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Innovent

信達生物製藥

**INNOVENT BIOLOGICS, INC.**

*(Incorporated in the Cayman Islands with Limited Liability)*

**(Stock Code: 1801)**

**NON-EXEMPT CONNECTED TRANSACTION –  
PROPOSED GRANT OF RESTRICTED SHARES TO A DIRECTOR  
AND  
GRANT OF RESTRICTED SHARES**

**PROPOSED GRANT OF RESTRICTED SHARES TO A DIRECTOR**

The Board announces that at a meeting of the Board held on May 2, 2019, the Board resolved to grant up to a total of 6,901,796 Restricted Shares to Dr. Yu under the RS Plan (the “**Proposed RS Grant**”), subject to acceptance by Dr. Yu and the independent shareholders’ approval at the EGM.

In accordance with the terms of the RS Plan, the Proposed RS Grant is made under the following terms:

- each of the Restricted Shares is granted for nil consideration;
- each of the Restricted Shares to be granted to Dr. Yu represents the right to receive a Share on the date it vests (any such date, a “**Vesting Date**”);
- the Restricted Shares shall vest in equal instalments over five years of the Proposed RS Grant; and
- each batch of the vested Restricted Shares shall be subject to a one-year lock-up period upon vesting on the respective Vesting Date.

As at the date of this announcement, Dr. Yu is interested in a total of 149,871,087 Shares, representing approximately 12.99% of the total issued share capital of the Company, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

Subject to the Independent Shareholders' approval of the Proposed RS Grant at the EGM, the maximum number of Shares that may be issued to Dr. Yu under the Proposed RS Grant would be 6,901,796, representing approximately 0.60% of the total issued share capital of the Company and 0.59% of the enlarged total issued share capital of the Company as at the date of this announcement; and Dr. Yu's total interests in the Shares or underlying shares of the Company after the Proposed RS Grant would represent approximately 13.59% of the total issued share capital of the Company and 13.51% of the enlarged total issued share capital of the Company as at the date of this announcement pursuant to Divisions 7 and 8 of Part XV of the SFO.

## **MARKET VALUE**

Based on the closing price of HK\$25.150 per Share as quoted on the Stock Exchange on the date of this announcement, the market value of the Restricted Shares under the Proposed RS Grant amounts to approximately HK\$173.58 million.

## **REASONS FOR AND BENEFITS OF THE PROPOSED RS GRANT**

The Proposed RS Grant is part of the Company's remuneration policy, the purpose of which is to closely align the interests and benefits of the Company and its employees in order to maximize the motivation of the executive Directors and senior management. The Proposed RS Grant aims to provide sufficient incentive to retain and motivate Dr. Yu to participate in the formulation of strategy and long-term development of the Company and to recognize Dr. Yu's contribution to the growth of the Company.

In this regard, the Directors (including independent non-executive Directors and excluding Dr. Yu) and the remuneration committee of the Company consider that the terms of the Proposed RS Grant are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As Dr. Yu is an executive Director, and therefore is a connected person of the Company, the Proposed RS Grant and transactions contemplated therein constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

Pursuant to Chapter 14A of the Listing Rules, each of Dr. Yu and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed RS Grant and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Yu and his associates is not interested in any Shares except Dr. Yu's interest in a total of 149,871,087 Shares or underlying shares of the Company, representing approximately 12.99% of the total issued share capital of the Company, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the Proposed RS Grant and transactions contemplated therein. Accordingly, save for Dr. Yu, Gloria Bingqinzi Yu (as trustee of the Yu Tong Family Irrevocable Trust) and Great Biono Fortune LP, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed RS Grant and transactions contemplated therein.

Dr. Yu did not vote on the board resolution approving the Proposed RS Grant. Save for Dr. Yu, no other Director is considered to be interested in the Proposed RS Grant and therefore none of them other than Dr. Yu abstained from voting on the relevant Board resolution.

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed RS Grant and any transactions contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed RS Grant and any transactions contemplated thereunder.

## **ARRANGEMENTS FOR ORDINARY RESOLUTION**

An ordinary resolution will be proposed at the EGM to approve the Proposed RS Grant and any transactions contemplated therein (including the allotment and issue of any new Shares therein). A circular containing, among other things, details of the Proposed RS Grant, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser together with the notice convening the EGM will be despatched to the Shareholders in due course.

## **GRANT OF RESTRICTED SHARES**

On May 2, 2019 (i.e., the “**Grant Date**”), the Company grants up to a total of 2,835,085 Restricted Shares to 7 Grantees, who are not connected persons of the Company, in accordance with the terms of the RS Plan, subject to acceptance by the Grantees and the satisfaction of performance targets.

In accordance with the terms of the RS Plan, the Restricted Shares are granted to the Grantees under the following terms:

- each of the Restricted Shares was granted for nil consideration;
- each of these Restricted Shares to be granted to the Grantees represents the right to receive a Share on the date it vests; and
- the number of Restricted Shares to vest on such date is subject to company performance targets set out in the award agreements entered into between the Company and each Grantee.

## **MARKET VALUE**

The Restricted Shares granted shall vest in the Grantees within four years from the Grant Date. Based on the closing price of HK\$25.150 per Share as quoted on the Stock Exchange on the date of this announcement, the market value of the Restricted Shares granted to the Grantees amounts to approximately HK\$71.30 million.

## **REASONS FOR AND BENEFITS OF THE GRANTS**

The purpose of the aforesaid grants of the Restricted Shares is to (i) encourage and enable the employees of the Group to share the success of the Company and (ii) assure a closer identification of the interests of these employees with those of the Group, thereby stimulating their efforts on the Group’s behalf and strengthening their desire to remain with the Group. For further details of the RS Plan, please refer to the section headed “Statutory and General Information – D. Equity Plans – 3. RS Plan” in the prospectus of the Company dated October 18, 2018.

## DEFINITIONS

“associates”	as the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company”	Innovent Biologics, Inc. 信达生物製藥, an exempted company with limited liability incorporated under the laws of the Cayman Islands on April 28, 2011, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1801)
“connected person”	as the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Dr. Yu”	Dr. De-Chao Michael Yu, an executive Director, Chairman of the Board, President and Chief Executive Officer of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, June 14, 2019 at 10 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held on the same date)
“Grant Date”	May 2, 2019
“Grantees”	the employees of the Group who were granted Restricted Shares in accordance with the RS Plan on the Grant Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed RS Grant
“Independent Financial Advisor”	Somerley Capital Limited, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on whether the Independent Shareholders should vote in favour of the non-exempt connected transaction(s) relating to the Proposed RS Grant

“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the EGM to approve the non-exempt connected transaction(s) relating to the Proposed RS Grant
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Proposed RS Grant”	the proposed grant of 6,901,796 Restricted Shares to Dr. Yu under the RS Plan
“Restricted Share(s)”	restricted share(s), being a contingent right to receive Shares awarded under the RS Plan
“RS Plan”	the restricted share plan adopted by the Company on October 15, 2018
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of shares in the Company
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of US\$0.00001
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it by the Listing Rules
“US\$”	U.S dollars, the lawful currency of the United States of America

By Order of the Board  
**Innovent Biologics, Inc.**  
**Dr. De-Chao Michael Yu**  
*Chairman and Executive Director*

Hong Kong, May 2, 2019

*As at the date of this announcement, the Board comprises Dr. De-Chao Michael Yu as Chairman and Executive Director and Mr. Ronald Hao Xi Ede as Executive Director, Mr. Shuyun Chen as Non-executive Director, and Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu and Dr. Kaixian Chen as Independent Non-executive Directors.*