
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in China Medical & HealthCare Group Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

**PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting of China Medical & HealthCare Group Limited (the “**Company**”) to be held at Plaza 1 & 2, Lower Lobby, Novotel Century Hong Kong Limited, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 7 March 2019 at 11:00 a.m. is set out on pages 17 to 18 of this circular. A form of proxy for use at the special general meeting is also enclosed.

Whether or not you are able to attend the special general meeting, you are requested to complete the enclosed form of proxy and return it in accordance with the instructions printed thereon and return the same to the office of the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the special general meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting at the special general meeting or any adjournment thereof if you so wish.

18 February 2019

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DEFINITIONS

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

“Adoption Date”	the date on which the Share Option Scheme is conditionally adopted by the Shareholders at the SGM
“Associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“business day”	means a day on which the Stock Exchange is open for business of dealing in securities
“Bye-laws”	the bye-laws of the Company, as amended, modified or otherwise supplemented from time to time
“Company”	China Medical & HealthCare Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 383)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant”	means (i) any employee or proposed employee (whether full time or part time employee) of any member of the Group or any Invested Entity; (ii) any director of the Company (including executive, non-executive and independent non-executive Directors), any Subsidiary or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any invested entity; (iv) any person or entity that provides research, development or other technical support to the Group or any Invested Entity; and (v) any adviser or consultant to any area of advisory, consultancy, business or business development of any member of the Group or any Invested Entity
“Grantee”	any the holder for the time being of any outstanding Option or (where the context so permits) any person who is entitled to such Option in consequence of the death of the original holder, or the legal personal representative of such holder, in accordance with the terms of the Share Option Scheme

DEFINITIONS

“Group”	the Company and the Subsidiaries from time to time and “member of the Group” shall be construed accordingly
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Invested Entity”	any entity in which the Group holds any equity interest
“Latest Practicable Date”	13 February 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Date” or “Date of Grant”	in relation to any Option, the day (which must be a trading day) on which the Directors resolve to make an offer of that Option to an Eligible Participant under the Share Option Scheme
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the Share Option Scheme
“Option Period”	means in respect of any Option, such period as the Board may in its absolute discretion determine during which the Option is exercisable, save that such period shall not be more than 10 years from the Offer Date and in the absence of such determination, the period commencing from the date of acceptance and ending in accordance with the terms of the Share Option Scheme or on the day immediately preceding the tenth anniversary of the Offer Date, whichever is earlier
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Scheme Period”	the period commencing on the Adoption Date and expiring on the earlier of either the close of business day immediately preceding the tenth anniversary thereof and the date on which the Share Option Scheme is terminated in accordance with the terms thereof

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0005 each in the issued share capital of the Company
“Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the SGM, a summary of the principal terms of which is set out in the Appendix to this circular
“Shareholder(s)”	registered holder(s) of the Share(s)
“special general meeting” or “SGM”	the special general meeting of the Company to be convened and held on Thursday, 7 March 2019, the notice of which is set out on pages 17 to 18 of this circular, and any adjournment thereof for the purpose of considering, and if though fit, approving the adoption of Share Option Scheme and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“Subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Substantial Shareholder”	has the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

Executive Directors:

Ms. Chong Sok Un (Deputy Chairman)
Mr. Kong Muk Yin
Mr. Guo Meibao
Mr. Zhou Haiying

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Non-Executive Directors:

Mr. Zhou Liye (Chairman)
Dato' Wong Peng Chong
Mr. Liao Feng

*Head Office and Principal Place of
Business in Hong Kong:*

47th Floor
China Online Centre
333 Lockhart Road
Wan Chai
Hong Kong

Independent Non-Executive Directors:

Mr. Zhang Jian
Dr. Xia Xiaoning
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

18 February 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolution to be proposed at the SGM relating to the proposed adoption of the Share Option Scheme.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

The Board proposes to adopt the Share Option Scheme, the principal terms of which are set out in the Appendix to this circular.

The purpose of the Share Option Scheme is to enable the Board to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

Under the Share Option 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, the performance targets to be achieved before such Options can be exercised and to determine the Subscription Price). The Directors consider that the aforesaid terms of the Share Option Scheme will provide the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant and help to achieve the purpose of the Share Option Scheme.

The Share Option Scheme shall take effect conditional upon:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of Options under the Share Option Scheme; and
- (b) the passing of the resolution of Shareholders to adopt the Share Option Scheme.

Under the Share Option Scheme, the aggregate number of Shares in respect of which Options (including both exercised and outstanding Options) may be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not, in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date. Further, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time.

None of the Director is a trustee of the Share Option Scheme or has a direct or indirect interest in the trustee of the Share Option Scheme, if any.

As at the Latest Practicable Date, the Company has 14,480,072,773 Shares in issue. Assuming that there is no change in the issued Shares between the period from the Latest Practicable Date to the Adoption Date of the Share Option Scheme, the number of Shares issuable pursuant to the Share Option Scheme and any other share option scheme(s) of the Company on the Adoption Date will be 1,448,007,277 Shares, representing 10% of the total number of Shares in issue.

LETTER FROM THE BOARD

Application will be made to the Listing Committee for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the Options which have not been determined. Such variables include the Subscription Price, Option Period, any lock-up period, any performance targets set and other relevant variables. However, Shareholders should note that, in compliance with the Listing Rules, estimated valuations of Options granted during any financial period will be provided based on the Black-Scholes option pricing model, binomial model or a comparable generally accepted methodology as at the end of the relevant financial period for the interim and final results of the Company.

An ordinary resolution to approve and adopt the Share Option Scheme will be proposed at the SGM. A summary of the principal terms of the Share Option Scheme is given in the Appendix to this circular.

Copy of the Share Option Scheme will be available for inspection during normal business hours (Saturdays and public holidays excepted) at the head office and principal place of business in Hong Kong at 47th Floor, China Online Centre, 333 Lockhart Road, Wan Chai, Hong Kong, from the date of this circular until the date of the SGM.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the proposed adoption of the Share Option Scheme and no Shareholder is required to abstain from voting at the SGM for approving the Share Option Scheme.

Special general meeting

The notice of SGM is set out on pages 17 to 18 of this circular. Ordinary resolution in respect of the proposed adoption of the Share Option Scheme as referred to above will be proposed at the SGM.

A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy and return it in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions will be put to vote by way of poll at the SGM. Any announcement on the results of the vote by poll will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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 Company. 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.

RECOMMENDATION

The Directors consider that the proposed resolution for approval of the adoption of the Share Option Scheme is in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of the resolution to be proposed at the SGM.

This notice of SGM dated 18 February 2019 is set out on pages 17 to 18 in this circular.

Should there be any inconsistencies between the English text and the Chinese text of this circular, the English text of this circular will prevail over the Chinese text.

By Order of the Board
China Medical & HealthCare Group Limited
Zhou Liye
Chairman

The following is a summary of the principal terms of the Share Option Scheme to be conditionally approved by the Shareholders at the SGM but such summary does not form part of, nor is it intended to be, part of the Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme. The Directors reserve the right at any time prior to the SGM to make such amendments to the Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material respect with such terms as summarized in this Appendix and the Listing Rules and any other applicable laws.

1. PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group.

2. WHO MAY JOIN

The basis of eligibility of any of the class of Eligible Participants to the grant of any Options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and any Invested Entity. For avoidance of any doubt,

- (a) the grant of any option by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the classes of Eligible Participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of Option under the Share Option Scheme; and
- (b) no person shall be an Eligible Participant only because of his, her or its being an eligible participant under any previous option scheme adopted by the Company.

Eligible Participants means: (i) any employee or proposed employee (whether full time or part time employee) of any member of the Group or any Invested Entity; (ii) any director of the Company (including executive, non-executive and independent non-executive Directors), any Subsidiary or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any invested entity; (iv) any person or entity that provides research, development or other technical support to the Group or any Invested Entity; and (v) any adviser or consultant to any area of advisory, consultancy, business or business development of any member of the Group or any Invested Entity.

3. SUBSCRIPTION PRICE OF SHARES

The Subscription Price in respect of any Option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but in any case the Subscription Price shall not be lower than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the Date of Grant; and (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of a Share.

4. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (i) With respect to the number of Shares available for subscription under the Share Option Scheme,
 - (a) The aggregate number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and all options to be granted under any other share option scheme(s) of the Company shall not, subject to terms relating to effects of alterations of capital structure under the Share Option Scheme, in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that Options lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme(s) of the Company will not be counted for the purpose of calculation of the 10% limit under this subparagraph;
 - (b) The Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit such that total number of Shares in respect of which Options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders provided that Options previously granted under the Share Option Scheme or any other share option scheme(s) of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option scheme(s) of the Company) will not be counted for the purpose of calculating the limit as "refreshed". The Company shall send a circular to the Shareholders containing the information required by the Listing Rules;

- (c) The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the 10% limit provided that the Grantee(s) of such Option(s) must be specifically identified by the Company before such approval is sought. The Company shall send a circular to the Shareholders containing the information required by the Listing Rules; and
 - (d) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time. No Option may be granted under the Share Option Scheme or any other share option scheme(s) of the Company if this will result in the limit set out in this sub-paragraph being exceeded.
- (ii) With respect to the maximum entitlement of each Grantee under the Share Option Scheme,
- (a) Subject to sub-paragraph 4(ii)(b), no Eligible Participant shall be granted an Option if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options granted to such Eligible Participant (including both exercised and outstanding Options) in the 12-month period up to and including the Date of Grant exceeding 1% of the total number of Shares in issue; and
 - (b) Where any further grant of Options to an Eligible Participant, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his Associates abstaining from voting. The Company must send a circular to the Shareholders containing the information required by the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price.

5. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES

Each grant of Options to a Director, chief executive (other than a proposed Director or a proposed chief executive of the Company) or Substantial Shareholder, or any of their respective Associates, under the Share Option Scheme or any other share option scheme(s) of the Company or any of its subsidiaries shall be approved by the independent non-executive Directors (excluding independent non-executive Director who is a Grantee of an Option).

In case of a grant of an Option to a Substantial Shareholder or an independent non-executive Director, or any of their respective Associates; or where any grant of Options to a Substantial Shareholder or an independent non-executive Director, or any of their respective Associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 months' 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, based on the closing price of the Shares at the date of such grant, in excess of HK\$5,000,000, such grant of Option must be approved by the Shareholders in general meeting. The Company shall send a circular to the Shareholders containing the information required by the Listing Rules. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. The number and terms (including the exercise price) of the Options to be granted to such persons as set out in this paragraph shall be fixed before the Shareholders' meeting and the date of the Directors' meeting for proposing such further grant of Options shall be taken as the Date of Grant for the purpose of calculating the exercise price and for such other purpose as required by the Share Option Scheme.

6. RESTRICTION ON TIME OF GRANT OF OPTIONS

The Company may not grant any Options after an inside information event has occurred or an inside information matter has been the subject of a decision until such inside information has been published in accordance with the Listing Rules. In particular, no Option may be granted during the period of one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company's results for any year or half-year or quarterly or any other interim period; and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year or quarterly or any other interim period, and ending on the date of the results announcement.

7. TIME OF ACCEPTANCE AND EXERCISE OF OPTION

Any offer to grant an Option shall be made in writing and shall specify the exercise price, the number of Shares comprised in such Option and the Option Period and shall include a statement to the effect that any acceptance thereof shall render the Eligible Participant who is being offered bound by the provisions of the Share Option Scheme. Any offer to grant an Option shall be open for acceptance within the date as specified in the offer letter issued by the Company, being a period of 21 days inclusive of, and from the Date of Grant, provided that (i) no such offer shall be open for acceptance after the expiry of the Share Option Scheme or after the Share Option Scheme has been terminated; and (ii) no such offer may be accepted by a person who ceases to be an Eligible Participant after the offer has been made.

An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the Eligible Participant, together with a payment in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is delivered to the Company. Such consideration shall in no circumstances be refundable.

An offer of the grant of an Option not accepted within the said period of 21 days in the manner indicated above shall lapse and deem to be irrevocably rejected.

There is no minimum holding period before an Option is exercisable save as determined by the Board and provided in the offer of the grant of the Options.

8. PERFORMANCE TARGET

There is no performance target that has to be achieved before the exercise of any Option save as determined by the Board and provided in the offer of the grant of the Options.

9. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

10. RIGHTS ON CEASING TO BE AN ELIGIBLE PARTICIPANT

If the Grantee ceases to be an Eligible Participant by reason of matters other than the grounds specified in paragraph 11 or sub-paragraph 18(d) of this appendix, the Grantee may exercise his outstanding Options within three months after such cessation and any such Options not so exercised shall lapse and determine at the end of the said period of three months.

11. RIGHTS ON ILL-HEALTH, DEATH OR RETIREMENT

If the Grantee ceases to be an Eligible Participant by reason of serious illness or death or retirement in accordance with his contract of employment or service, the Grantee or (as the case may be) his personal representative(s) may exercise his outstanding Options within twelve months of such cessation or such period extended by the Board and any such Options not so exercised shall lapse and determine at the end of such period.

12. EFFECT OF ALTERATIONS TO CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made in: (a) the number or nominal amount of Shares comprised in each Option for the time being outstanding; and/or (b) the Subscription Price; and/or (c) the maximum number of Shares which may be issued upon exercise of all Options referred to in sub-paragraphs 4(i) and (ii) respectively, as the auditors of the Company or the independent financial adviser to the Company shall certify in writing to the Board to be in their opinion fair and reasonable provided that (a) the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; (b) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (c) no such adjustment will be required in circumstances where there is an issue of Shares as consideration in a transaction; and (d) any adjustment shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time.

13. RIGHTS ON A GENERAL OR PARTIAL OFFER

In the event that a general or partial offer is made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), the Directors shall as soon as practicable notify the Grantees accordingly. An Grantee shall be entitled to exercise his outstanding Options in whole or in part within 14 days of receipt of such notice. To the extent that any Option has not been so exercised, it shall upon the expiry of such period lapse and determine.

14. RIGHTS ON WINDING-UP

In the event that notice is given of a general meeting of the Company at which a resolution will be proposed for the voluntary winding-up of the Company, the Company shall forthwith give notice thereof to all Grantees and each Grantee shall be entitled, at any time not later than two business days prior to the proposed general meeting of the Company to exercise his outstanding Options in whole or in part. The Company shall as soon as possible and in any event no later than one business day prior to the date of such general meeting, allot and issue such number of Shares to the Grantees which fall to be issued on such exercise. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.

15. RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event that 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 or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to the Shareholders and the Company's creditors, and thereupon each Grantee shall be entitled, at any time not later than two business days prior to the proposed meeting of the Company, to exercise his outstanding Options in whole or in part. The Company shall as soon as possible and in any event no later than one business day prior to the date of such general meeting, allot and issue such number of Shares to the Grantees which fall to be issued on such exercise. Subject thereto, all Options then outstanding shall lapse and determine upon such compromise or arrangement becoming effective.

16. RANKING OF SHARES

No dividends will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised. A Share allotted upon the exercise of an Option shall not carry voting rights until completion of the registration of the Grantee (or any other person) as the holder thereof. A Share issued upon such exercise shall rank for all dividends or other distributions paid or made on or after the date of exercise, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which is before such date of exercise. Subject as aforesaid, Shares allotted upon the exercise of an Option shall rank pari passu in all respects with the Shares in issue on the date of exercise (provided that when the date of exercise falls on a day upon which the register of members of the Company is closed then the first business day on which the register of members of the Company is re-opened) and shall be subject to all the provisions of the Memorandum of Association and Bye-laws and the laws of Bermuda for the time being in force.

17. PERIOD OF THE SHARE OPTION SCHEME

The Share Option Scheme will be valid and effective during the Scheme Period.

18. LAPSE OF OPTION

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

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 10 to 14 above;
- (c) the date of the commencement of the winding-up of the Company;
- (d) the date on which a Grantee ceases to be an Eligible Participant by reason of the termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty; or
- (e) the date on which the Directors cancel any outstanding Option or part thereof on the ground the Grantee commits a breach of paragraph 9.

19. ALTERATION OF THE SHARE OPTION SCHEME

The Share Option Scheme may be altered in any respect by the Directors except that (a) any changes to the definitions of “Eligible Participant” and “Option Period”; (b) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature; (c) any change to the terms of Options granted to the advantage of such Grantees; (d) any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme; and (e) any change in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees, must be approved by a resolution of the Shareholders in general meeting provided that the amended terms of the Share Option Scheme or the Options shall remain in compliance with the requirements of Chapter 17 of the Listing Rules.

20. CANCELLATION OF OPTIONS

The Company may cancel an Option granted but not exercised with the approval of the Grantee of such Option. Where the Company cancels Options granted to an Eligible Participant, the Company may, in place thereof, grant new options to the same Eligible Participant, provided that there are available unissued Options (excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in sub-paragraph 4(i).

21. TERMINATION

The Company, by resolution in general meeting, may at any time terminate the Share Option Scheme and, in such event, no further offer to grant an Option nor further Option shall be made but in all other respects the provisions of the Share Option Scheme shall remain in force and effect. All Options granted and accepted and remained unexpired immediately prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the Share Option Scheme.

NOTICE OF SPECIAL GENERAL MEETING



China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**Meeting**”) of China Medical & HealthCare Group Limited (the “**Company**”) will be held at Plaza 1 & 2, Lower Lobby, Novotel Century Hong Kong Limited, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 7 March 2019 at 11:00 a.m. for the purpose of considering, and if thought fit, passing the following resolution, with or without modification, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**:–

subject to the conditions in the share option scheme of the Company to be adopted (the “**Share Option Scheme**”) becoming fulfilled, the rules of the Share Option Scheme as contained in the document marked “A” produced to the Meeting and, for the purposes of identification, signed by the chairman of the Meeting and summarised in the circular of the Company dated 18 February 2019, be hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme including without limitation:

- (a) administering the Share Option Scheme and granting options under the Share Option Scheme;
- (b) modifying and/or amending the rules of the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”);
- (c) allotting and issuing from time to time such number of shares in the capital of the Company (the “**Shares**”) as may be required to be issued pursuant to the exercise of the options granted under the Share Option Scheme; and

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- (d) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme.”

By Order of the Board
China Medical & HealthCare Group Limited
Fung Ching Man, Ada
Company Secretary

Hong Kong, 18 February 2019

Notes:

- (i) Any member of the Company entitled to attend and vote at the Meeting or a meeting of the holder of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
- (ii) The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.
- (iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
- (iv) All voting by the members at the Meeting shall be conducted by way of poll.