimulating the enthusiasm of the management team and business backbone, improving the operational efficiency and reducing the cost of agents, this Share Incentive Plan will have a positive effect on the improvement of the Company's performance. The Share Incentive Plan will play a positive role in improving the performance of the Company.

## **VI. Funding arrangement for incentive recipients to subscribe restricted shares and pay personal income tax**

The Company undertakes not to provide loans or any other forms of financial assistance for the incentive recipients to acquire the subject shares under the Share Incentive Plan, including providing guarantee for their loans.

## **VII. Description of trading of shares of the Company by the directors and**

**senior management personnel who participated in the Share Incentive Plan in the 6 months before the date of grant**

After self-inspection, the directors of the Company did not participate in the Share Incentive Plan. The stock trading conducted by the senior management personnel who participated in the Share Incentive Plan in the six months before the initial grant date was based on their independent judgment on the secondary market trading situation and there was no situation of knowing the insider information of the Share Incentive Plan and using the insider information of the Share Incentive Plan to trade the Company's stock.

**VIII. Opinions of Independent Directors**

After review, it is believed by the independent directors that:

1. According to the authorization of the first extraordinary general meeting of the Company in 2022, the Board of Directors has determined that 28 October, 2022 is the initial grant date of the Company's 2022 Restricted Share Incentive Plan (hereinafter referred to as "Share Incentive Plan"), which is in compliance with the *Administrative Measures on Share Incentives for Listed Companies* and the relevant provisions on the grant date in the *2022 Restricted Share Incentive Plan (Revised Draft) of LEPU MEDICAL TECHNOLOGY (BEIJING) CO., LTD* (hereinafter referred to as "*2022 Restricted Share Incentive Plan*").

2. There are no circumstances under which the Company shall not implement the Share Incentive Plan as stipulated in the *Administrative Measures on Share Incentives for Listed Companies* and the *2022 Restricted Share Incentive Plan*.

3. The incentive objects granted for the first time under this Share Incentive Plan are in compliance with the laws, regulations and normative documents such as the *Company Law*, the *Securities Law*, the *Administrative Measures on Share Incentives for Listed Companies* and the provisions of the *2022 Restricted Share Incentive Plan* of the Company regarding the conditions and scope of the incentive objects, and there are no circumstances that prohibit the granting of share incentive plan as stipulated in the *Administrative Measures on Share Incentives for Listed Companies*. The qualification of the subject is

legal and valid.

4. The Company does not provide loans, loan guarantees or any other forms of financial assistance to the incentive recipients.

5. The implementation of the Company's Share Incentive Plan is conducive to further improving the long-term incentive mechanism of the Company, enhancing the sense of responsibility and mission of the incentive recipients, and is conducive to the sustainable development of the Company and will not harm the interests of the Company and all shareholders.

There is no director among the incentive objects of the Share Incentive Plan, and there is no recusal of voting by the related directors. The consideration procedure of the Board of Directors of the Company on this proposal was legal and compliant.

In summary, the independent directors unanimously agreed to the matters related to the initial grant of restricted shares to the incentive recipients.

#### **IX. Opinions of the Supervisory Committee**

After review, the Supervisory Committee considers that the incentive objects of the initial grant of the Share Incentive Plan are in compliance with the laws, regulations and normative documents such as the *Company Law*, the *Securities Law*, the *Administrative Measures on Share Incentives for Listed Companies* and the provisions of the *2022 Restricted Share Incentive Plan* of the Company regarding the conditions and scope of the incentive objects, and the qualification of the subjects of the incentive objects is legal and valid. Neither the Company nor the incentive recipients have any condition that restrictive shares shall not be granted. Therefore, it is agreed that 28 October, 2022 is the initial grant date of the restricted shares of this Share Incentive Plan, and 16 million restricted shares will be granted to 810 incentive subjects who meet the grant conditions, and the grant price is RMB10.74 per share.

#### **X. Concluding Opinions of the Legal Opinion**

The lawyers of Beijing Zhonglun Law Firm are of the opinion that the necessary approvals and authorizations have been obtained for this grant. The grant

date, the grant recipients, the grant price and the grant quantity are in compliance with the regulations, the conditions of the grant have been fulfilled, and the matters related to the grant are in compliance with the *Administrative Measures on Share Incentive for Listed Companies*, the *Self-regulatory Guide No. 1 - Business Processing for Listed Companies of Shenzhen Stock Exchange* and the relevant provisions of the *2022 Restricted Share Incentive Plan*.

Hereby announced.

Lepu Medical Technology(Beijing) Co., Ltd.

Board of Directors

28 October, 2022