

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

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

**If you have sold or transferred** all your shares in Broncus Holding Corporation, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**Broncus Holding Corporation**

**壛博医疗控股有限公司**

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

**(Stock Code: 2216)**

**(1) PROPOSALS FOR  
AMENDMENTS TO THE RSU SCHEME AND  
ADOPTION OF THE SCHEME LIMIT AND  
THE SERVICE PROVIDER SUBLIMIT;  
AND  
(2) NOTICE OF EGM**

A notice convening the EGM of Broncus Holding Corporation to be held at Room 801, 8/F, Building 8, No. 88 Jiangling Road, Xixing Street, Binjiang District, Hangzhou, China on Wednesday, October 25, 2023 at 10:00 a.m. is set out on pages 31 to 33 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting (i.e. before 10:00 a.m. on Monday, October 23, 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjournment thereof if they so wish and in such event, the proxy shall be deemed to be revoked.

October 4, 2023

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## DEFINITIONS

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

“Amendment Date”	the date on which the proposed amendments to the RSU Scheme, shall be approved by the Shareholders;
“Applicable Law”	the requirements relating to the administration of equity incentive plans under Hong Kong, Cayman Islands and U.S. federal and state securities, tax and other applicable laws, rules and regulations, the Listing Rules and any applicable rules of any other stock exchange or quotation system on which the Shares are listed or quoted, and the applicable laws and rules of any other country or jurisdiction where Awards are granted;
“Articles”	the articles of association of the Company currently in force;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Auditor(s)”	the auditor(s) for the time being of the Company;
“Award”	an award of RSUs granted to an Eligible Participant pursuant to the Scheme, which may include, if so specified by the Board or its delegate(s) in its sole discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the Award is granted to the date that it vests;
“Award Share(s)”	the Share(s) granted to a Grantee in an Award;
“Beneficiary”	any Grantee in respect of whom the Award or any portion thereof is vested upon the fulfillment of any vesting schedules and vesting conditions and who is thereby a beneficiary;
“Board”	the board of directors of the Company or a duly authorised committee thereof;
“Board Lot”	the board lot in which Shares are traded on the Stock Exchange from time to time;
“Business Day”	any day (excluding Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing in securities;

## DEFINITIONS

“Companies Ordinance”	the Companies Ordinance, Cap. 622 of the Laws of Hong Kong, as amended from time to time;
“Company”	Broncus Holding Corporation, an exempted company with limited liability incorporated under the laws of the Cayman Islands, the Shares of which are listed on the Stock Exchange with stock code: 2216;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Consultation Conclusions”	the consultation conclusions on the proposed amendments to listing rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022;
“close associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Effective Date”	May 9, 2021, being the date on which the Scheme became unconditional;
“EGM”	the extraordinary general meeting of the Company scheduled to be convened and held at Room 801, 8/F, Building 8, No. 88 Jiangling Road, Xixing Street, Binjiang District, Hangzhou, China on Wednesday, October 25, 2023 at 10:00 a.m. or any adjournment thereof, the notice of which is set out on pages 31 to 33 of this circular;
“Eligible Participant”	an individual, being (i) an Employee Participant or (ii) a Service Provider, whom the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with Applicable Laws in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the term “Eligible Participant”;
“Employee Participant”	any director and employee (whether full-time or part-time employee) of the Company or any of its Subsidiaries, and including persons who are granted Awards as an inducement to enter into employment contracts with these companies;

## DEFINITIONS

“Entitlement”	either (i) the Shares underlying the RSUs in respect of an Award; or, (ii) at the sole discretion of the Board or its delegate(s), an amount in cash which is equivalent to the value of the Shares underlying the RSUs granted in an Award (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to be distributed by the Trustee to the Beneficiary by making an on-market sale of such Shares and which amount shall be determined by the Trustee with reference to the market value of the Shares at the time of such sale, tax (where applicable), fees, levies, stamp duty and other charges including any other additional fees charged by the Trustee and/or its delegate(s) holding the Trust Fund applicable to the Entitlement and the sale of such Shares;
“financial year”	the period commencing on January 1 and ending on December 31 each year, or such other period as fixed by the Company for the preparation of its annual accounts;
“Grant”	an offer or the grant of an Award made in accordance with the Scheme;
“Grantee”	any Eligible Participant who accepts the Grant in accordance with the terms of the Scheme or (where the context so permits) a person or persons who is or becomes entitled to any such Award under the terms of the Scheme or by operation of law, either in consequence of the death or incapacity of an original Grantee or otherwise;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Latest Practicable Date”	September 27, 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Nomination Committee”	the nomination committee of the Board;
“Notice of Grant”	has the meaning ascribed to it in the section headed “4. Grant of Awards” in Appendix I to this circular;

## DEFINITIONS

“on-market”	the acquisition of the Shares through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other Applicable Laws;
“Offer Date”	the date of the letter by which an Award is offered to an Eligible Participant;
“Offer Period”	has the meaning ascribed to it in the section headed “4. <i>Grant of Awards</i> ” in Appendix I to this circular;
“Purchase Price”	has the meaning ascribed to it in the section headed “4. <i>Grant of Awards</i> ” in Appendix I to this circular;
“Remuneration Committee”	the remuneration committee of the Board;
“RSU”	a restricted share unit representing one Share of the Company and conferring the Grantee a conditional right upon vesting of the Award to obtain an Entitlement in correspondence to such Share;
“RSU Scheme” or “Scheme”	the restricted share unit scheme as amended and/or restated from time to time;
“Scheme Limit”	has the meaning ascribed to it in the section headed “3. <i>Adoption of the Scheme Limit and Service Provider Sublimit</i> ” in the Letter from the Board to this circular;
“Service Provider(s)”	any persons who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, taking into account (including but not limited to) the length and nature of the services provided or which are expected to be provided, the terms of engagements (including the hours, places and mode of services), and the business segments and focuses of the Group from time to time, including without limitation, any independent contractor, consultant, agent and/or advisors who provides advisory services and consultancy services where the continuity and frequency of their services are akin to those of employees, excluding (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or (ii) professional service provider such as auditors or valuers who provide assurance or are required to perform their services with impartially and objectively;
“SFC”	the Securities and Futures Commission of Hong Kong;

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time;
“Service Provider Sublimit”	has the meaning ascribed to it in the section headed “3. <i>Adoption of the Scheme Limit and Service Provider Sublimit</i> ” in the Letter from the Board to this circular;
“Shares”	ordinary shares of US\$0.0001 each in the share capital of the Company (or of such other nominal amount as may result from a sub-division, consolidation, reclassification or reconstruction of such share capital from time to time);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	any subsidiary (as the term is defined in the Listing Rules) of the Company;
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules;
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs, as amended from time to time;
“Termination Date”	10 years after the Effective Date;
“Trust”	the trust constituted by the Trust Deed to service the Scheme;
“Trust Deed”	where applicable, the trust deed to be entered into between the Company and the Trustee in the context of establishment of the Trust (as may be restated, supplemented and amended from time to time);
“Trust Fund”	for the purposes of the Scheme:  (a) all cash paid and other property (including the Shares underlying the Award) to be transferred to the Trustee and/or its delegate(s) by the Company;

## DEFINITIONS

- (b) all Shares and property to be acquired by the Trustee and/or its delegate(s) for the purpose of the Scheme out of (i) cash paid to the Trustee and/or its delegate(s) by way of settlement or otherwise contributed by the Company and such other person, and (ii) cash income or net proceeds of sale of non-cash and non-scrip distribution in respect of the Shares so held, either directly or indirectly, under the Scheme, and such other scrip income (including but not limited to bonus shares and scrip dividend declared by the Company) derived from the Shares held, either directly or indirectly, upon this Trust; and
- (c) any interest or other income derived from the properties described in (a) and (b) above;

“Trustee”

as the context requires, the trustee appointed by the Company for the purpose of administering the Trust or any additional or replacement trustee(s), which shall abstain from voting or exercising any voting rights in respect of any unvested Shares which are held, whether directly or indirectly, under the trust or as nominee on matters that require approval of the Shareholders under the Listing Rules, unless otherwise required by applicable laws to vote in accordance with the beneficial owner’s direction and such a direction is given;

“%”

per cent.

LETTER FROM THE BOARD



**Broncus Holding Corporation**

**堃博医疗控股有限公司**

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

**(Stock Code: 2216)**

*Executive Director:*

Mr. Hong Xu (*Chief Executive Officer*)

*Non-executive Directors:*

Mr. Michael Yi Wei Zhao (*Chairman*)

Mr. Zhenjun Zi

Mr. Ao Zhang

Mr. Guowei Zhan

*Independent Non-executive Directors:*

Dr. Pok Man Kam

Professor Joseph Wan Yee Lau

Ms. Yee Sin Wong

*Registered office:*

PO Box 309, Umland House

Grand Cayman, KY1-1104

Cayman Islands

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

Room 801, 8/F, Building 8

No. 88 Jiangling Road

Xixing Street, Binjiang District

Hangzhou

China

*Principal place of business in Hong Kong:*

40/F, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

October 4, 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSALS FOR  
AMENDMENTS TO THE RSU SCHEME AND  
ADOPTION OF THE SCHEME LIMIT AND  
THE SERVICE PROVIDER SUBLIMIT;  
AND  
(2) NOTICE OF EGM**

**1. INTRODUCTION**

The purpose of this circular is to give you the notice of EGM and the following proposals to be put forward at the EGM including: a) the proposed amendments to the RSU Scheme; and b) proposed adoption of the Scheme Limit and the Service Provider Sublimit.

## LETTER FROM THE BOARD

### 2. AMENDMENTS TO THE RSU SCHEME

Reference is made to the Company's announcement dated August 29, 2023 in relation to, among others, the proposed amendments to the RSU Scheme.

The Company adopted the RSU Scheme on May 6, 2021 and subsequently amended and restated the same on July 5, 2021. Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules was amended to govern share schemes involving the grant of share options and share awards with effect from January 1, 2023. In light of the Listing Rules, the Board has resolved on August 29, 2023 to propose amendments to be made to the RSU Scheme (the "**Proposed Amendments to the RSU Scheme**") to bring it in line with the Listing Rules.

As disclosed in Appendix I to this circular, the specific objectives of the RSU Scheme are to (i) align the interests of the Eligible Participants with those of the Group through ownership of the Shares, dividends and other distributions paid on the Shares, and to (ii) encourage and retain the Eligible Participants to make contributions to the long-term growth and success of the Group.

As of the Latest Practicable Date, there were 527,198,076 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the date of the EGM, the maximum number of Shares issuable pursuant to the RSU Scheme (as amended) and any other share schemes of the Company in aggregate will be 52,719,807 Shares, being 10% of the total number of Shares in issue on the Amendment Date. None of the Directors is a trustee of the amended RSU Scheme or has any direct or indirect interest in the trustee of the amended RSU Scheme.

## LETTER FROM THE BOARD

In the event of the amendment to the original RSU Scheme, no further Award will be granted under the original RSU Scheme, while the Awards granted prior to such amendment taking effect shall continue to be valid and exercisable in accordance with the original RSU Scheme. As of the Latest Practicable Date, a total of 21,856,782 Awards, representing 21,856,782 underlying Shares, were granted and outstanding under the original RSU Scheme, the details of which are set out as below:

Name or category of the participant, as applicable	Date of grant	Outstanding as of the Latest Practicable Date	Vesting Period, or the date of vesting, as the case maybe	Purchase price (HKD)
<b>Directors or chief executive and their associates</b>				
Michael Yi Wei Zhao	5/14/2021	4,320,000	6/20/2021	0.5015
Zi Zhenjun	5/14/2021	2,160,000	6/20/2021	0.5015
Xu Hong	5/14/2021	1,505,912	6/20/2021	0.5015
Zhan Guowei	5/14/2021	1,789,200	6/20/2021	0.5015
<b>Service provider with awards granted and to be granted in any 12-month period exceeding 0.1% individual limit</b>				
Felix Herth	6/13/2022	2,163,064	6/13/2022	1.63
<b>Other employee participants</b>				
	5/14/2021	2,803,080	6/20/2021	0.5015
	5/30/2022	1,850,826	5/30/2022	0
	9/28/2022	2,400,000	5 years from the date of grant	<i>Note 1</i>
	12/28/2022	158,701	4 years from the date of grant	0
	5/30/2023	2,255,999	5/30/2023 or 4 years from the date of grant	<i>Note 2</i>
<b>Other service providers</b>				
	6/13/2022	450,000	3 years from the date of grant	1.63

## LETTER FROM THE BOARD

*Notes:*

- (1) The purchase price is either (i) 0 or (ii) a price which is equivalent to the average closing price of the Company in the last five trading days prior to January 1 of the year preceding each vesting date\*80%.
- (2) The purchase price is either (i) 0 or (ii) a price which is equivalent to the average closing price of the Company in the five business days prior to each vesting date\*50%.

### **Key Changes Entailed by the Proposed Amendments to the RSU Scheme**

The key changes entailed by the Proposed Amendments to the RSU Scheme are set out below, with further details set forth in Appendix I to this circular.

- (a) to revise the eligible persons to include (i) Employee Participants and (ii) Service Providers;
- (b) to adopt the Scheme Limit and the Service Provider Sublimit;
- (c) to codify the requirement of independent Shareholders' approval for refreshment of the Scheme Limit and Service Providers Sublimit;
- (d) to codify the requirement of approval by the Shareholders for any grant of awards to an individual participant if the number of Shares issued and to be issued in respect of all awards and options granted to such person pursuant to the RSU Scheme and any other share schemes adopted by the Company (excluding awards or options lapsed in accordance with relevant scheme rules) in any 12-month period exceeds 1% of the total number of issued Shares;
- (e) to codify the requirement of approval by the Shareholders for any grant of awards to Directors (other than independent non-executive Directors) and chief executive (or any of their respective associates), if the number of Shares issued and to be issued in respect of all awards granted to such person pursuant to the RSU Scheme and any other share schemes adopted by the Company (excluding awards lapsed in accordance with relevant scheme rules) in any 12-month period exceeds 0.1% of the total number of issued Shares;
- (f) to codify the requirement of approval by the Shareholders for any grant of awards to an independent non-executive Director or a substantial shareholder of the Company (or any of their respective associates), if the number of Shares issued and to be issued in respect of all awards and options granted to such person pursuant to the RSU Scheme and any other share schemes adopted by the Company (excluding awards or options lapsed in accordance with relevant scheme rules) in any 12-month period exceeds 0.1% of the total number of issued Shares;
- (g) to elaborate on the provision for adjustment of the awards granted under the RSU Scheme in the event of a capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital;

## LETTER FROM THE BOARD

- (h) to adopt the minimum vesting period of 12 months save where the grant of awards to certain eligible persons are subject to a shorter vesting period under specific circumstances;
- (i) to codify the requirement for Shareholders' approval for any alterations to the provisions of the RSU Scheme relating to the matters set out in Rule 17.03 of the Listing Rules;
- (j) to codify the clawback mechanism under specific scenarios;
- (k) to elaborate on the scope of criteria for performance targets attached to the awards granted, including a mixture of key performance indicators components;
- (l) to include the necessary carve-outs on the transferability of the any awards under the RSU Scheme; and
- (m) to include other amendments for house-keeping purposes and to better align the wording with that of the Listing Rules.

### **Basis of Eligibility of the Eligible Participants under the RSU Scheme**

Eligible participants under the RSU Scheme, as amended, include: (a) the Employee Participants; and (b) the Service Providers. The basis of eligibility of any of the above classes of Eligible Participants to the grant of any Awards shall be determined by the Board from time to time on the basis of their present and expected contribution to the Group.

In determining an Employee Participant's eligibility under the RSU Scheme, assessing factors include, among others, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group. In particular, the Board will take into account the growth and development need of the Group, the position and responsibilities, expected work performance and quality and relevant factors relevant to the potential Eligible Participants, such as the level and importance of the potential Eligible Participants and the expected responsibilities that such potential Eligible Participants shall take, as well as the key performance indicators expected to be achieved by such potential Eligible Participants.

## LETTER FROM THE BOARD

In the case of the Service Providers, the category of participants include consultants and/or advisors in the field who have been regularly providing contributions to the Company in (a) analyzing competition landscapes for the interventional pulmonology industry, allowing the Company to enhance and/or expand its research and development, manufacturing, commercialization, product offering(s) and business model(s) so as to maintain or enhance the competitiveness of the Group; and (b) acquiring dynamical insights of international capital markets landscapes and thereby formulating strategies on improving business model(s) to establish the Group's global footprints, and in each case, excludes any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

In determining a Service Provider's eligibility under the RSU Scheme, assessing factors include, among others, the length of business relationship with the Group, the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties), track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealing with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Provider. More particularly, in determining whether a potential participant provides services to the Group on a continuing and recurring basis and in the ordinary and usual course of business of the Company, factors include, among others, the length and frequency of engagement with the Group as well as the materiality and nature of the business relationship with the Group and/or if their continuing and recurring engagement and cooperation with the Group would benefit the businesses of the Group.

The Board believes that the grant of Awards to the Eligible Participants would not only align the interest of the Group with these grantees but also provide incentive and reward for (i) their participant and involvement in promotion the business of the Group, (ii) their joint and collaborate efforts in co-creating value for the Group's customers, and (iii) maintaining a good and long-term relationship with the Group. The Board believes that through the grant of Awards, such eligible persons will have a common goal as the Group in the growth and development of the Group's business and therefore aligns with the purpose of the RSU Scheme.

### **View of Independent Non-executive Directors on Inclusion of Service Providers as Eligible Participants**

The Directors (including the independent non-executive Directors) consider that it is beneficial to include the Service Providers since a sustainable and stable relationship with them is helpful to the business development of the Group and that the grant of Awards to these Service Providers will align their interests with the Group's, incentivizing them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long run.

## LETTER FROM THE BOARD

The Board (including independent non-executive Directors) consider that the proposed category of the Service Providers serves for maintaining or enhancing the competitiveness of the Group, considering that it is in line with (i) the Company's business needs, i.e. despite that Service Providers may not be directly appointed or employed by the members of the Group (who would otherwise be categorized as Employee Participants), they are nonetheless potential valuable human resources to the Group, given their extensive connections in the market, knowledge and expertise of the industry, as well as close corporate and collaborative relationships with the Group, as well as involvement in joint work projects in close connection with the Group's business, and (ii) the industry norm, and it enables the Company to preserve flexibility using share incentives to encourage the Service Providers to contribute to the Group and align the mutual interests.

Despite of the inclusion of Service Providers, the Board will take into various factors, especially the contribution to the Group, when assessing whether to make grants to any Service Providers. It is expected that such grants will be strictly confined to the extent necessary, and be companioned with certain contribution targets as the vesting conditions where necessary.

Accordingly, the Board (including the independent non-executive Directors) consider the inclusion of Service Providers as participants under the RSU Scheme fits the purpose of the Company's share schemes and is in the interests of the Company and its Shareholders.

### **Condition for the Proposed Amendments to the RSU Scheme**

The adoption of the Proposed Amendments to the RSU Scheme is conditional upon the passing of the ordinary resolutions by the Shareholders at the EGM to approve the Proposed Amendments to the RSU Scheme and the Scheme Limit.

In relation to the condition set out above, ordinary resolutions will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve, *inter alia*, the Proposed Amendments to the RSU Scheme, the Scheme Limit and the Service Provider Sublimit. No Shareholder is required to abstain from voting on the relevant resolutions to approve the Proposed Amendments to the RSU Scheme at the EGM.

A summary of the principal terms of the RSU Scheme to be approved at the EGM is set out in Appendix I to this circular.

## LETTER FROM THE BOARD

### 3. ADOPTION OF THE SCHEME LIMIT AND SERVICE PROVIDER SUBLIMIT

The Company shall not make any further Grant which will result in the aggregate number of Shares to be issued by the Company in respect of all grants of options and awards made after the Amendment Date pursuant to the Scheme and any other schemes adopted by the Company (excluding options and/or awards lapsed in accordance with relevant scheme rules) to exceed 10% of the total issued and outstanding Shares as at the Amendment Date (the “**Scheme Limit**”), unless Shareholders approve a further refreshment of the Scheme Limit or Shareholders’ approval is obtained in compliance with the Listing Rules. As at the Latest Practicable Date, the Company has 527,198,076 issued Shares, subject to Shareholder’s approval and assuming that there is no change in the issued Shares during the period from the Latest Practicable Date to the Amendment Date, the Scheme Limit will be 52,719,807 Shares.

As the scope of the Eligible Participants under the RSU Scheme shall include Service Providers, the Board considers that it is appropriate to adopt a Service Provider Sublimit within the Scheme Limit in accordance with Rule 17.03A(1) of the Listing Rules.

The Company shall not make any further Grant to Service Providers which will result in the aggregate number of Shares to be issued by the Company in respect of all grants of options and awards made after the Amendment Date pursuant to the Scheme and any other schemes adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules) to exceed 1% of the total issued and outstanding Shares as at the Amendment Date (the “**Service Provider Sublimit**”) unless the Shareholders approve a further refreshment of the Service Provider Sublimit or Shareholders’ approval is obtained in compliance with the Listing Rules. As at the Latest Practicable Date, the Company has 527,198,076 issued Shares, subject to Shareholder’s approval and assuming that there is no change in the issued Shares during the period from the Latest Practicable Date to the Amendment Date, the Service Provider Sublimit will be 5,271,980 Shares.

Taking into account (i) the hiring practice, organizational structures and business models of the Group; (ii) the benefit to and needs of the Group to provide long-term equity incentives to maintain the recurring and continuing contributions of the Service Providers in relation to day-to-day operations and core business functions of the Group; (iii) the minimal potential dilution to the shareholding of public Shareholders following the exercise of the options and/or vesting of awards to be granted to Service Providers under the Service Provider Sublimit; and (iv) the fact that the individual limit under Rule 17.03D(1) of the Listing Rules is also 1%, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable. The Service Provider Sublimit is subject to separate approval by the Shareholders at the EGM.

## LETTER FROM THE BOARD

### 4. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, October 19, 2023 to Wednesday, October 25, 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar 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, no later than 4:30 p.m. on Wednesday, October 18, 2023. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Wednesday, October 25, 2023.

### 5. NOTICE OF EGM

Set out on pages 31 to 33 of this circular is the notice of the EGM at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve, among others, the amendments to the RSU Scheme and the adoption of the Scheme Limit and the Service Provider Sublimit.

### 6. FORM OF PROXY

A form of proxy is enclosed for use at the EGM. Such form of proxy is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the EGM (i.e. before 10:00 a.m. on Monday, October 23, 2023) or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

### 7. ONLINE VIEWING

To enable Shareholders to participate in the EGM and to speak and observe in relation to the resolution(s) to be resolved at the EGM, Shareholders not attending the EGM in person may join a live streaming webcast of the EGM where they can both speak and see during the discussion session at the EGM via Tencent Meeting at <https://meeting.tencent.com/dw/6p4zxeKqaaMs>. Shareholders that intend to participate in the EGM via Tencent Meeting shall contact the Company before 10:00 a.m. on Monday, October 23, 2023 to obtain a passcode to join the EGM via the following means:

By email: [ir@broncuschina.com](mailto:ir@broncuschina.com)

## LETTER FROM THE BOARD

Shareholders should note that viewing the live streaming webcast of the EGM via Tencent Meeting will not be counted towards a quorum nor will they be able to cast their votes online. Shareholders who wish to vote are strongly encouraged to appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM by completing and returning the form of proxy in accordance with the instructions therein by a time not less than 48 hours before the time appointed for the EGM (i.e. 10:00 a.m. on Monday, October 23, 2023), if they have not already done so.

Shareholders are reminded that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairperson of the EGM as their proxy to vote on the relevant resolution(s) at the EGM instead of attending the EGM in person, by completing and return the form of proxy attached to this circular. If any Shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our head office and principal place of business in PRC at Room 801, 8/F, Building 8, No. 88 Jiangling Road, Xixing Street, Binjiang District, Hangzhou, China or principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. If any Shareholder has any question relating to the EGM, please contact the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong  
Website: [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)  
Tel: +852 2862 8555  
Fax: +852 2865 0990

### **8. VOTING BY POLL**

There is no Shareholder who has any material interest in the proposed resolutions, and therefore none of the Shareholders is required to abstain from voting on such resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 14.1 of the Articles, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of EGM will be voted upon by way of poll.

On a poll, every Shareholder present in person or by proxy or in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

## LETTER FROM THE BOARD

### 9. DOCUMENTS ON DISPLAY

Copies of the rules governing the RSU Scheme (as amended) will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the EGM. In addition, such rules governing the RSU Scheme (as proposed to be amended), will be made available for inspection at the EGM.

### 10. RECOMMENDATION

The Directors consider that the proposed resolutions for the amendments to the RSU Scheme and adoption of the Scheme Limit and the Service Provider Sublimit are in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of all the resolutions to be proposed at the EGM.

### 11. RESPONSIBILITY STATEMENT

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

Yours faithfully  
By order of the Board  
**Broncus Holding Corporation**  
**ZHAO Michael Yi Wei**  
*Chairman*

*The following is a summary of the principal terms of the RSU Scheme (as amended) to be approved at the EGM. It does not form part of, nor is it intended to be part of the rules of the RSU Scheme. The Directors reserve the right at any time prior to the EGM to make such amendments to the RSU Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in this Appendix I.*

## **1. PURPOSE**

The Scheme is established to (i) align the interests of the Eligible Participants with those of the Group through ownership of the Shares, dividends and other distributions paid on the Shares, and to (ii) encourage and retain the Eligible Participants to make contributions to the long-term growth and success of the Group.

## **2. ELIGIBLE PARTICIPANTS AND DETERMINATION OF ELIGIBILITY**

A. The Eligible Participants include:

- (a) the Employee Participants, and
- (b) the Service Providers, whom the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group.

However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with Applicable Laws in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded.

- B. In determining the Eligible Participants, the Board or its delegate(s) may take into consideration matters including the present and expected contribution of the relevant Eligible Participant to the Group.
- C. In determining a Service Provider's eligibility under the Scheme, assessing factors include, among others, the length of business relationship with the Group, the materiality and nature of the business relationship with the Group (whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties), track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealing with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the relevant Service Provider.
- D. Each grant of an Award to any director (including independent non-executive directors), chief executive officer or substantial shareholder of the Company (or any of their respective associates) shall be subject to compliance with the Listing Rules, including Rule 17.04.

### 3. SCHEME LIMIT AND SERVICE PROVIDER SUBLIMIT

- A. The Company shall not make any further Grant which will result in the aggregate number of Shares to be issued by the Company in respect of all grants of options and awards made after the Amendment Date pursuant to the Scheme and any other schemes adopted by the Company (excluding options and/or awards lapsed in accordance with relevant scheme rules) to exceed the Scheme Limit, unless Shareholders approve a further refreshment of the Scheme Limit or Shareholders' approval is obtained in compliance with the Listing Rules.
- B. The Company shall not make any further Grant to Service Providers which will result in the aggregate number of Shares to be issued by the Company in respect of all grants of options and awards made after the Amendment Date pursuant to the Scheme and any other schemes adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules) to exceed the Service Provider Sublimit unless the Shareholders approve a further refreshment of the Service Provider Sublimit or Shareholders' approval is obtained in compliance with the Listing Rules.
- C. The Company may seek approval by Shareholders in general meeting for refreshing the Scheme Limit and the Service Provider Sublimit, subject to compliance with the requirements of the Listing Rules.
- D. Where any Grant to a Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person, pursuant to the Scheme and any other schemes adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules), in the 12-month period up to and including the date of such Grant representing in aggregate over 1% of the total issued and outstanding Shares of the Company in issue at the relevant time (the "**1% individual limit**"), such Grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstain from voting.
- E. Any Grant to a director, chief executive officer or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the Grantee). Where any of Awards to a director (other than an independent non-executive director) or chief executive officer, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the relevant scheme(s) of the Company) to such person in the 12-month period up to and including the date of such Grant, representing in aggregate over 0.1% of the Shares in issues, such further Grant must be approved by Shareholders in general meeting in the manner set out in Listing Rule 17.04(4). Where any Grant to an independent non-executive directors or a substantial shareholder, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and

awards granted (excluding any options and awards lapsed in accordance with the terms of relevant scheme(s) of the Company) to such person in the 12-month period up to and including the date of such Grant representing in aggregate over 0.1% of the Shares in issue, such further Grant must be approved by Shareholders in general meeting.

- F. For the purpose of clarification, the above sub-paragraphs 3(A) to 3(E) only apply to Awards to be satisfied by new Shares to be issued by the Company.
- G. The maximum number of the Scheme Limit and the Service Provider Sublimit shall be adjusted, in such manner as the Auditors shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which the Company is a party.

#### 4. GRANT OF AWARDS

- A. Subject to the terms of the Scheme, the Board may, at any time during the Offer Period, offer to grant to any Eligible Participant an Award in such number of RSUs representing the corresponding number of underlying Shares (being in a Board Lot or an integral multiple thereof) as it may determine in its sole discretion. The Board or its delegate(s) may in its absolute discretion specify the terms and conditions, if any, as it thinks fit when making such offer to the Eligible Participant, including, without limitation, the minimum vesting period or conditions as to performance criteria to be satisfied by the Grantee which must be satisfied before the vesting of an Award.
- B. The performance criteria may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results) which may vary among the Eligible Participants.

The Board would assess the performance targets of each Eligible Participant and impose vesting conditions with performance targets subject to the corporate indicators and individual indicators on a case-by-case basis to ensure that the grant and vesting of Awards could be beneficial to the Group. Key corporate performance indicators include those linked to periodic revenue, profit and development of the Company; key individual performance indicators include those linked to individual performance, competence, and the extent of a “good fit” with the Group, of which reference to achievement of individual work objectives, work quality, or leadership quality may be taken into account. Given that each Eligible Participant will play different roles and contribute in different ways to the Group, the Board believes that retaining discretion on whether to attach performance objectives to Awards can provide the Board with more flexibility in setting the terms and conditions of the

Awards on a case-by-case basis, and tailor the terms and conditions of the grant to cater to specific circumstances of each Eligible Participant. In addition, it is considered that such flexibility under the RSU Scheme can also facilitate the ultimate goal of the Company in offering meaningful incentives to remunerate and retain quality personnel that are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole.

To the extent where grants are offered under the RSU Scheme without any performance objectives attached, the Board considered that such incentive remain to be market competitive because, each such grant, on its own, represents a means of direct encouragement and forms part of the remuneration package. In addition, the intrinsic value of the Awards will be linked to the Share price of the Company at the time of vesting, which in turn depends upon the future performance of the Company. The time-based nature of the Awards (for example, a minimum vesting period) will ensure that the long-term interests of the Eligible Participants and the Group are aligned. Based on the foregoing, in the event that no performance objectives are attached to grants made under the RSU Scheme, the Company considered that the Eligible Participants will nevertheless be motivated to contribute towards the development of the Group and thus such arrangement will be conducive to providing incentive and reward for participation, involvement and promotion the business of the Group, and therefore aligns with the purpose of the RSU Scheme.

- C. A Grant shall be made to any Eligible Participant by notice (the “**Notice of Grant**”) in such form as the Board or its delegate(s) may from time to time determine, specifying the number of Shares underlying the RSUs granted to them, the amount (if any) of the consideration for the Award (the “**Purchase Price**”) which shall be paid in such manner and on or before such prescribed deadline(s), the vesting schedule as determined by the Board in its sole discretion, the date by which the Grant must be accepted being a date not more than 28 days after the Offer Date (provided such offer shall be open for acceptance after the effective period of the Scheme) (the “**Offer Period**”). The Notice of Grant shall also state that the offer of an Award shall be personal to the Eligible Participant concerned and the Shares underlying the RSUs shall not be transferable. The inadvertent non-compliance with the requirements of this sub-paragraph shall not render the Grant invalid if the Board so determines and makes such remedial action, if any, as it deems appropriate in its absolute discretion.
- D. The Purchase Price shall be determined by the Board or its delegate(s) with reference to market comparables, taking into account factors including the historical trend of the Share price of the Company and the actual circumstances of the Company. No consideration is payable on acceptance of each grant of Award(s). The purpose of the above pricing method is to ensure the effectiveness of the RSU Scheme, further stabilize and motivate the Eligible Participants, and provide mechanism and talent guarantee for the long-term and stable development of the Company. The pricing has comprehensively considered the effectiveness of the RSU Scheme and the impact of the Company’s expenses, and will not have a negative impact on the Company’s

operation, reflecting the actual incentive needs of the Company and is reasonable. Except for such Purchase Price which shall be paid in such manner and on or before such deadline(s) as prescribed in the Notice of Grant by the Eligible Participant who accepts the Award to the Company where applicable, no other purchase price shall be paid for the Awards. The Board believes that it is in the best interests of the Company to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward for the Eligible Participants' contribution or potential contribution. Further, by allowing the Company to grant Awards under the RSU Scheme at a Purchase Price (if any) on a case by case basis, the Company may be in a better position to retain such Eligible Participants to continue serving the Group whilst at the same time providing these Eligible Participants further incentive in achieving the goals of the Group. Some room for discretion provides the Board with flexibility to stipulate, if necessary, a Purchase Price for the Award Shares, while balancing the purpose of the Award and interests of Shareholders. Therefore, the aforesaid term regarding the Purchase Price aligns with the purpose of the RSU Scheme.

- E. Any Awards granted may be cancelled by the Board or its delegate(s), at any time with the prior consent of the Eligible Participant. Any Award so cancelled will be regarded as utilized for the purpose of calculating the Scheme Limit and the Service Provider Sublimit.

## 5. VESTING OF AWARDS

- A. Subject to the terms of the Scheme and the specific terms and conditions applicable to each Award which may be determined at the sole and absolute discretion of the Board from time to time, the RSUs granted to a Grantee in an Award shall be vested subject to such vesting schedule as set out in the relevant Notice of Grant and this sub-paragraph A. The Awards granted shall be subject to a vesting period as determined by the Board, which shall be at least 12 months commencing from the date of the Notice of Grant notwithstanding the clauses under section 7 in this Appendix I (Lapse of Award and Clawback Mechanism). A shorter vesting period of the Awards may be granted to an Employee Participant at the sole discretion of the Board and/or the Remuneration Committee as they may deem appropriate including where:
  - (a) grants of "make-whole" Awards to the Eligible Participants upon joining the Group to replace the share awards they forfeited when leaving the previous employer;
  - (b) grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event; in such circumstances the vesting of the Awards may accelerate;
  - (c) grants of Awards with performance-based vesting conditions, in lieu of time-based vesting criteria;

- (d) grants that are made in batches during a year for administrative and compliance reason;
- (e) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; or
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

To ensure the practicability in fully attaining the purpose of the RSU Scheme, the Board is of the view that: (a) there are certain instances where a strict 12-month vesting requirement would not work or would not be fair to the holders of the Awards, such as those set out in the aforesaid paragraph of shorter vesting period; (b) there is a need for the Company to retain flexibility in certain cases to (i) reward based on past performance of a Eligible Participant as appraised by the human resources department of the Company or the executives as designated by the Board or the Remuneration Committee, and (ii) provide a competitive remuneration package to attract and retain individuals to provide services to the Group, to provide for succession planning and the effective transition of employee responsibility, and to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; (c) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time based vesting criteria depending on individual circumstances; and (d) such vesting period is in line with the requirements under the Listing Rules and customary market practice.

Hence, the Board is of the view that the vesting period of the RSU Scheme is in line with the market practice and is appropriate and aligns with the purpose of the RSU Scheme.

- B. Within reasonable time after the vesting criteria and conditions have been fulfilled, satisfied or waived, the Board will send a vesting notice (the “**Vesting Notice**”) to each of the relevant Grantee. The Vesting Notice will confirm the extent to which the vesting criteria and conditions have been fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares after making the appropriate reduction and/or withholding) or the amount of cash the Grantee will receive.
- C. The Shares underlying the RSUs in respect of an Award will be subject to all the provisions of the Articles and will rank *pari passu* with the fully paid Shares in issue and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date on which the Shares are transferred to the Grantee (or its designated beneficiary(ies) or personal representative(s)).

- D. Shares underlying the RSUs in respect of an Award granted pursuant to the Scheme shall not carry voting rights unless and until the Award has vested and such Shares are actually transferred to the Grantee (or its designee), subject to the registration of the Grantee (or such other person as may be designated by the Grantee) as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company a dividend is to be or is proposed to be paid to holders of Shares on the register on a date prior to the date when an Award is effectively vested under the terms of the Scheme, the Shares to be issued upon such vesting will not rank for such dividend.

## 6. DURATION

The Scheme shall be valid and effective for a period of 10 years commencing from the Effective Date, after which no further Award will be granted, but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Scheme before the Termination Date and in such event no further Awards will be offered but the provisions of the Scheme shall remain in full force in all other respects. All Awards granted prior to such termination shall continue to be valid in accordance with the terms of the Scheme. In the event of termination, the Company shall notify: (a) the Trustee of such termination and (b) all Grantees of such termination and of how property held by the Trustee on trust for the Grantees (including, but not limited to, any Shares held) and the outstanding Awards shall be dealt with.

## 7. LAPSE OF AWARD AND CLAWBACK MECHANISM

- A. Any Award shall automatically lapse and not be vested in the Grantee on the earliest of:
- (a) the expiry of the Offer Period;
  - (b) the expiry of any of the periods:
    - in the event of the Grantee ceasing to be an Employee Participant by reason of death, the designated beneficiary(ies) or personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to receive the benefits of the vested RSUs; or
    - in the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to Grantees with Awards outstanding in full or in part at such date. If a Grantee immediately prior to such event had any unvested Entitlement, the

Grantee (or his/her designated beneficiary(ies) or personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Entitlement had been claimed immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, whereupon the Grantee shall be duly issued and allotted by the Trustee with the relevant Shares underlying the RSUs and entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of such election;

- (c) subject to the above sub-paragraphs, the date of the commencement of the winding-up of the Company;
- (d) the date on which the Grantee ceases to be an Eligible Participant (as determined by the Board or its delegate(s)) by reason of such Grantee's termination of employment with or service to the Company or any Subsidiary;
- (e) the date on which the Grantee commits a breach of limitation on transferability of RSUs under the Scheme;
- (f) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified under the Scheme and in the letter containing the Grant of the relevant Award;
- (g) the failure of the Grantee to execute required documents in accordance with the Vesting Notice;
- (h) the date on which the Grantee has any other circumstances in which the Board deems it inappropriate to vest the Award, or
- (i) the date on which the Grantee expressly waives his or her rights under the Award by submitting a written notice to the Company,

provided that in each abovementioned case, the Board or its delegate(s) may in its absolute discretion decide that such Award shall not so lapse or shall be subject to such conditions or limitations as it may decide and any of such decision shall be conclusive and binding on the Grantee.

- B. The Grantee ceases to be an Eligible Participant on the occurrence of any of the following events, upon which, any unvested Award held by such Grantee on such date shall automatically lapse, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the Grantee is negligent in performing his/her obligations to the Company or its Subsidiaries, refuses to perform, is incompetent, or is unable to perform his/her prescribed or designated obligations due to reasons other than disability or impairment;
- (b) the Grantee has acted dishonestly, or engaged in theft, embezzlement, fraud, breach of confidentiality responsibility, or make unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;
- (c) the Grantee is in violation of his/her fiduciary duties, or has deliberately and materially violated other obligations, laws, regulations or the Company's or its Subsidiaries' policies; or has been convicted of a crime, or entered a plea of guilty or no contest;
- (d) the Grantee has committed a material violation of any clause in any agreement of the Company or its Subsidiaries;
- (e) the Grantee engages in unfair competition with the Company or its Subsidiaries, or intentionally infringes on the Company or its Subsidiaries' reputation, business or assets;
- (f) the Grantee improperly instigates the Company or its Subsidiaries' sellers or customers to violate or terminate any contract with the Company or its Subsidiaries, or instigates the principal in an agency relationship in which the Company or its Subsidiaries acts as an agent to terminate the agency relationship; and
- (g) the Grantee has other behaviors that harm the interests of the Company, or violate relevant national laws, administrative regulations or the Articles.

The Board is of the view that such clawback mechanism provides an option for the Company to clawback the equity incentives granted to participants culpable of misconduct and is in line with the purpose of the RSU Scheme and the interests of Shareholders.

- C. If the Company cancels the Awards granted to an Eligible Participant and makes a new Grant to the same Eligible Participant, such new Grant may only be made under the Scheme with available Scheme Limit approved by the Shareholders and granted in compliance with the terms of the Scheme, the Listing Rules and the Applicable Laws. The Awards so cancelled will be regarded as utilized for the purpose of calculating the Scheme Limit and the Service Provider Sublimit.

**8. REORGANISATION OF CAPITAL STRUCTURE**

A. In the event of any alteration in the capital structure of the Company whilst any Award remains to be vested, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with the applicable laws and regulatory requirements (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

- (a) the number or nominal amount of Shares, the subject matter of the Award (insofar as it is unvested); and/or
- (b) the aggregate number of Shares underlying the RSUs subject to outstanding Awards; and/or
- (c) the amount of the equivalent value of the Shares underlying the RSUs; and/or
- (d) the method of vesting of the Award,

as the Auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he vested all the Awards held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Award to the advantage of the Grantee without the approval of the Shareholders. The capacity of the Auditors in this paragraph is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees. The costs of the Auditors shall be borne by the Company.

B. The method of adjustment of number of Award Shares so far as unvested is set out as below:

*Capitalization issue*

$$Q = Q_0 \times (1 + n)$$

Where: “Q<sub>0</sub>” represents the number of Award Shares before the adjustment; “n” represents the ratio of the capitalization issue; “Q” represents the number of Award Shares after the adjustment.

*Rights issue*

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: “Q0” represents the number of Award Shares before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the exercise price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Award Shares after the adjustment.

*Consolidation of Shares or share subdivision or reduction of the share capital*

$$Q = Q0 \times n$$

Where: “Q0” represents the number of Award Shares before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “Q” represents the number of Award Shares after the adjustment.

The method of adjustment of the consideration of Grant is set out as below:

*Capitalization issue*

$$P = P0 \div (1 + n)$$

Where: “P0” represents the consideration of Grant before the adjustment; “n” represents the ratio of the capitalization issue; “P” represents the consideration of Grant after the adjustment.

*Rights issue*

$$P = P0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: “P0” represents the consideration of Grant before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the exercise price in respect of the rights issue; “n” represents the ratio of allotment; “P” represents the consideration of Grant after the adjustment.

*Consolidation of Shares or share subdivision or reduction of the share capital*

$$P = P0 \div n$$

Where: “P0” represents the consideration of Grant before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “P” represents the consideration of Grant after the adjustment.

The monetary gap between the consideration of Grant before and after the adjustment shall be settled in cleared funds between the Company and the Eligible Participant within five Business Days after the completion of the adjustment.

- C. If there has been any alteration in the capital structure of the Company, the Company shall, within 14 days of such alteration, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the Auditors obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors to issue a certificate in that regard.

## 9. TRANSFERABILITY OF AWARDS

An Award (which is not yet vested) shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any RSU, or enter into any agreement to do so, except for when a waiver is obtained from the Stock Exchange and express written consent is obtained from the Board or its delegates. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any unvested RSU of such Grantee. This paragraph does not prejudice the operation of any general provision of law regarding the appointment and capacity of a nominee, attorney, trustee or other personal representative.

## 10. ALTERATION OF THE SCHEME

- A. Subject to the Scheme Limit and sub-paragraphs 10(D) to 10(G) below, the Board shall have complete and exclusive power and authority to amend or modify the Scheme in any and all respects. However, except as otherwise expressly provided in the Scheme, no such amendment or modification shall adversely affect the rights and obligations of a Grantee under an outstanding Award unless the applicable Grantee consents to such amendment or modification. Notwithstanding the foregoing, a Grantee's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that (i) the amendment, taken as a whole, does not materially impair the Grantee's rights, or (ii) subject to the limitations of Applicable Law, if any, and without the affected Grantee's consent, the Board may amend the terms of any one or more Award(s) hereunder if necessary to comply with any Applicable Laws.
- B. Any alterations to the terms and conditions of the Scheme which are of a material nature shall be subject to the approval of the Shareholders in general meeting, except where the alterations or changes take effect automatically under the existing terms of the Scheme. The Board's determination shall be conclusive as to whether any proposed alteration to the terms and conditions of the Scheme is material. Unless the Grantee of the relevant Award is a substantial shareholder or an independent non-executive director of the Company, the requirement of this paragraph shall not affect any alterations that take effect automatically under the existing terms of the Scheme.
- C. The powers and authority of the Board in relation to the alteration of any terms of the Scheme shall not be changed except with prior sanction of a resolution of the Company in general meeting.

- D. Any alternations to the terms and conditions of the Scheme which are of a material nature or any alternations to the provisions relating to the matters set out in rule 17.03 of the Listing Rules to the advantage of the Eligible Participant must be approved by Shareholders in general meeting.
- E. Any change to the terms of Awards granted to a Eligible Participant must be approved by the Board, the administrator of the Scheme, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be) if the initial Grant was approved by the Board, the administrator of the Scheme, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be).
- F. The amended terms of the Scheme or the Awards must comply with the Listing Rules.
- G. Any change to the authority of directors of the Company or the administrator of the Scheme to alter the terms of the Scheme must be approved by Shareholders in general meeting.

## NOTICE OF EGM



### Broncus Holding Corporation

### 堃博医疗控股有限公司

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

**(Stock Code: 2216)**

## NOTICE OF EGM

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “**EGM**”) of Broncus Holding Corporation (the “**Company**”) convened and held at Room 801, 8/F, Building 8, No. 88 Jiangling Road, Xixing Street, Binjiang District, Hangzhou, China on Wednesday, October 25, 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

1. “**THAT** conditional upon the passing of ordinary resolution numbered 2,
  - (i) the amendments to the RSU Scheme (the “**RSU Scheme**”) proposed by the Board, a copy of which is produced to this meeting, marked “**A**” and initialed by the chairman of the meeting for identification purpose, be and is hereby approved and adopted in all respects, and
  - (ii) the Directors be and are hereby authorized to grant the awards thereunder, and do all such acts and execute all such documents as he/she may deem necessary or expedient in order to give full effect to the implementation of the RSU Scheme.”
2. “**THAT** the Scheme Limit (as defined in the RSU Scheme) on the total number of Shares that may be issued in respect of all options and awards to be granted to the eligible participants under all the share schemes of the Company, being 10% of the issued Shares of the Company as at the date of the Shareholders’ approval of the limit, be and is hereby approved and adopted.”
3. “**THAT** conditional upon the passing of ordinary resolution numbered 2, the Service Provider Sublimit on the total number of Shares that may be issued in respect of all options and awards to be granted to the Service Providers under all the share schemes of the Company be and is hereby approved and adopted.”

## NOTICE OF EGM

Ordinary resolutions numbered 1 and numbered 3 are conditional upon the passing the ordinary resolution numbered 2. In the event that ordinary resolutions numbered 1 and numbered 3 are passed but ordinary resolution numbered 2 is not passed, the Company will adopt the amendments to the RSU Scheme proposed by the Board save that the Board shall alter the RSU Scheme to remove references to the grant of awards to the Service Providers.

By order of the Board  
**Broncus Holding Corporation**  
**ZHAO Michael Yi Wei**  
*Chairman*

Hong Kong, October 4, 2023

*Registered office:*

PO Box 309, Uglund House  
Grand Cayman, KY1-1104  
Cayman Islands

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

Room 801, 8/F, Building 8  
No. 88 Jiangling Road  
Xixing Street, Binjiang District  
Hangzhou  
China

*Principal place of business in Hong Kong:*

40/F, Dah Sing Financial Centre  
248 Queen's Road East  
Wanchai  
Hong Kong

*Notes:*

- (i) A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m., on Monday, October 23, 2023) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.

## NOTICE OF EGM

- (iv) For the purpose of determining the shareholders' eligibility to attend and vote at the above meeting to be held on Wednesday, October 25, 2023, the register of members of the Company will be closed from Thursday, October 19, 2023 to Wednesday, October 25, 2023 (both days inclusive), during which period no transfers of shares will be registered. In order to qualify for attending and voting at the above meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar 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 Wednesday, October 18, 2023. The record date for determining the entitlement of the Shareholders to attend and vote at the meeting will be Wednesday, October 25, 2023.
- (v) Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolutions set out in the notice of the EGM will be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.