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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold or transferred** all your shares in Golden Meditech Holdings Limited (the “Company”), you should at once hand this circular 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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**GOLDEN MEDITECH HOLDINGS LIMITED**

**金衛醫療集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00801)**

**PROPOSALS FOR**  
**(1) RE-ELECTION OF RETIRING DIRECTORS;**  
**(2) GRANT OF GENERAL MANDATES TO ISSUE**  
**AND REPURCHASE SHARES;**  
**(3) ADOPTION OF THE NEW SHARE OPTION SCHEME;**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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Capitalised terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 10 of this circular. A notice convening the AGM to be held at No. 4 Yong Chang North Road, Beijing Economic Technological Development Area, Beijing, China on Wednesday, 27 September 2017 at 10:00 a.m. is set out in Appendix IV to this circular.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete the form of proxy and return it to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting. The completion and return of a form of proxy will not preclude you from attending and voting at the meeting in person.

7 August 2017

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## DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders
“AGM”	the annual general meeting of the Company to be held at No. 4 Yong Chang North Road, Beijing Economic Technological Development Area, Beijing, China on Wednesday, 27 September 2017 at 10:00 a.m. (including any adjournment thereof), the notice of which is set out in Appendix IV to this circular
“Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed thereto in the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“Business Day”	a day upon which the Stock Exchange is open for the business of dealing in securities
“close associate”	has the same meaning as defined under the Listing Rules
“Company”	Golden Meditech Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“controlling shareholder”	has the same meaning as defined under the Listing Rules
“core connected person”	has the same meaning as defined under the Listing Rules
“Date of Grant”	the date on which a certificate is issued to an Eligible Participant upon the grant of any Option to him
“Director(s)”	the director(s) of the Company
“Eligible Participant”	a person who is eligible to participate in the New Scheme, details of which are summarised in the section headed “(2) Eligible Participants” in the Scheme Summary
“Exercise Price”	the price per Share payable on the exercise of an Option as determined by the Board, details of which are summarised in the section headed “(3) Exercise Price” in the Scheme Summary

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## DEFINITIONS

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“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) any person entitled to exercise any Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Issue Mandate”	a general and unconditional mandate to allot, issue, and deal with additional securities of the Company not exceeding 20% of the number of issued Shares as at the date of passing the relevant resolution for the period up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and (iii) the revocation, variation or renewal of the Issue Mandate by ordinary resolution of the Shareholders in general meeting
“Latest Practicable Date”	2 August 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Memorandum and Articles”	the memorandum of association and articles of association of the Company
“New Scheme” or “New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in the Scheme Summary
“Offer”	an offer of the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant, which must be a Business Day

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## DEFINITIONS

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“Option”	an option or a right to subscribe for Shares pursuant to the New Share Option Scheme
“Option Period”	a period to be determined by the Board at its absolute discretion (provided that the period shall not be more than ten (10) years from the Date of Grant) and notified by the Board to an Eligible Participant as the period during which an Option may be exercised (subject to any restrictions on the exercise of the Option as may be imposed by the Board)
“PRC”	The People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate to exercise all the powers of the Company to repurchase such number of Shares not exceeding 10% of the number of issued Shares as at the date of passing the relevant resolution for the period up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting
“Scheme Summary”	summary of the principal terms of the New Share Option Scheme set out in Appendix III to this circular
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which the Option is exercised
“substantial shareholder”	has the same meaning as defined under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

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LETTER FROM THE BOARD

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**GOLDEN MEDITECH HOLDINGS LIMITED**

**金衛醫療集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00801)**

*Executive Directors:*

Mr. KAM Yuen (*Chairman*)  
Mr. KONG Kam Yu

*Non-executive Directors:*

Ms. ZHENG Ting  
Mr. GAO Yue

*Independent non-executive Directors:*

Prof. CAO Gang  
Mr. FENG Wen  
Prof. GU Qiao  
Mr. Daniel FOA

*Registered office:*

P.O. Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

*Head office and principal place of  
business in the PRC:*

No. 11 Wan Yuan Street  
Beijing Economic Technological  
Development Area  
Beijing, 100176 China

*Principal place of business  
in Hong Kong:*

48th Floor, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

7 August 2017

*To the Shareholders and, for information only,  
noteholders of the Company*

Dear Sirs,

**PROPOSALS FOR**  
**(1) RE-ELECTION OF RETIRING DIRECTORS;**  
**(2) GRANT OF GENERAL MANDATES TO ISSUE**  
**AND REPURCHASE SHARES;**  
**(3) ADOPTION OF THE NEW SHARE OPTION SCHEME;**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM and to give you notice of the AGM. Resolutions to be proposed at the AGM include (1) the re-election of retiring Directors; (2) the grant of the Issue Mandate and the Repurchase Mandate; and (3) the adoption of the New Share Option Scheme.

### (1) RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 108 of the Articles of Association, Ms. ZHENG Ting (“**Ms. Zheng**”), Mr. GAO Yue (“**Mr. Gao**”) and Mr. Daniel FOA (“**Mr. Foa**”, and together with Ms. Zheng and Mr. Gao shall collectively referred to as the “**Retiring Directors**”) shall retire by rotation at the AGM and, each of them being eligible, will offer himself/herself for re-election at the AGM.

### Recommendations of the Nomination Committee

In accordance with the terms of reference of the nomination committee of the Company (“**Nomination Committee**”) and the Company’s nomination policy, the Nomination Committee has:

- (a) evaluated the performance and the contribution of each of the Retiring Directors during the last financial year of the Company and the period thereafter up to the date of evaluation; and
- (b) assessed the independence of the independent non-executive Director to be re-elected, namely Mr. Foa.

The Nomination Committee is of the opinion that:

- (a) the performance of each of the Retiring Directors was satisfactory; and
- (b) based on the information available to the Nomination Committee and having taking into account the independence confirmation given by Mr. Foa, the Nomination Committee was satisfied that Mr. Foa (i) met the criteria set out in Rule 3.13 of the Listing Rules; and (ii) was a person of integrity and independent in character and judgement and, the Nomination Committee considered Mr. Foa as independent to the Company.

Accordingly, the Nomination Committee recommended to the Board to propose the re-election of each of Ms. Zheng and Mr. Gao as a non-executive Directors and Mr. Foa as an independent non-executive Director.

Particulars on each of Ms. Zheng, Mr. Gao and Mr. Foa as required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules are set out in Appendix I to this circular.

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## LETTER FROM THE BOARD

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### (2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 28 September 2016, the then Shareholders passed resolutions granting general mandates to the Directors to allot, issue, deal with and repurchase Shares. These general mandates will lapse upon the conclusion of the AGM. Resolutions will therefore be proposed at the AGM to renew the grant of these general mandates. The relevant resolutions, in summary, are:

- an ordinary resolution to grant the Directors the Issue Mandate, which is a general and unconditional mandate to allot, issue, and deal with additional securities of the Company not exceeding 20% of the number of issued Shares as at the date of passing the relevant resolution (being 593,227,940 Shares on the basis that the Shares in issue as at the Latest Practicable Date is 2,966,139,704 Shares and assuming no further Shares will be issued or repurchased by the Company before the AGM) for the period up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and (iii) the revocation, variation or renewal of the Issue Mandate by ordinary resolution of the Shareholders in general meeting;
- an ordinary resolution to grant the Directors the Repurchase Mandate, which is a general and unconditional mandate to exercise all the powers of the Company to repurchase such number of Shares not exceeding 10% of the number of issued Shares as at the date of passing the relevant resolution (being 296,613,970 Shares on the basis that the Shares in issue as at the Latest Practicable Date is 2,966,139,704 Shares and assuming no further Shares will be issued or repurchased by the Company before the AGM) for the period up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting; and
- conditional on the passing of the resolutions granting the Issue Mandate and the Repurchase Mandate, an ordinary resolution to authorise the Directors to exercise the powers to allot, issue, and deal with additional securities under the Issue Mandate be extended by adding those Shares repurchased by the Company pursuant to the Repurchase Mandate.

The explanatory statement providing the requisite information regarding the Repurchase Mandate as required to be sent to Shareholders under the Listing Rules is set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### (3) ADOPTION OF THE NEW SHARE OPTION SCHEME

#### **The previous share option scheme**

The Company does not have any existing share option scheme. The previous share option scheme of the Company was adopted on 30 March 2005 and terminated upon the transfer of the listing of the Company from the Growth Enterprise Market of the Stock Exchange to the Main Board on 16 June 2009. There was no outstanding share option granted under the said previous share option scheme.

#### **Proposed adoption of the New Share Option Scheme subject to Shareholders' approval at the AGM**

The Board proposes the adoption of the New Share Option Scheme, which will be valid for 10 years from the Adoption Date. The adoption of the New Share Option Scheme is subject to the approval of the Shareholders. In this regard, a resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the New Share Option Scheme.

#### **Purpose of the New Share Option Scheme**

The purpose of the New Scheme is to enable the Company to grant Options to the selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the development and the growth of the Group. In determining whether a person has contributed or will contribute to the Group or to the Invested Entity, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group or to the Invested Entity in terms of operation, financial performance, prospects, growth, reputation and image of the Group or the Invested Entity.

The Board considers that the New Share Option Scheme will motivate more persons to make contribution to the Group, facilitate the retention and the recruitment of high-calibre staff of the Group and that it is in the interest of the Group as a whole for a broad category of Eligible Participants to be given incentives to participate in the growth of, and make contribution to, the Group in the form of Options to subscribe for Shares. In this connection, the Board believes that the inclusion of the persons other than the employees and directors of the Group is appropriate and in the interest of the Company and the Shareholders as a whole given that the success of the Group requires the cooperation and contribution not only from the employees, but also from persons who play a role in the business of Group, such as advisor, consultant, provider of goods and/or services, business or joint-venture partner. Furthermore, the Board considers that the Eligible Participants (employees or otherwise) will share common interests and objectives with the Group upon their exercise of the Options, which is beneficial to the long-term development of the Group. In addition, the adoption of the New Scheme is in line with modern commercial practice that full-time or part-time employees, directors, management, advisers, consultants of the Group be given incentives to work towards enhancing the value and attaining the long-term objectives of the Company and for the benefit of the Group as a whole. As such, the Board considers that the adoption of the New Share Option Scheme is in the interest of the Company and the Shareholders as a whole. The provisions of the New Share Option Scheme will comply with the requirements of Chapter 17 of the Listing Rules.

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## LETTER FROM THE BOARD

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Under the New Scheme, the Board has the authority to set the terms and conditions in the grant of the Options (e.g. in relation to the minimum period of the Options to be held which has not been specifically set out in the New Scheme and the imposition of which is at the discretion of the Board, the performance targets to be achieved before such Options can be exercised and the Exercise Price). The Board believes that this will provide the Board with the necessary flexibility in imposing appropriate conditions in light of the circumstances of each grant and help facilitate the achievement of the purpose of the New Share Option Scheme, which is to provide incentives and rewards for the contributions of the Eligible Participants to the Company. The Board will take into account the factors set out in the preceding statement and the aim to retain and to recruit high-calibre staff of the Group for long term at a competitive remuneration package in deciding whether any condition (including but not limited to a minimum holding period and its length) should be imposed.

### **Number of Shares which may be allotted and issued under the New Share Option Scheme**

The total number of Shares which may be issued upon the exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the New Share Option Scheme in the general meeting of the Company unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any options outstanding and yet to be exercised under the New Share Option Scheme and any other share option schemes shall not exceed 30% of the Shares in issue from time to time.

As at the Latest Practicable Date, there were 2,966,139,704 Shares in issue. Assuming that no further Share will be allotted, issued or repurchased prior to the AGM, the total number of Shares that may fall to be allotted and issued under the New Share Option Scheme after the resolution regarding the proposed adoption of the New Share Option Scheme is passed at the AGM would be 296,613,970 Shares, representing approximately 10% of the total number of Shares in issue.

### **Value of the Options**

The Board considers it is inappropriate to disclose the value of the options which may be granted under the New Scheme as if they had been granted at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions, including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no Options have been granted, certain variables are not available for calculating the value of options, the Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and to a certain extent would be misleading to investors.

### **Trustee of the New Share Option Scheme**

As at the Latest Practicable Date, the Company did not intend to appoint a trustee to the New Share Option Scheme. As such, there is no issue on whether any Director is a trustee of the New Share Option Scheme or having a direct or indirect interest in the trustees of the New Scheme.

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## LETTER FROM THE BOARD

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### Conditions precedent of the New Share Option Scheme

The New Scheme is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company approving (i) the adoption of the New Scheme, and (ii) the grant of authorities to the Directors to (A) grant Options to subscribe for the Shares in accordance with the rules of the New Scheme and (B) allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the New Scheme; and
- (b) the Listing Committee granting approval for the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued by the Company pursuant to the exercise of any Option under the New Scheme.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options which may be granted under the New Share Option Scheme.

### Summary of the principal terms of the New Share Option Scheme

A summary of the principal terms of the New Scheme is set out in Appendix III to this circular. A copy of the full text of the proposed final form of the New Scheme is available for inspection at the Company's principal place of business in Hong Kong at 48/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong during normal business hours from the date of this circular up to the date of AGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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.

### AGM

The full text of the resolutions in relation to the re-election of retiring Directors, the grant of the Issue Mandate and the Repurchase Mandate and the adoption of the New Share Option Scheme are set out in the notice convening the AGM contained in Appendix IV to this circular. Shareholders should note that the English text of the proposed resolutions contained in the notice convening the AGM shall prevail over the Chinese text.

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## LETTER FROM THE BOARD

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Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions to be proposed at the AGM will be voted by way of a poll by the Shareholders.

### RECOMMENDATION

The Directors consider that the proposed resolutions regarding the re-election of the Retiring Directors, the granting of the Issue Mandate and the Repurchase Mandate and the adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the proposed resolutions.

### GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully  
By Order of the Board  
**KAM Yuen**  
*Chairman*

In relation to the re-election of the Retiring Directors as referred to in item no. 2 of the notice convening the AGM, each of Ms. Zheng, Mr. Gao and Mr. Foa shall retire by rotation at the AGM in accordance with Article 108 of the Articles of Association.

Each Retiring Director, being eligible, will offer himself/herself for re-election at the AGM.

The following are the particulars of each Retiring Director as at the Latest Practicable Date which are required to be disclosed under rule 13.51(2) of the Listing Rules:

**Ms. ZHENG Ting**

Ms. Zheng, aged 45, is a non-executive Director and a director of several subsidiaries of the Company. She is an adviser on healthcare services segment of the Group. Ms. Zheng joined the Group in September 2001. Ms. Zheng graduated from Renmin University of China (中國人民大學) in 1996 where she subsequently received an EMBA degree.

Ms. Zheng is the chief executive officer of China Cord Blood Corporation (“CCBC”), a non-wholly owned subsidiary of the Company and a company listed on the New York Stock Exchange, and is responsible for the strategic management of that segment. Save as disclosed, Ms. Zheng did not hold any directorship in other listed companies in the last three years.

Ms. Zheng does not have any relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Zheng was interested (within the meaning of Part XV of the SFO) in 1,071,994 ordinary shares of CCBC.

Ms. Zheng entered into a service contract with the Company for a term of three years commenced from 23 August 2015 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days’ notice in writing. Ms. Zheng is subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules. Pursuant to Ms. Zheng’s service contract, she is entitled to an annual remuneration of HK\$390,000 and an annual discretionary bonus of such amount as determined at the sole discretion of the Board.

**Mr. GAO Yue**

Mr. Gao, aged 44, is a non-executive Director. Mr. Gao graduated from the Law School of Renmin University of China (中國人民大學) in 1996 and was admitted to the Chinese bar in 1998. Thereafter, Mr. Gao worked as an attorney-at-law and a partner in Beijing Xinli Law Firm and Beijing Fu Sheng Law Firm respectively. From August 2004 to April 2012, he practised law as a partner in King & Wood PRC Lawyers. Mr. Gao joined the Group in November 2014. Prior to joining the Group, Mr. Gao worked as a partner of Commerce and Finance Law Offices.

Mr. GAO Yue is the son of Mr. GAO Zong Ze, who ceased to be an independent non-executive Director with effect from 19 September 2014.

Save as disclosed above, Mr. Gao did not hold any directorship in other listed companies in the last three years and does not have any relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Gao did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Gao entered into a service contract with the Company for a term of one year commenced from 14 November 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. Mr. Gao is subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules. Pursuant to Mr. Gao's service contract, he is entitled to an annual director's fee of HK\$60,000 and an annual discretionary bonus of such amount as determined at the sole discretion of the Board.

#### **Mr. Daniel FOA**

Mr. Foa, aged 40, is an independent non-executive Director. He joined the Group in February 2015. Mr. Foa graduated in Economics from the University of Portsmouth in 1997. Mr. Foa is the co-founder of Fairklima Capital and has over 20 years of experience in the China market with expertise in the fields of technology, sustainability and business consulting. Before founding Fairklima Capital, Mr. Foa held managerial positions in major multinational firms. He is also the co-founder of 51Give, an online donations platform.

Save as disclosed above, Mr. Foa did not hold any directorship in other listed companies in the last three years and does not have any relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Foa did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Foa entered into a service contract with the Company for a term of one year commenced from 11 February 2017 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. Mr. Foa is subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules. Pursuant to Mr. Foa's service contract, he is entitled to an annual director's fee of HK\$200,000 and an annual discretionary bonus of such amount as determined at the sole discretion of the Board.

**General**

- (i) The emoluments of the Directors are determined with reference to the Directors' duties and responsibilities, the Company's performance as well as remuneration benchmark in the industry and the prevailing market conditions.
- (ii) Save as disclosed above, there is no other matters that need to be brought to the attention of the Shareholders or other information that should be disclosed under Rule 13.51(2) of the Listing Rules in relation to the re-election of the retiring Directors.

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## **APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE**

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*This is the explanatory statement required by Rule 10.06(1)(b) of the Listing Rules to be given to all Shareholders relating to a resolution to be proposed at the AGM authorising the Repurchase Mandate.*

### **1. EXERCISE OF THE REPURCHASE MANDATE**

Exercise in full of the Repurchase Mandate, on the basis of 2,966,139,704 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be issued or repurchased by the Company before the AGM, could result in up to 296,613,970 Shares being repurchased by the Company during the period from the passing of the resolution relating to the Repurchase Mandate up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

### **2. REASONS FOR REPURCHASES**

The Directors consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchases when appropriate and beneficial to the Company and the Shareholders. In determining the appropriateness and benefits of repurchase, the Directors will take into account of and balancing the principal factors which are relevant, such as the stock market conditions, the financial resources available to the Group, the costs of the repurchase and the benefits that may produce (e.g. impact on the net asset value per Share and/or earnings per Share) to the Shareholders. 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 earnings per Share.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association and the applicable laws of the Cayman Islands. As disclosed in the section headed “2. REASONS FOR REPURCHASES” above, the Directors consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchases when appropriate and beneficial to the Company and the Shareholders. However, the Directors did not have a concrete plan to exercise the Repurchase Mandate as at the Latest Practicable Date and, accordingly, did not have the associated proposal on the source of funds to finance the repurchase, if any. When the Directors consider that it is appropriate and beneficial to the Company and the Shareholders for them to exercise the Repurchase Mandate, the Directors will consider whether internal resources, loans or other forms of finance would be the most appropriate source of funds and, in this regard, will take into account, among other things, the financial position of the Group and the costs of the funds.

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## **APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE**

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### **4. GENERAL**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited accounts as contained in the 2016/2017 annual report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

### **5. DIRECTORS AND CORE CONNECTED PERSONS**

As at the Latest Practicable Date, to the best of the knowledge of the Directors having made all reasonable enquiries, none of the Directors and their respective close associates has a present intention, in the event that the Repurchase Mandate is approved and exercised, to sell Shares to the Company. No core connected persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved and exercised.

### **6. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Articles and the applicable laws of the Cayman Islands.

### **7. THE HONG KONG CODE ON TAKEOVERS AND MERGERS**

If as a result of a repurchase of Shares, 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 the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code.

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## APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

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According to the register maintained by the Company pursuant to Section 336 of the SFO, as at the Latest Practicable Date, the following interests in the Shares and underlying Shares were recorded:

Name of Substantial shareholders <sup>#</sup>	Capacity and nature of interests	Interest in issued Shares/ underlying Shares	Approximate percentage of existing issued share capital of the Company	Approximate percentage of issued share capital of the Company if the Repurchase Mandate is exercised in full
Bio Garden Inc. ("Bio Garden") <sup>(1)</sup>	Beneficial owner	1,118,269,526 <sup>(5)</sup>	37.70%	41.89%
Mr. KAM Yuen ("Mr. Kam") <sup>(2)</sup>	Founder of trusts	1,118,269,526 <sup>(5)</sup>	37.70%	41.89%
	Interest of controlled corporation	968,774,034	32.66%	36.29%
Magic Master Holdings Limited ("Magic Master") <sup>(3)</sup>	Interest of controlled corporation	1,118,269,526 <sup>(5)</sup>	37.70%	41.89%
Magic Glory Holdings Limited ("Magic Glory") <sup>(3)</sup>	Interest of controlled corporation	1,118,269,526 <sup>(5)</sup>	37.70%	41.89%
Credit Suisse Trust Limited <sup>(3)</sup>	Trustee	1,118,269,526 <sup>(5)</sup>	37.70%	41.89%
Fiducia Suisse SA (Formerly known as "KF Suisse SA") <sup>(4)</sup>	Trustee	1,118,269,526 <sup>(5)</sup>	37.70%	41.89%
Mr. David Henry Christopher Hill <sup>(4)</sup>	Interest of controlled corporation	1,118,269,526 <sup>(5)</sup>	37.70%	41.89%
Mrs. Rebecca Ann Hill <sup>(4)</sup>	Interest of children under 18 or spouse	1,118,269,526 <sup>(5)</sup>	37.70%	41.89%
Magnum Opus 3 International Holdings Limited ("Magnum 3") <sup>(6)</sup>	Beneficial owner	968,774,034	32.66%	36.29%

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**APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE**

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Name of Substantial shareholders <sup>#</sup>	Capacity and nature of interests	Interest in issued Shares/ underlying Shares	Approximate percentage of existing issued share capital of the Company	Approximate percentage of issued share capital of the Company if the Repurchase Mandate is exercised in full
Ms. Liu Yang <sup>(7)</sup>	Interest of controlled corporation	295,200,701	9.95%	11.06%
Atlantis Capital Holdings Limited <sup>(7)</sup>	Interest of controlled corporation	295,200,701	9.95%	11.06%
Atlantis Investment Management (Hong Kong) Limited (“Atlantis”) <sup>(7)</sup>	Beneficial owner	295,200,701	9.95%	11.06%
Riverwood Asset Management (Cayman) Ltd. (“Riverwood”) <sup>(7)</sup>	Investment manager	205,000,325	6.91%	7.68%

*Notes:*

- (1) Bio Garden is an investment holding company incorporated in the British Virgin Islands (“BVI”). It was wholly-owned by certain discretionary trusts of which Mr. Kam, an executive Director and chairman of the Company, was the founder. Mr. Kam is also the sole director of Bio Garden.
- (2) Mr. Kam was deemed under the SFO to have an interest in (i) 1,118,269,526 Shares which Bio Garden was interested in as at the Latest Practicable Date (the “**Bio Garden Shares**”) by virtue of his being the founder of certain discretionary trusts which owned the entire issued share capital of Bio Garden and (ii) 968,774,034 Shares which Magnum 3 was interested in as at the Latest Practicable Date by virtue of him owning 100% voting ordinary shares of Magnum 3.
- (3) The corporate substantial shareholder notice filed by Credit Suisse Trust Limited indicated that Gold Rich Investment Limited (“**Gold Rich**”) and Gold View Investment Limited (“**Gold View**”) had, in aggregate, a 36% interest in Bio Garden which was interested in the Bio Garden Shares. Gold Rich and Gold View were wholly-owned by Magic Master and Magic Glory, respectively. Each of Magic Master and Magic Glory was indirectly wholly-owned by Credit Suisse Trust Limited as trustee of certain discretionary trusts referred to in (1) above. Accordingly, each of Magic Master, Magic Glory and Credit Suisse Trust Limited was deemed, under the SFO, to have an interest in the Bio Garden Shares.

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## APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

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- (4) The corporate substantial shareholder notice filed by Fiducia Suisse SA indicated that it had a 64% interest in Bio Garden. Fiducia Suisse SA is a trustee of certain discretionary trusts as referred to in (1) above. Accordingly, Fiducia Suisse SA was deemed, under the SFO, to have an interest in the Bio Garden Shares. Fiducia Suisse SA was wholly-owned by Mr. David Henry Christopher Hill. Mr. David Henry Christopher Hill and Mrs. Rebecca Ann Hill (being the spouse of Mr. David Henry Christopher Hill) were deemed, under the SFO, to have an interest in the Bio Garden Shares which Fiducia Suisse SA was interested in.
- (5) These interests represent the same block of Shares.
- (6) Magnum 3 is an investment holding company incorporated in BVI, which (i) is 100% owned as to its voting ordinary shares by Mr. Kam and (ii) has issued non-voting convertible and non-convertible preferred shares to Qin Wall Investment Holdings Limited. Mr. Kam is also one of the directors of Magnum 3.
- (7) Atlantis is a limited liability company incorporated in Hong Kong, which was wholly-owned by Atlantis Capital Holdings Limited. Ms. Liu Yang has 100% indirect interest in Atlantis Capital Holdings Limited and she is a controller who held a 100% direct interest in Riverwood.
- # The term “Substantial shareholders” has the same meaning as defined under the SFO.

After taking into account that Mr. Kam together with his concert parties are already holding more than 50% of the issued shares of the Company, it is not expected that the repurchase of shares would give rise to a mandatory offer obligation under rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any repurchase to be made under the Repurchase Mandate.

### 8. SHARES REPURCHASES MADE BY THE COMPANY

During the six months immediately preceding the Latest Practicable Date, no Shares have been repurchased by the Company.

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**APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE**

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**9. SHARE PRICES**

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date were as follows:

	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
August, 2016	1.02	0.98
September, 2016	1.02	0.98
October, 2016	1.12	0.98
November, 2016	1.07	0.99
December, 2016	1.06	0.98
January, 2017	1.27	1.04
February, 2017	1.26	1.23
March, 2017	1.28	1.23
April, 2017	1.36	1.16
May, 2017	1.22	1.18
June, 2017	1.17	1.10
July, 2017	1.16	1.05
August, 2017 (up to the Latest Practicable Date)	1.14	1.07

*The following is a summary of the principal terms of the New Share Option Scheme (or New Scheme) but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as effecting the interpretation of the New Share Option Scheme. The definitions set out in the section headed “Definitions” in this circular shall, where the context permits, apply in this appendix.*

**(1) Purpose**

The purpose of the New Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants (as defined in section (2) below) to the Group by granting Options to them as incentives or rewards.

**(2) Eligible Participants**

The Board may during the Scheme Period (as defined in section (10) below) at its absolute discretion (subject to any conditions as it may think fit) offer to grant Option(s) to subscribe for such number of Shares (“**Offer**”) as the Board may determine at the Exercise Price (as defined in section (3) below) to the following persons (“**Eligible Participants**”):

- (a) any employee (whether full-time or part-time) or director (including executive director, non-executive director and independent non-executive director) of any member of the Group or Invested Entity;
- (b) any advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services, business or joint-venture partner of any member of the Group or any Invested Entity whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his or her contribution to the Group or the Invested Entity (as the case may be); and
- (c) any person whom the Board in its sole discretion considers has contributed or will contribute to the Group or to the Invested Entity (as the case may be).

**(3) Exercise price**

The price payable on the exercise of any Option granted under the New Share Option Scheme shall be such price as the Board in its absolute discretion shall determine and shall at least be the highest of:

- (a) the nominal value of the Shares;
- (b) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of Offer, which must be a Business Day; and

(c) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of Offer,

or (where applicable) such price as from time to time adjusted pursuant to the New Scheme.

**(4) Acceptance of Offer**

HK\$1.00 is payable by an Eligible Participant on acceptance of an Offer. Any Offer may be accepted, in whole or in part, in a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and in writing received by any Director or the secretary of the Company until 5:00 p.m. on the date specified in the Offer provided that no such Offer shall be open for acceptance after the expiry of the Scheme Period (or after the New Scheme has been terminated in accordance with its terms).

**(5) Maximum number of Shares in respect of which options may be granted**

The maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and under any other schemes of the Group ("**Other Schemes**") must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (the "**Limit**"). Options which have lapsed in accordance with the terms of the New Scheme (or Other Schemes) will not be counted for the purpose of calculating the Limit.

Subject to the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Company may refresh the Limit at any time provided that:

- (a) the Limit as refreshed does not exceed 10% of the Shares in issue as at the date of the approval by the refreshed Limit;
- (b) the options previously granted under the New Scheme and Other Schemes, (including those outstanding, cancelled, lapsed in accordance with the provisions of the New Scheme and Other Schemes or exercised options) will not be counted for the purpose of calculating the Limit as refreshed; and
- (c) a circular containing the information and the disclaimer, respectively required under Rule 17.02(2)(d) and Rule 17.02(4) of the Listing Rules shall be despatched to the Shareholders together with the notice of the relevant general meeting.

The Company may also with the approval of Shareholders in general meeting to grant Options in respect of Shares in excess of the Limit (as refreshed from time to time) to Eligible Participants specifically identified by the Company before such approval is sought. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the Options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and Other Schemes at any time shall not exceed 30% of the Shares in issue from time to time. No Offer may be made under the New Share Option Scheme or Other Schemes if this will result in the 30% limit being exceeded.

**(6) Maximum entitlement of each Eligible Participant**

The total number of Shares issued and which fall to be issued upon exercise of the options granted under the New Share Option Scheme and Other Schemes (including both exercised and outstanding options) to each Eligible Participant in any period of 12 consecutive months up to and including the date of grant of the options shall not exceed 1% of the Shares in issue as at the date of grant of the options.

Any further grant of options in excess of this 1% limit shall be subject to:

- (a) the issue of a circular by the Company disclosing the identity of the Eligible Participant, the number of and terms of the Options to be granted (and options previously granted to such participant) and the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (b) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (or his associates if such Eligible Participant is a connected person) abstaining from voting.

The number and terms (including the Exercise Price) of Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the Options to such Eligible Participant shall be taken as the date of grant of the Options for the purpose of calculating the Exercise Price.

**(7) Granting Options to connected persons**

Any grant of Options to a director, chief executive (as defined under the Listing Rules) or substantial shareholder (as defined under the Listing Rules) of the Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be an Option holder).

If the Company proposes to grant Options to a substantial shareholder or any independent non-executive director of the Company or their respective associates which will result in the number of Shares issued and to be issued upon exercise of Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and

- (b) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares at the date of each grant,

such further grant of Options will be subject to the issue of a circular by the Company together with the notice of the relevant general meeting and the approval of the Shareholders in general meeting at which such proposed grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the relevant resolution(s) at such general meeting except that any such persons may vote against the relevant resolution(s) at the general meeting provided that his intention to vote against the proposed grant has been stated in the Shareholders' circular referred to in the subsection below, and/or such other requirements prescribed under the Listing Rules from time to time.

The Shareholders' circular referred to in the preceding section shall contain the following information:

- (a) details of the number and terms (including the Exercise Price) of the Options as required under Rules 17.03(5) to 17.03(10) of the Listing Rules to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting, and the date of meeting of the Board proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price;
- (b) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be an Option holder) to the independent Shareholders as to voting;
- (c) information relating to any Directors who are trustees of the New Scheme or have a direct or indirect interest in the trustees;
- (d) a statement in the form set out in section 2 of Appendix I, Part B of the Listing Rules;
- (e) a disclaimer required under Rule 17.02(4) of the Listing Rules;
- (f) information required under Rule 2.17 of the Listing Rules; and
- (g) any other information as required by the Stock Exchange.

**(8) Restrictions on the times of grant of Options**

For so long as the Shares are listed on the Stock Exchange,

- (a) no Offer shall be made after any inside information has come to the knowledge of the Company until such inside information has been published in accordance with the requirements of the Listing Rules. In particular, no Offer may be made during the period commencing one month immediately preceding the earlier of:
  - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of publication of the results announcement; and

- (b) the Directors must not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in the Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules ("**Model Code**") or any corresponding code or securities dealing restrictions adopted by the Company.

**(9) Rights are personal to Option holder**

An Option is personal to the Option holder. No Option holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Options, except for the transmission of an Option on the death of the Option holder to his personal representative(s).

**(10) Exercise period and duration of the New Share Option Scheme**

Subject to the rules of the New Share Option Scheme, Options may be exercised by an Eligible Participant, in whole or in part, at any time during any period determined by the Board (provided that such period shall not exceed ten years from the Date of Grant) and notified to an Eligible Participant.

Subject to earlier termination by the Company in general meeting, the New Share Option Scheme shall be valid and effective for a period commencing from the Adoption Date and expiring at 5:00 p.m. on the Business Day preceding the tenth anniversary of such date unless terminated earlier by the Shareholders in general meeting ("**Scheme Period**").

**(11) Rights of exercise for Option holders**

The Board may at its discretion, when making an Offer, impose any conditions, restrictions or limitations in relation thereto as it may think fit, including but not limited to the achievement of any performance target and/or any minimum period for which an Option must be held before it can be exercised. Subject to the aforesaid, an Eligible Participant to whom any Option is granted is not required to achieve any performance target before an Option can be exercised.

No Director shall deal in any securities of the Company unless he fully complies with the provisions of the Model Code.

In the event that the grantee ceases to be an Eligible Participant under the New Share Option Scheme during any relevant Option period by reason of ill-health, injury, disability or death or because his employing company ceases to be a member of the Group before exercising his Options in full, the grantee or his personal representative, as the case may be, may exercise the Options (to the extent not already exercised) within a period of six months of such ill-health, injury, disability or death or cessation, failing which such Options will lapse and determine at the end of the relevant period.

In the event that a grantee ceases to be an Eligible Participant under the New Share Option Scheme by reason of retirement in accordance with his contract of employment or upon expiration of his or her contract of employment or term of directorship before exercising his or her Options in full, the grantee may exercise the Options (to the extent not already exercised) within a period of six months after he so retires or expiration of his contract of employment or term of directorship, failing which such Options will lapse and determine at the end of the relevant period.

In the event that a grantee ceases to be an Eligible Participant under the New Share Option Scheme by reason of voluntary resignation other than by reason of the circumstances set out above or by termination of his employment in accordance with the termination provisions of his contract of employment by his employing company before exercising his Options in full, such Options and any outstanding Offer will lapse and determine on the date of the resignation or termination.

**(12) Discretion of the Board**

Notwithstanding the aforesaid in section (11) above, in each case, the Board may in its absolute discretion decide that any Option shall not so lapse or determine subject to such conditions or limitations as the Board may decide.

**(13) Rights on general offers**

If a general offer by way of takeover is made to all the Shareholders and the offeror shall have obtained control of the Company as a consequence, Option holders shall, subject to section (11) above, be entitled at any time within the period of one month after control has been obtained to exercise the Option in whole or in part (to the extent not already exercised), notwithstanding any restrictions in the terms of grant of the Option which would otherwise have prevented the Option from being exercised during such period. Any Option that has not been so exercised within the one-month period shall cease and determine.

**(14) Rights on winding-up**

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Option holders and thereupon, each Option holder shall be entitled to exercise all or any of his or her Options (to the extent not already exercised) at any time thereafter until such resolution is duly passed or defeated or the general meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, lapse and determine.

**(15) Rights on compromise or arrangement between the Company and its members or creditors**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which the Company was incorporated, the Company shall give notice to all the Option holders on the same date as it gives notice of the meeting to its members or creditors summoning the meeting to consider such compromise or arrangement and each Option holder (or where permitted his personal representative) shall forthwith be entitled to exercise his or her Option until the earlier of the date two months thereafter or the date on which the compromise or arrangement is sanctioned by the court, but the exercise of the Option as aforesaid shall be conditional upon the compromise or arrangement being sanctioned by the court and becoming effective.

Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine.

**(16) Ranking of Shares issued upon exercise of Options**

The Shares to be allotted and issued upon the exercise of an Option will not carry voting rights until completion of the registration of the Option holder (or any other person nominated by the Option holder) as the Shareholder thereof in the register of members of the Company. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will carry the same rights as all Shares in issue on the date of the exercise and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation, as attached to the other

fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of entry of such Shareholder in the register of members of the Company.

**(17) Effect of alterations to capital**

Upon any variation in the share capital of the Company arising from any reduction, subdivision or consolidation of share capital, any rights issue or the issue of any share capital by way of capitalisation of profits or reserves or in connection with an open offer to the Shareholders (each a “**Relevant Event**”), the number or nominal amount of Shares comprised in each Option and/or the Subscription Price thereunder may be adjusted in any manner as the Board (having received a confirmation in writing from the auditors of the Company or an approved independent financial advisor that in their/its opinion the adjustments proposed satisfy the requirements of the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) may deem appropriate provided always that:

- (a) no increase shall be made in the aggregate Subscription Price relating to any Option;
- (b) any adjustments should give each Option holder the same proportion of the share capital of the Company as that to which he or she was previously entitled prior to such adjustments;
- (c) no adjustments shall be made which will enable a Share to be issued at less than its nominal value; and
- (d) where the Relevant Event arises from an issue of Shares, references to Options shall include references to Options that have been exercised prior to the date of the adjustment in respect of Shares which otherwise do not rank and are not entitled to participate in the issue by reason of the Option holder not having been then registered as the holder of the relevant Shares.

*Note:* If the Company conducts a share consolidation or subdivision after the adoption of the New Scheme has been approved at the AGM, the maximum number of securities that may be issued upon exercise of all Options to be granted under the New Scheme and Other Schemes under the Limit (i.e. the 10% limit mentioned in the subsection headed “(5) Maximum number of Shares in respect of which options may be granted” in this appendix) as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

**(18) Lapse of Options**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the date of expiry of the period during which an Option may be exercised under the New Scheme;
- (b) the date of lapse as provided in sections (11), (13) or (15) above;

- (c) the passing of the resolution for the voluntary winding-up of the Company referred to in section 14 above; and
- (d) the date on which the Option holder commits a breach of section (9) above.

**(19) Alteration of the New Share Option Scheme**

The New Share Option Scheme, including but not limited to the principal terms summarised in this appendix, may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the Option holders or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (b) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of Options granted,

shall first be approved by the Shareholders in general meeting except where the proposed alteration takes effect automatically under the existing terms of the New Share Option Scheme. Any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting. The terms of the New Scheme and/or the Options as amended must still comply with the Listing Rules and other applicable laws and rules.

**(20) Cancellation of Options**

Any unexercised Option may be cancelled if the relevant Option holder so agrees. Issuance of new Options to the same Option holder may only be made if there are unissued options available under the New Share Option Scheme (excluding the cancelled Options) within the 10% Limit or the Limit as refreshed pursuant to the New Scheme and in compliance with the terms of the New Scheme in force from time to time.

**(21) Termination of the New Share Option Scheme**

The Company may by ordinary resolution in general meeting at any time terminate the New Scheme and in such event no further Options shall be granted but the provisions of the New Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

**(22) Administration of the New Share Option Scheme**

The New Scheme shall be administered by the Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

**(23) Condition of the New Share Option Scheme**

The New Scheme is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company approving (i) the adoption of the New Scheme, and (ii) the grant of authorities to the Directors to (A) grant Options to subscribe for the Shares in accordance with the rules of the New Scheme and (B) allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the New Scheme; and
- (b) the Listing Committee granting approval for the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued by the Company pursuant to the exercise of any Option under the New Scheme.

**GOLDEN MEDITECH HOLDINGS LIMITED****金衛醫療集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00801)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Golden Meditech Holdings Limited (the “**Company**”) for the year 2017 will be held at No. 4 Yong Chang North Road, Beijing Economic Technological Development Area, Beijing, China on Wednesday, 27 September 2017 at 10:00 a.m. for the following purposes:

1. to consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors of the Company (the “**Directors**”) and of the auditors for the year ended 31 March 2017;
2.
  - A. to re-elect Ms. ZHENG Ting as a non-executive Director;
  - B. to re-elect Mr. GAO Yue as a non-executive Director; and
  - C. to re-elect Mr. Daniel FOA as an independent non-executive Director.
3. to authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
4. to re-appoint the retiring auditors, KPMG, and to authorise the Board to fix their remuneration;
5. as special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) of this resolution, the Board be and is hereby granted an unconditional general mandate to exercise during the Relevant Period (as defined in paragraph (d) of this resolution) all the powers of the Company to allot, issue and deal with additional ordinary shares of HK\$0.20 each in the Company (or such nominal amount as shall result from a capitalization issue, rights issue, sub-division, consolidation, re-classification, reconstruction or reduction of share capital of the Company from time to time) (the “**Shares**”) or securities convertible or exchangeable into Shares, and to make or grant offers, agreements, options, warrants or similar rights in respect thereof;

- (b) the mandate referred to in paragraph (a) shall authorise the Board during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted or issued or dealt with (whether pursuant to options or otherwise) by the Board pursuant to the mandate referred to in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as defined in paragraph (d) of this resolution);
  - (ii) the exercise of the subscription rights under options granted under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue to officers and/or employees of the Company and/or other eligible participants under such scheme or arrangements of Shares or rights to subscribe for Shares;
  - (iii) any scrip dividend or similar arrangement providing for the allotment and issue of Shares or other securities of the Company in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (“**Articles of Association**”); or
  - (iv) any issue of Shares pursuant to the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company which carry rights to subscribe for or are convertible into Shares

shall not exceed 20% of the total number of the Shares in issue as at the date of passing this resolution and the said approval in paragraph (a) shall be limited accordingly;

- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest;

“**Rights Issue**” means an offer of Shares, or an offer of warrants, options or other securities of the Company giving rights to subscribe for Shares, open for a period fixed by the Board to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. as special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Board of all the powers of the Company during the Relevant Period (as defined in paragraph (c) of this resolution) to repurchase Shares be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be repurchased by the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of Shares in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.”

7. as special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of resolutions numbered 5 and 6 set out in this notice, of which this resolution forms part, the aggregate number of Shares that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Board pursuant to and in accordance with the mandate granted under resolution numbered 5 be and is hereby increased and extended by the addition thereto of the aggregate number of Shares repurchased by the Company pursuant to and in accordance with the mandate granted under resolution numbered 6, provided that such amount shall not exceed 10% of the total number of Shares in issue as at the date of passing this resolution.”

8. to consider and if thought fit, adopt the proposed new share option scheme (“**New Share Option Scheme**”), by passing with or without amendments the following resolutions as ordinary resolutions:

“**THAT**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the share options which may be granted under the New Share Option Scheme, a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, the New Share Option Scheme be and is hereby approved and adopted; and
- (b) the Directors be and are hereby authorised to, subject to the applicable laws, rules and regulations, including but not limited to the Rules Governing the Listing of Securities on the Stock Exchange and the rules of the New Share Option Scheme:
- (i) grant options to subscribe for the Shares in accordance with the rules of the New Share Option Scheme;
- (ii) allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme;
- (iii) modify and/or amend the New Share Option Scheme from time to time;
- (iv) administer the New Share Option Scheme generally;
- (v) do all such acts and to enter into all such transactions, arrangements and agreements as the Directors in their sole discretion consider to be necessary or expedient in order to give full effect to the New Share Option Scheme; and

- (vi) consent, if the Directors in their sole discretion consider to be necessary or expedient, to such conditions, alteration and/ or modification as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”

By Order of the Board  
**KONG Kam Yu**  
*Company Secretary*

Hong Kong, 7 August 2017

*Notes:*

1. The register of members of the Company will be closed from Friday, 22 September 2017 to Wednesday, 27 September 2017, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the annual general meeting convened by the above notice, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 21 September 2017.
2. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or, if he holds two or more Shares, more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. To be valid, a form of proxy and 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 at the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person.
4. If two or more persons are joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand in the principal or branch register of members of the Company in respect of the joint holding of a Share.
5. The translation into Chinese language of the above notice is for reference only. In case of any inconsistency, the English version shall prevail.