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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 **Innovent Biologics, Inc.,** you should at once hand this circular and 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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信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

PROPOSED GRANTS OF RESTRICTED SHARES TO DIRECTORS UNDER THE 2020 RS PLAN AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders

SOMERLEY CAPITAL LIMITED

Unless the context otherwise requires, all capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 5 to 22 of this circular. Letters from the Independent Board Committees containing their recommendations to the Independent Shareholders regarding the Proposed Grants are set out on pages 23 to 26 of this circular. A letter from Somerley, the Independent Financial Adviser, to the Independent Board Committees and the Independent Shareholders containing its advice regarding the Proposed Grants is set out on pages 27 to 57 of this circular.

A notice convening the EGM to be held at 10:00 a.m. (or immediately after the conclusion of the annual general meeting of the Company held on the same day) on Thursday, June 24, 2021 at Yale meeting room, 5F, Administration Building, Innovent Biologics, 168 Dongping Street, Suzhou Industrial Park, China is set out on pages 62 to 65 of this circular. A form of proxy for the EGM is enclosed. Whether or not you intend to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon 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 and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 10:00 a.m. on Tuesday, June 22, 2021) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish; in such event the form of proxy shall be deemed to be revoked.

References to dates and time in this circular are to Hong Kong dates and time.

June 8, 2021

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In this circular, unless the context otherwise requires, the following expressions have the meanings set out below:

"2020 RS Plan"	the restricted share plan adopted by the Company on June 12, 2020
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"Company"	Innovent Biologics, Inc. 信達生物製藥, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1801)
"Connected Grantees"	Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Dr. Chen"	Dr. Kaixian Chen, an independent non-executive Director
"Dr. Cooney"	Dr. Charles Leland Cooney, an independent non-executive Director
"Dr. Yu"	Dr. De-Chao Michael Yu, an executive Director, the chairman of the Board, the chief executive officer and a substantial shareholder of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 10:00 a.m. (or immediately after the conclusion of the annual general meeting of the Company held on the same day) on Thursday, June 24, 2021, to consider and, if thought fit, approve, among others, the Proposed Grants
"Grant Date"	March 30, 2021
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee A"	an independent committee of the Board comprising Dr. Cooney, Ms. Hsu and Dr. Chen, established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed Grants to EDs
"Independent Board Committee B"	an independent committee of the Board comprising Ms. Hsu and Dr. Chen, established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed Grant to Dr. Cooney
"Independent Board Committee C"	an independent committee of the Board comprising Dr. Cooney and Dr. Chen, established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed Grant to Ms. Hsu
"Independent Board Committee D"	an independent committee of the Board comprising Dr. Cooney and Ms. Hsu, established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed Grant to Dr. Chen
"Independent Board Committees"	Independent Board Committee A, Independent Board Committee B, Independent Board Committee C and Independent Board Committee D
"Independent Financial Adviser" or "Somerley"	Somerley Capital Limited, the independent financial adviser appointed to advise the Independent Board Committees and the Independent Shareholders on the terms of the non-exempt connected transaction(s) relating to the Proposed Grants
"Independent Shareholders"	the Shareholders who are not required under the Listing Rules to abstain from voting at the EGM to approve the Proposed Grants
"Latest Practicable Date"	June 1, 2021, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

"Listing Date"	October 31, 2018, being the date on which the Shares are first listed and from which dealings thereof are permitted to commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Mr. Ede"	Mr. Ronald Hao Xi Ede, an executive Director and the chief financial officer of the Company
"Ms. Hsu"	Ms. Joyce I-Yin Hsu, an independent non-executive Director
"Post-IPO ESOP"	the post-IPO share option scheme adopted by the Company on June 12, 2018
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Proposed Grant to Dr. Chen"	the proposed grant of Restricted Shares in the amount equivalent in value to RMB120,000.00 to Dr. Chen
"Proposed Grant to Dr. Cooney"	the proposed grant of Restricted Shares in the amount equivalent in value to RMB120,000.00 to Dr. Cooney
"Proposed Grant to Dr. Yu"	the proposed grant of up to a total of 725,000 Restricted Shares to Dr. Yu
"Proposed Grant to Mr. Ede"	the proposed grant of up to a total of 160,000 Restricted Shares to Mr. Ede
"Proposed Grant to Ms. Hsu"	the proposed grant of Restricted Shares in the amount equivalent in value to RMB120,000.00 to Ms. Hsu
"Proposed Grants"	the Proposed Grants to EDs and the Proposed Grants to INEDs
"Proposed Grants to EDs"	the Proposed Grant to Dr. Yu and the Proposed Grant to Mr. Ede

"Proposed Grants to INEDs"	the Proposed Grant to Dr. Cooney, the Proposed Grant to Ms. Hsu and the Proposed Grant to Dr. Chen
"Restricted Share(s)"	restricted share(s), each representing a contingent right to receive one Shares, which is awarded under the RS Plan or the 2020 RS Plan, as the case may be
"RMB"	Renminbi, the lawful currency of China
"RS Plan"	the restricted share plan adopted by the Company on October 15, 2018, which was terminated in its entirety on June 12, 2021 and succeeded by the 2020 RS Plan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	ordinary share(s) in the issued share capital of the Company with a nominal value of US$0.00001 each or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it by the Listing Rules
"substantial shareholder"	has the meaning ascribed to it by the Listing Rules
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

Executive Directors:
Dr. De-Chao Michael Yu
(Chairman of the Board and Chief Executive Officer)
Mr. Ronald Hao Xi Ede

Non-executive Director:
Mr. Shuyun Chen

Independent non-executive Directors:
Dr. Charles Leland Cooney
Ms. Joyce I-Yin Hsu
Dr. Kaixian Chen

Registered office:
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
Room 1901, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

June 8, 2021

To the Shareholders

Dear Sir or Madam,

PROPOSED GRANTS OF RESTRICTED SHARES TO DIRECTORS UNDER THE 2020 RS PLAN AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated March 30, 2021 in relation to the Proposed Grants (the "**Announcement**").

The purpose of this circular is to (i) provide you with notice of the EGM at which ordinary resolutions will be proposed to consider and, if thought fit, approve, among others, the Proposed Grants; (ii) provide you with further information in relation to the Proposed Grants; (iii) set out the recommendations of the Independent Board Committees in relation to the Proposed Grants; and (iv) set out the recommendation of the Independent Financial Adviser in relation to the Proposed Grants.

THE PROPOSED GRANTS

As disclosed in the Announcement, subject to acceptance and the Independent Shareholders' approval, the Company resolved to grant:

- up to a total of 725,000 Restricted Shares to Dr. Yu, entitling Dr. Yu to receive a maximum of 725,000 Shares upon full vesting, representing approximately 0.05% of the total number of issued Shares as at the Latest Practicable Date;

- up to a total of 160,000 Restricted Shares to Mr. Ede, entitling Mr. Ede to receive a maximum of 160,000 Shares upon full vesting, representing approximately 0.01% of the total number of issued Shares as at the Latest Practicable Date; and

- Restricted Shares equivalent in value to RMB120,000.00 to each of Dr. Cooney, Ms. Hsu and Dr. Chen, entitling each of Dr. Cooney, Ms. Hsu and Dr. Chen to receive a maximum of 1,817 Shares (the "**indicative number of INED RS**") upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date. The indicative number of INED RS is calculated for indicative purposes using (i) the exchange rate published by the State Administration of Foreign Exchange on the Grant Date (i.e. HK$100 to RMB84.437) and (ii) the closing price of the Shares on the Stock Exchange as stated in the daily quotation sheets issued by the Stock Exchange for the Grant Date.

The Proposed Grants to EDs

The Proposed Grants to EDs will be made under the following terms:

- each of the Restricted Shares is granted for nil consideration;

- each of the Restricted Shares granted to Dr. Yu and Mr. Ede represents the right to receive one Share on the date it vests (any such date, an "**ED Vesting Date**");

- the Restricted Shares shall vest in Dr. Yu and Mr. Ede within four years of the Proposed Grants to EDs as follows:

    - 75% shall vest on March 30, 2024; and

    - 25% shall vest on March 30, 2025; and

- the Proposed Grants to EDs are subject to individual performance result requirements set out in the award agreement to be entered into between the Company and each of Dr. Yu and Mr. Ede.

For the Proposed Grant to Dr. Yu, these performance result requirements relate to and include the overall performance of the Company, marketing and sales of commercialized products, progress of the Group's clinical development plans and achievement of the business plans of the Group.

For the Proposed Grant to Mr. Ede, these performance result requirements relate to and include the overall performance of the Company, and achievement of targets in areas of finance, investor relations, information technology, and channel management of the Group.

Based on the closing price of HK$78.20 per Share as quoted on the Stock Exchange on the Grant Date, the market value of the Restricted Shares under the Proposed Grant to Dr. Yu amounts to approximately HK$56.70 million, and the market value of the Restricted Shares under the Proposed Grant to Mr. Ede amounts to approximately HK$12.51 million.

The Proposed Grants to INEDs

The Proposed Grants to INEDs will be made under the following terms:

– each of the Restricted Shares is granted for nil consideration;

– each of the Restricted Shares granted to Dr. Cooney, Ms. Hsu and Dr. Chen represents the right to receive one Share on the date in vests;

– the Restricted Shares shall vest on January 1, 2022 (the "**INED Vesting Date**");

– the number of Restricted Shares to be vested on the INED Vesting Date shall be calculated on the trading day immediately preceding the INED Vesting Date in accordance with the below, and shall represent the underlying Shares of the Company equivalent in value to RMB120,000.00 (the "**Grant Value**");

– the number of Restricted Shares to be vested on the INED Vesting Date shall be calculated by dividing the Grant Value (after converting the Grant Value to Hong Kong dollars using the arithmetic average of the exchange rates as published in by the State Administration of Foreign Exchange for all trading days in the year 2021 from January 4, 2021 up to and including the trading day immediately preceding the INED Vesting Date (i.e. December 31, 2021)) by the average closing price (the "**Average Closing Price**") of the Shares of the Company on the Stock Exchange, as stated in the daily quotation sheets issued by the Stock Exchange, for all trading days in the year 2021 from January 4, 2021 up to and including the trading day immediately preceding the INED Vesting Date (i.e. December 31, 2021);

– notwithstanding the above, the number of Restricted Shares to be vested on the INED Vesting Date shall not cause the total number of Shares held legally or beneficially by each of Dr. Cooney, Ms. Hsu and Dr. Chen, together with the total number of Shares which may be issued to each of them or their nominee upon the exercise of any outstanding Share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of Shares, to exceed 1% of the total number of issued Shares as at the INED Vesting Date after their vesting and issuance (the "**1% threshold**"); and

– if the number of Restricted Shares to be vested calculated in accordance with the above would cause the total number of Shares held legally or beneficially by each of Dr. Cooney, Ms. Hsu or Dr. Chen, together with the total number of Shares which may be issued to each of them or their nominee upon the exercise of any outstanding Share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of Shares, to exceed the 1% threshold, the final number of Restricted Shares to be vested on the INED Vesting Date shall be the maximum number of Shares that may be issued to the relevant grantee while keeping their respective shareholding below the 1% threshold.

The number of Restricted Shares to be vested on the INED Vesting Date will be calculated with the Average Closing Price instead of the closing price of the Shares of the Company on the Stock Exchange on the Grant Date, in order to reflect the independent opinion and judgment to the Board provided by the independent non-executive directors throughout the financial year ending 31 December 2021 and taking into account the fixed Grant Value of RMB120,000; the INED Vesting Date has been determined as January 1, 2022 for this purpose as well. Taking into account the approach of calculating the arithmetic average of all closing prices and exchange rates to arrive at the final number of Restricted Shares to be vested, the Company considers that the Average Closing Price is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Based on the indicative number of INED RS and the closing price of HK$78.20 per Share as quoted on the Stock Exchange on the Grant Date, for indicative purposes, the market value of the Restricted Shares under each of the Proposed Grants to INEDs amounts to approximately HK$142,089.00. The Board considers that the 1% threshold is necessary and fair and reasonable, taking into account the Grant Value, the indicative current market price of the Restricted Shares under each of the Proposed Grants to INEDs, and the independence criteria applicable to each of the independent non-executive directors, in particular Rule 3.13(1) of the Listing Rules, pursuant to which the independence of a director is more likely to be questioned if the director holds more than 1% of the number of issued shares of the Company. The 1% threshold will help ensure that the independence of the grantees of the Proposed Grants to INEDs is not affected.

LISTING RULES IMPLICATIONS

Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen are the Directors. Therefore, they are connected persons of the Company, and each of the Proposed Grants 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.

Dr. Yu

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 Grant to Dr. Yu 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 119,465,986 Shares or underlying Shares (and 371,747 short position Shares), representing approximately 8.20% (and 0.03% short position) of total number of issued Shares as at the Latest Practicable Date, 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 Grant to Dr. Yu and transactions contemplated therein. Accordingly, save for Dr. Yu and Gloria Bingqinzi Yu (as trustee of the Yu Tong Family Irrevocable Trust), no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Grant to Dr. Yu and transactions contemplated therein.

Save for Dr. Yu, no other Director is considered to have a material interest in the Proposed Grant to Dr. Yu and therefore none of them other than Dr. Yu abstained from voting on the relevant Board resolution.

Mr. Ede

Pursuant to Chapter 14A of the Listing Rules, each of Mr. Ede and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Mr. Ede and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Mr. Ede and his associates is not interested in any Shares except Mr. Ede's interest in a total of 10,449,992 Shares or underlying Shares, representing approximately 0.72% of the total number of issued Shares as at the Latest Practicable Date, 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 Grant to Mr. Ede and transactions contemplated therein. Accordingly, save for Mr. Ede, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Grant to Mr. Ede and transactions contemplated therein.

Save for Mr. Ede, no other Director is considered to have a material interest in the Proposed Grant to Mr. Ede and therefore none of them other than Mr. Ede abstained from voting on the relevant Board resolution.

Dr. Cooney

Pursuant to Chapter 14A of the Listing Rules, each of Dr. Cooney and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Dr. Cooney and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Cooney and his associates is not interested in any Shares except Dr. Cooney's interest in a total of 43,764 Shares or underlying Shares, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date, 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 Grant to Dr. Cooney and transactions contemplated therein. Accordingly, save for Dr. Cooney, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Grant to Dr. Cooney and transactions contemplated therein.

Save for Dr. Cooney, no other Director is considered to have a material interest in the Proposed Grant to Dr. Cooney and therefore none of them other than Dr. Cooney abstained from voting on the relevant Board resolution.

Ms. Hsu

Pursuant to Chapter 14A of the Listing Rules, any shareholder who has a material interest in the Proposed Grant to Ms. Hsu is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Ms. Hsu and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Ms. Hsu and her associates is not interested in any Shares or underlying Shares except Ms. Hsu's interest in a total of 4,674 Shares or underlying Shares, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date, 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 Grant to Ms. Hsu and transactions contemplated therein. Accordingly, save for Ms. Hsu, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Grant to Ms. Hsu and transactions contemplated therein.

Save for Ms. Hsu, no other Director is considered to have a material interest in the Proposed Grant to Ms. Hsu and therefore none of them other than Ms. Hsu abstained from voting on the relevant Board resolution.

Dr. Chen

Pursuant to Chapter 14A of the Listing Rules, any shareholder who has a material interest in the Proposed Grant to Dr. Chen is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Dr. Chen and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Chen and his associates is not interested in any Shares or underlying Shares except Dr. Chen's interest in a total of 4,674 Shares or underlying Shares, representing approximately 0.00% of the total

number of issued Shares as at the Latest Practicable Date, 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 Grant to Dr. Chen and transactions contemplated therein. Accordingly, save for Dr. Chen, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Grant to Dr. Chen and transactions contemplated therein.

Save for Dr. Chen, no other Director is considered to have a material interest in the Proposed Grant to Dr. Chen and therefore none of them other than Dr. Chen abstained from voting on the relevant Board resolution.

REASONS AND RATIONALE FOR THE PROPOSED GRANTS

Purpose of the 2020 RS Plan and the Proposed Grants

The purpose of the 2020 RS Plan is to enable the Directors, officers, and other key contributors and employees of the Group to share the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf. For further details of the 2020 RS Plan, please refer to the section headed "Adoption of the 2020 RS Plan and the 2020 RS Plan Specific Mandate" in the circular of the Company dated May 28, 2020.

The Proposed Grants to EDs are part of the Company's remuneration policy. The purpose of such grants is to closely align the interests and benefits of the Company and its employees in order to maximize the motivation of the executive Directors. The Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognize their contribution to the growth of the Company.

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

The Proposed Grants to INEDs form part of the remuneration to the independent non-executive Directors and has been approved by the remuneration committee of the Company. The Proposed Grants to INEDs are granted in light of the continued progress and performance of the Company and aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

In this regard, (i) the Directors (including independent non-executive Directors but excluding Dr. Cooney) consider that the terms of the Proposed Grant to Dr. Cooney are fair and reasonable and in the best interests of the Company and the Shareholders as a whole; (ii) the Directors (including independent non-executive Directors but excluding Ms. Hsu) consider that the terms of the Proposed Grant to Ms. Hsu are fair and reasonable and in the best interests of the Company and the Shareholders as a whole; and (iii) the Directors (including independent non-executive Directors but excluding Dr. Chen) consider that the terms of the Proposed Grant to Dr. Chen are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Pursuant to the 2020 RS Plan, the number of Restricted Shares which may be granted pursuant to the 2020 RS Plan during the 12 months following the adoption date of the 2020 RS Plan, being June 12, 2020 (the "**Adoption Date**") shall not exceed 2% of the total number of issued Shares as of the Adoption Date, and the number of Restricted Shares which may be granted during the 12 months following each anniversary date after the Adoption Date shall not exceed 2% of the total number of issued Shares as of such corresponding anniversary date. The Proposed Grants to EDs and the Proposed Grants to INEDs in aggregate are subject to this 2% annual limit.

Rationale of the Proposed Grants

The Proposed Grants to EDs

Background and contribution of Dr. Yu

The Board proposed to remunerate Dr. Yu with the Proposed Grant to Dr. Yu after considering Dr. Yu's integral role as founder and Chief Executive Officer of the Group, his extensive background and experience in the biopharmaceutical industry, his unparalleled contributions to the growth of the Group and the continued development of the Group since the Listing.

Dr. Yu is the founder, an executive Director, the chairman of the Board and the chief executive officer of the Company, the chairman of each of the nomination committee of the Company and strategy committee of the Company and a member of the remuneration committee of the Company. He founded the Group on April 28, 2011 and is responsible for the overall strategic planning and business direction of our Group and management of the Company. Dr. Yu received his doctoral degree in Molecular Genetics from the Chinese Academy of Sciences (Shanghai, China) and completed his postdoctoral training at the University of California San Francisco (San Francisco, USA). Prior to founding Innovent, Dr. Yu was the president, chief executive officer and a member of the board of directors of Chengdu Kanghong Biotech Co. Ltd. from 2006 to 2010. Previously, Dr. Yu was the vice president of research and development at Applied Genetic Technology Corporation (a company subsequently listed on the NASDAQ with ticker symbol: AGTC) in 2005. Between 1997 and

2001, Dr. Yu was the vice president of Calydon, Inc. which was later acquired by Cell Genesys, Inc. (a company subsequently listed on the NASDAQ with ticker symbol: CEGE), and worked there till 2005 mainly responsible for a significant part of the company's early R&D.

Dr. Yu has always aspired to develop and commercialize high-quality biopharmaceuticals that are affordable for ordinary people. He has at present been engaged in innovative research on biopharmaceuticals for more than 20 years, has invented three Class I new drugs and been key to their success. Dr. Yu invented the world's first commercialized oncolytic virus-based immunotherapeutic product, Oncorine® (recombinant human type-5 adenovirus injection), creating a precedent for the use of viruses to treat tumors. Dr. Yu co-invented and led the development of Langmu® (Conbercept eye injection), and TYVYT® (sintilimab injection), an innovative PD-1 inhibitor for relapsed or refractory classical Hodgkin's lymphoma (r/r cHL) and 1L Nsq NSCLC.

Dr. Yu is an inventor of over 60 issued patents and patent applications, and has published more than 50 SCI scientific articles and book chapters. Dr. Yu has been an independent non-executive director of Cheerwin Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 6601) since February 2021, an independent non-executive director of BabyTree Group (a company listed on Main Board of the Stock Exchange with stock code: 1761) since June 2018 and served as an independent director at PharmaBlock Sciences (Nanjing), Inc. (a company listed on the Shenzhen Stock Exchange with stock code: 300725) from December 2015 to May 2018.

In addition to Dr. Yu's numerous achievements, he has also been indispensable to the growth of the Group. A highly accomplished scientist, innovator and entrepreneur, Dr. Yu has spearheaded the Group's mission to create a world-class China-based biopharmaceutical company that develops and commercializes high quality drugs that are affordable to ordinary people. The Group's success in the past years serve as testament to Dr. Yu's contribution and leadership. For further details in relation to Dr. Yu's background, please refer to the section headed "Directors and Senior Management" in the 2020 annual report of the Company.

Background and contribution of Mr. Ede

The Board proposed to remunerate Mr. Ede with the Proposed Grant to Mr. Ede after considering Mr. Ede's contribution to the Group in terms of financial matters and investor relations, and his background and experience as chief financial officer of companies in the biotechnology and biopharmaceutical industry.

Mr. Ede is an executive Director, the chief financial officer of the Company and a member of the strategy committee of the Company. Mr. Ede joined the Group on January 1, 2018 and is responsible for finance, investor relations, information technology and channel management of the Group. Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Ltd. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited. Mr. Ede is a fellow member of the Institute of Singapore Chartered Accountants and an A-Share independent director

certified by the Shenzhen Stock Exchange. Mr. Ede received his bachelor of business administration degree from the University of Hawaii in December 1984 and a master of business administration degree from the University of Washington in December 1988. Mr. Ede has held directorships in the following listed companies outside of the Group:

- Mindray Medical International Limited (a company previously listed on the New York Stock Exchange (the "**NYSE**") and is currently listed on the Shenzhen Stock Exchange with stock code: 300760) as an independent non-executive director since 2006; and resigned as an independent non-executive director in 2016 after the company was privatized from the NYSE. In 2017, he rejoined the board as an independent non-executive director for Mindray; and

- Dawnrays Pharmaceutical (Holding) Ltd. (a company listed on the Hong Kong Stock Exchange with stock code: 2348) as a non-executive director since 2015. In 2017, Mr. Ede was re-designated as an independent non-executive director.

Mr. Ede has been instrumental to the Group's development and success in his role as chief financial officer, bringing his extensive experience to managing the overall financial matters and investor relations of the Group. For further details in relation to Mr. Ede's background, please refer to the section headed "Directors and Senior Management" in the 2020 annual report of the Company.

Listing and future development

Since the Listing, the Company has made significant progress with respect to its drug pipeline and business operations, the most significant of which is the commencement of marketing and sales of TYVYT® (sintilimab injection), our anti-PD-1 monoclonal antibody co-developed with Eli Lilly and Company, in March 2019. TYVYT® became the first PD-1 inhibitor to be included in the NRDL of China in November 2019. In the year ended December 31, 2021, the Group added three more approved products to its product portfolio:

- In June 2020, BYVASDA® (bevacizumab biosimilar) was officially approved by the NMPA for patients with advanced non-small cell lung cancer ("**NSCLC**") and metastatic colorectal cancer in China.

- In September 2020, SULINNO® (adalimumab biosimilar) was approved by the NMPA for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis. In November and December 2020, SULINNO® (adalimumab biosimilar) was granted new indication approvals by the NMPA for polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis and non-infectious uveitis.

- In September 2020, HALPRYZA® (rituximab biosimilar) was approved by the NMPA for patients with diffuse large B cell lymphoma ("**DLBCL**"), follicular lymphoma ("**FL**"), and chronic lymphocytic leukemia ("**CLL**") in China.

These approvals illustrate the rapid growth of the Group and demonstrate the quality research and development efforts that fuel our mission. Our enhanced product offerings are evidence of our groundbreaking progress this year. During the year ended December 31, 2020, we have also entered into registrational or pivotal clinical trials for five of our asset, as well as having made significant progress on other clinical stage assets with exceptional clinical and commercial potential both in China and overseas. We've also progressed our developing pipeline by receiving investigational new drug ("**IND**") approvals for seven new pipeline candidates.

With the solid foundation laid out during 2019, the Company is well positioned for its sales growth in 2020 and beyond. In addition to the first approved indication (r/r cHL), the Company continues to execute a broad clinical development program for TYVYT® (sintilimab injection) including more than 10 advanced registrational or pivotal trials in some of the largest indications in China (such as lung cancer and liver cancer), which are expected to support 5 additional new drug application ("**NDA**") filings for TYVYT® (sintilimab injection) in 2020 or early 2021.

Leveraging the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 23 valuable assets in a total of more than 50 ongoing clinical trials, as of the Latest Practicable Date. The Company's pipeline assets cover a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, CAR-T and small molecules), span multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and promise tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

In the year ended December 31, 2020, we have expanded our manufacturing capacity from 5,000L to a total of 24,000L production capacity to support our production needs for both our commercial products and clinical stage candidates in the pipeline. This expansion aims to ensure the sufficient supply of our near term production needs as well as strengthen the cost advantage of TYVYT® (sintilimab injection) by materially lowering the production cost. We have also commenced construction of a new manufacturing facility designed to house an additional twelve 3,000L production capacities, which, once completed, will expand our production capacity to a total of 60,000L.

The Group has also continued to draw strong financial backing and raised approximately HK$2,330.6 million and HK$2,787.5 million respectively through two placings of new shares in February 2020 and July 2020, respectively. Both placings were met with overwhelming subscription from well-known international and local investors. By the end of 2020, the Company's share price was more than five times its initial offering price for the Listing in October 2018. The Company's stock was also included in both the Morgan Stanley Capital International ("**MSCI**") China Index and the Hang Seng Hong Kong-Listed Biotech Index, which reflects market confidence in the Company's past and future performance. Most recently

in 2020, the Company successfully applied for dis-application of Rules 18A.09 to 18A.11 of the Listing Rules to the Company, as a result of which the "B" stock marker was removed from the Company's stock name, and was also included in the Hang Seng Composite Index and the Stock Connect.

The Group plans to continue to meet and exceed its Shareholders' expectations by continuing to expand its research platform and improving its pipeline of drug assets and business operations.

Retention and recognition of Dr. Yu and Mr. Ede

The Board considered that the retention and motivation of Dr. Yu and Mr. Ede as an indispensable part of the senior management of the Group and in light of the Group's progress since the Listing is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of leadership. The Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognize their contribution to the growth of the Company.

The Board proposed to remunerate Dr. Yu and Mr. Ede with the Proposed Grants to EDs after considering the benefits of granting Restricted Shares. The grant of the Restricted Shares will provide Dr. Yu and Mr. Ede with certainty of monetary benefits regardless of the share price performance. Such grant that can be realized and is readily available at the end of the vesting period is akin to payment of a deferred bonus and hence an effective incentive. In addition, the Proposed Grants to EDs will further align the interests of Dr. Yu and Mr. Ede and the long-term interests of the Shareholders, ensuring a better linkage between the Company's long-term strategic and financial goals and executive compensation.

The numbers of the Restricted Shares to be granted to Dr. Yu and Mr. Ede were determined by the Company and each of Dr. Yu and Mr. Ede upon arm's length negotiations with each of them taking into account all of the aforementioned factors and the average monetary values of the Restricted Shares granted to directors and/or senior management of other companies in the industry with comparable size.

The Proposed Grants to INEDs

Background and contribution of Dr. Cooney, Ms. Hsu and Dr. Chen

The Board proposed to remunerate the independent non-executive Directors with the Proposed Grants to INEDs in light of the continued progress of the Company and after considering each of Dr. Cooney's, Ms. Hsu's and Dr. Chen's contribution to the Group via providing their independent opinion and judgment to the Board, as well as the background and experience of each of the independent non-executive Directors.

Both Dr. Cooney and Dr. Chen are highly esteemed in their respective fields. Dr. Cooney joined the faculty of the Massachusetts Institute of Technology as an assistant professor in 1970, becoming full professor in 1982. His teaching focuses on the bioprocess development and manufacturing and technological innovation, and his research interests include biochemical engineering and pharmaceutical manufacturing. From 2002 to 2014, Dr. Cooney was the founding Faculty Director of the Deshpande Center for Technological Innovation. He is also a consultant to multiple biotech and pharmaceutical companies.

Dr. Chen has been a professor of the Shanghai Institute of Materia Medica, Chinese Academy of Sciences, since 1990, served as its director between 1996 and 2004, and has served as director of its degree committee between 2014 and May 2019. Dr. Chen has also been a professor of the Shanghai University of Traditional Chinese Medicine since 2005, served as its president from 2005 to 2014, and has served as chairman of its academic committee since 2014. He also holds multiple professional memberships and qualifications in different capacities in numerous organizations in the PRC in the field of biotechnology and biopharmaceuticals.

Ms. Hsu has extensive experience in finance and investment fields, being a partner of Cornell Capital and has been involved since 2017 towards the sourcing, evaluation, execution and ownership of investments, including strategies for cross-border expansion. Ms. Hsu was a partner at Zoyi Capital from 2013 to 2015, being mainly responsible for investments and portfolio company monitoring. Prior to this, Ms. Hsu served as chief financial officer and director at Mindray between 2006 and 2009, leading Mindray through its NYSE IPO in 2006 and subsequently two overseas acquisitions in 2008 and 2013. She subsequently acted as the sole adviser of Mindray on its delisting and private placement in 2016. Before that, Ms. Hsu was an executive director at Goldman Sachs Asia between 1998 and 2006, where she led the investment efforts in a number of successful deals in China including Focus Media Holding Limited, China Yurun Food Group Limited, and Mindray Medical, she was also heavily involved in the investments of C&M Communications in Korea and Japan Telecom in Japan.

For further details in relation to the biography and background of the independent non-executive Directors, please refer to the section headed "Directors and Senior Management" in the 2020 annual report of the Company.

Rationale of the Proposed Grants to INEDs

The Proposed Grants to INEDs form part of the remuneration to the independent non-executive Directors and has been approved by the remuneration committee of the Company. The Proposed Grants to INEDs are granted in light of the continued progress and performance of the Company and aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

The Board proposed to remunerate the independent non-executive Directors with the Proposed Grants to INEDs after considering the benefits of granting the Restricted Shares. The Grant Value of the Proposed Grants to INEDs was determined by the Company and each of Dr. Cooney, Ms. Hsu and Dr. Chen upon arm's length negotiations with each of them taking into account all of the aforementioned factors and the average monetary values of the Restricted Shares granted to independent non-executive directors of other companies in the industry with comparable size.

Dilution effect

Assuming each of the Connected Grantees becomes fully entitled to all Shares underlying the Restricted Shares, the total number of such underlying Shares would amount to 890,451 Shares, or approximately 0.06% of the total number of issued Shares as at the Latest Practicable Date. Assuming such underlying Shares will be newly issued, such Shares will represent 0.06% of the total number of issued Shares upon completion of issue.

The shareholding structure of the Company before and after each of the Connected Grantees becomes fully entitled to all Shares underlying the Restricted Shares granted under the Proposed Grants is summarized as follows:

	As at the Latest Practicable Date[1]		**As at the Latest Practicable Date and excluding the Proposed Grants**		**Assuming full vesting and issuance of the Proposed Grants**	
	No. of Shares	*%*	*No. of Shares and underlying Shares as notified pursuant to the SFO[2]*	*%*	*No. of Shares and underlying Shares as notified pursuant to the SFO[3]*	*%*
Dr. Yu	103,139,190[6]	7.08%	118,740,986	8.15%	119,465,986	8.19%
Mr. Ede	8,039,040[7]	0.55%	10,289,992	0.71%	10,449,992	0.72%
Dr. Cooney	39,090[8]	0.00%	41,947	0.00%	43,764	0.00%
Ms. Hsu	0	0.00%	2,857	0.00%	4,674	0.00%
Dr. Chen	0	0.00%	2,857	0.00%	4,674	0.00%
Other Shareholders	1,345,953,427	92.37%	1,343,953,427	92.37%	1,343,953,427	92.31%
Total	1,457,170,747	100.00%	1,457,170,747[4]	100.00%	1,458,061,198[5]	100.00%

Notes:

1. Assuming that no Shares are issued pursuant to any of the Proposed Grants to EDs or Proposed Grants to INEDs and excluding (i) any options granted pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted pursuant to the RS Plan and the 2020 RS Plan.

2. As notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, which would include holding in Shares and underlying Shares of (i) any options granted to the Directors pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted to the Directors pursuant to the RS Plan and the 2020 RS Plan and assuming full vesting of these grants. This column excludes the underlying Shares of the Proposed Grants.

3. As notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, which would include holding in Shares and underlying Shares of (i) any options granted to the Directors pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted to the Directors pursuant to the RS Plan and the 2020 RS Plan, and assuming full vesting of these grants. This column includes the underlying Shares of the Proposed Grants.

4. This figure is calculated based on the total number of issued Shares of the Company as at the Latest Practicable Date, being 1,457,170,747 Shares, and is not the arithmetic total of the figures in this column.

5. This figure is based on the total number of issued Shares as at the Latest Practicable Date and assuming full issuance of all Shares underlying the Restricted Shares granted under the Proposed Grants, and without taking into account Shares which may be repurchased or issued by the Company (except for the Proposed Grants). It is not the arithmetic total of the figures in this column.

6. Includes (i) 94,139,190 Shares held directly by Dr. Yu, and (ii) 9,000,000 Shares held by Gloria Bingqinzi Yu as trustee of Yu Tong Family Irrevocable Trust, of which Dr. Yu and his spouse are the grantors.

7. These Shares are held directly by Mr. Ede.

8. These Shares are held directly by Dr. Cooney.

For further details on the interests and short positions of the Connected Grantees in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, please refer to the Appendix to this circular.

Directors' views

Given that the Directors believe that the Proposed Grants will retain, motivate and incentivize the Connected Grantees and will benefit the long term development of the Group, the Directors consider that the terms of the Proposed Grants are fair and reasonable and in the interests of the Shareholders as a whole.

Independent Board Committees and Independent Financial Adviser

Independent Board Committee A, comprising Dr. Cooney, Ms. Hsu and Dr. Chen, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grants to EDs.

Independent Board Committee B, comprising Ms. Hsu and Dr. Chen, both being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Dr. Cooney.

Independent Board Committee C, comprising Dr. Cooney and Dr. Chen, both being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Ms. Hsu.

Independent Board Committee D, comprising Dr. Cooney and Ms. Hsu, both being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Dr. Chen.

Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committees and the Independent Shareholders in relation to the above.

Listing Approval

The Stock Exchange has previously granted its approval of the listing of, and permission to deal in, new Shares which may be issued pursuant to the vesting of Restricted Shares which may be granted pursuant to the 2020 RS Plan on July 21, 2020.

Information about the Company

The Company is a China-based biopharmaceutical company that develops and commercializes high quality drugs, making use of a fully-integrated platform of advanced research, discovery, development, manufacturing and commercialization capabilities.

EGM AND PROXY ARRANGEMENT

Approval from the Independent Shareholders will be sought at the EGM for the Proposed Grants. The notice of the EGM is set out on pages 62 to 65 of this circular.

The register of members of the Company will be closed from Monday, June 21, 2021 to Thursday, June 24, 2021, both dates inclusive, for the purpose of determining shareholders' eligibility to attend and vote at the EGM. In order to qualify for the right to attend and vote at the meeting, all 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 for registration not later than 4:30 p.m. on Friday, June 18, 2021.

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://innoventbio.com/). Whether or not you intend to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon 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 and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 10:00 a.m. on Tuesday, June 22, 2021) or any adjournment

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

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the 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, the resolution set out in the notice of the EGM will be taken 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 authorized 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 need not use all his/her/its votes or cast all his/her/its votes in the same way.

After the conclusion of the EGM, an announcement on the poll results will be published on the respective websites of the Stock Exchange and the Company under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

Somerley Capital Limited has been appointed as independent financial adviser to advise the Independent Board Committees and the Independent Shareholders with regard to the Proposed Grants and consider that each of the Proposed Grants are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Your attention is drawn to the letter of advice from Somerley Capital Limited included in this circular containing its recommendation and the principal factors it has taken into account.

Independent Board Committee A, having taken the advice of the Independent Financial Adviser into account, considers the terms of the Proposed Grants to EDs fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee A recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grants to EDs. The full text of the letter from Independent Board Committee A is set out in this circular.

Independent Board Committee B, having taken the advice of the Independent Financial Adviser into account, considers the terms of the Proposed Grant to Dr. Cooney fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee B recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grants to Dr. Cooney. The full text of the letter from Independent Board Committee B is set out in this circular.

Independent Board Committee C, having taken the advice of the Independent Financial Adviser into account, considers the terms of the Proposed Grant to Ms. Hsu fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee C recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grant to Ms. Hsu. The full text of the letter from Independent Board Committee C is set out in this circular.

Independent Board Committee D, having taken the advice of the Independent Financial Adviser into account, considers the terms of the Proposed Grant to Dr. Chen fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee D recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grants to Dr. Chen. The full text of the letter from Independent Board Committee D is set out in this circular.

The Directors are of the opinion that the Proposed Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend that all Shareholders should vote in favor of the relevant resolutions to be proposed at the EGM.

Yours faithfully,
On behalf of the Board
Dr. De-Chao Michael Yu
Chairman and Executive Director

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 8, 2021

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grants to EDs, details of which are set out in the circular of the Company to the Shareholders dated June 8, 2021 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Somerley, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Yu and Mr. Ede's respective contributions to the Group and the terms of the Proposed Grants to EDs, we are of the view that the terms of the Proposed Grants to EDs are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grants to EDs are made on normal commercial terms and in the ordinary and usual course of the Group's business, and are in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grants to EDs.

Yours faithfully,

Charles Leland Cooney	**Joyce I-Yin Hsu**	**Kaixian Chen**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 8, 2021

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grant to Dr. Cooney, details of which are set out in the circular of the Company to the Shareholders dated June 8, 2021 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Somerley, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Cooney's contributions to the Group and the terms of the Proposed Grant to Dr. Cooney, we are of the view that the terms of the Proposed Grant to Dr. Cooney are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grant to Dr. Cooney is made on normal commercial terms and in the ordinary and usual course of the Group's business, and is in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grant to Dr. Cooney.

Yours faithfully,

Joyce I-Yin Hsu
Independent non-executive Director

Kaixian Chen
Independent non-executive Director

Innovent
信達生物製藥
INNOVENT BIOLOGICS, INC.
(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 1801)

June 8, 2021

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grant to Ms. Hsu, details of which are set out in the circular of the Company to the Shareholders dated June 8, 2021 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Somerley, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Ms. Hsu's contributions to the Group and the terms of the Proposed Grant to Ms. Hsu, we are of the view that the terms of the Proposed Grant to Ms. Hsu are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grant to Ms. Hsu is made on normal commercial terms and in the ordinary and usual course of the Group's business, and is in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grant to Ms. Hsu.

Yours faithfully,

Charles Leland Cooney
Independent non-executive Director

Kaixian Chen
Independent non-executive Director

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 8, 2021

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grant to Dr. Chen, details of which are set out in the circular of the Company to the Shareholders dated June 8, 2021 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Somerley, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Chen's contributions to the Group and the terms of the Proposed Grant to Dr. Chen, we are of the view that the terms of the Proposed Grant to Dr. Chen are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grant to Dr. Chen is made on normal commercial terms and in the ordinary and usual course of the Group's business, and is in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grant to Dr. Chen.

Yours faithfully,

Charles Leland Cooney
Independent non-executive Director

Joyce I-Yin Hsu
Independent non-executive Director

Set out below is the text of the letter of advice from Somerley to the Independent Board Committees and the Independent Shareholders in relation to the Proposed Grants for inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

June 8, 2021

To: the Independent Board Committees and the Independent Shareholders of Innovent Biologics, Inc.

Dear Sirs,

PROPOSED GRANTS OF RESTRICTED SHARES TO DIRECTORS UNDER THE 2020 RS PLAN

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committees and the Independent Shareholders in connection with the Proposed Grants. Details of the Proposed Grants are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated June 8, 2021 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the letter from the Board contained in the Circular, the Company announced on March 30, 2021 that it has resolved to grant up to a total of 725,000 Restricted Shares to Dr. Yu and up to a total of 160,000 Restricted Shares to Mr. Ede under the 2020 RS Plan on the Grant Date, representing approximately 0.05% and 0.01% of the Shares in issue as at the Latest Practicable Date respectively, subject to acceptance and the Independent Shareholders' approval at the EGM.

On the same date, the Company further announced that it has resolved to grant the Restricted Shares equivalent in value to RMB120,000 to each of the independent non-executive Directors, namely Dr. Cooney, Ms. Hsu and Dr. Chen, under the 2020 RS Plan on the Grant Date, subject to acceptance and the Independent Shareholders' approval at the EGM. Assuming the Restricted Shares were granted to Dr. Cooney, Ms. Hsu and Dr. Chen at the closing price

of the Shares of HK$78.20 (equivalent to approximately RMB66.03) as at the Grant Date, 1,817 Restricted Shares would be granted to each of Dr. Cooney, Ms. Hsu and Dr. Chen respectively, representing less than 0.01% of the Shares in issue as at the Latest Practicable Date respectively.

As Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen are Directors and therefore connected persons of the Company under the Listing Rules, each of the Proposed Grants and the 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 under the Listing Rules.

The Independent Board Committee A, comprising all of the independent non-executive Directors, namely Dr. Cooney, Ms. Hsu and Dr. Chen, has been formed to make a recommendation to the Independent Shareholders on the terms of the Proposed Grants to EDs. The Independent Board Committees for the Proposed Grants to INEDs, including: (i) the Independent Board Committee B, comprising Ms. Hsu and Dr. Chen, established to advise the Independent Shareholders in respect of the non-exempt connected transaction relating to the Proposed Grant to Dr. Cooney; (ii) the Independent Board Committee C, comprising Dr. Cooney and Dr. Chen, established to advise the Independent Shareholders in respect of the non-exempt connected transaction relating to the Proposed Grant to Ms. Hsu; and (iii) the Independent Board Committee D, comprising Dr. Cooney and Ms. Hsu, established to advise the Independent Shareholders in respect of the non-exempt connected transaction relating to the Proposed Grant to Dr. Chen, have been formed to make recommendations to the Independent Shareholders on the terms of the Proposed Grants to INEDs. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in the same regard.

During the past two years, we have acted as the independent financial adviser to the Company in relation to the proposed grant of restricted shares to Dr. Yu under the RS Plan (as disclosed in the circular of the Company dated May 24, 2019), the proposed grants of restricted shares to Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen under the RS Plan (as disclosed in the circular of the Company dated May 28, 2020) and the Company's application for a waiver of certain Listing Rules. The past engagements were limited to providing independent advisory services to the Company pursuant or relating to the Listing Rules, for which we received normal professional fees relevant to this type of engagement. Accordingly, we do not consider the past engagements would affect our independence to act as the independent financial adviser to the Company under the current engagement.

We are not associated with the Company, Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen or their respective close associates, associates or core connected persons (all as defined under the Listing Rules) and accordingly we are considered eligible to give independent advice on the Proposed Grants. Apart from normal professional fees payable to us in connection with this or similar appointments (i.e. the independent financial adviser to the Company in relation to the aforesaid transaction as disclosed in the circulars of the Company

dated May 24, 2019 and May 28, 2020), no arrangement exists whereby we will receive any fees or benefits from the Company, Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen or their respective close associates, associates or core connected persons.

In formulating our opinion and the recommendation, we have reviewed, amongst other documents, the 2020 RS Plan, the annual report of the Company for the year ended December 31, 2020 (the "**2020 Annual Report**") and the information contained in the Circular.

We have relied on the information and facts supplied, and the opinions expressed to us, by the Directors and the management of the Group (the "**Management**") which we have assumed to be true, accurate, complete and not misleading in all material aspects at the relevant time they were supplied or expressed. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and our recommendation with regard to the Proposed Grants, we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Company is a global biopharmaceutical company. The Company's mission is to create a world-class biopharmaceutical company that develops and commercialises high quality drugs that are affordable to ordinary people. The Company is committed to innovation in drug development and has complied with global quality standards for every aspect of the Company's business and operations. To capitalise on the tremendous market opportunity both in China and beyond, the Group has developed a fully-integrated multi-functional platform consisting of advanced research, discovery, development, manufacturing and commercialisation capabilities. These capabilities have enabled the Group to build a robust pipeline of innovative and commercially promising monoclonal antibodies and other drug assets in the fields of oncology, ophthalmology, autoimmune and metabolic diseases.

The Shares were listed on the Main Board of the Stock Exchange on October 31, 2018 in accordance with Chapter 18A of the Listing Rules. In June 2020, the Stock Exchange approved the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules given the Company had satisfied the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules.

As set out in the 2020 Annual Report, the Group achieved a significant growth in revenue for the year ended December 31, 2020. The revenue of the Group for the year ended December 31, 2020 was approximately RMB3,843.8 million, representing a year-on-year increase of approximately 266.9%. The significant increase in revenue was mainly attributable to (i) the strong year-over-year growth of leading product TYVYT® (sintilimab injection) coupled with revenue contribution of three newly approved antibody drugs in the second half of 2020, and (ii) increase in license fee and service income, including upfront and milestone payments from collaboration or out-licensing arrangements. Due to the significant growth in revenue, the loss attributable to the Shareholders substantially reduced to approximately RMB998.4 million for the year ended December 31, 2020, down by approximately 42.0% as compared to that of approximately RMB1,719.9 million for the year ended December 31, 2019.

2. Reasons for and benefits of the Proposed Grants to EDs

As set out in the letter from the Board contained in the Circular, the purpose of the 2020 RS Plan is to enable the Directors, officers, and other key contributors and employees of the Group to share the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

The Proposed Grants to EDs are part of the Company's remuneration policy. The purpose of such grants is to closely align the interests and benefits of the Company and its employees in order to maximise the motivation of the executive Directors. The Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognise their contribution to the growth of the Company.

In addition, the Board considered that the retention and motivation of Dr. Yu and Mr. Ede as an indispensable part of the senior management of the Group and in light of the Group's progress since the Listing is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of leadership. The Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognise their contribution to the growth of the Company.

The Board proposed to remunerate Dr. Yu and Mr. Ede with the Proposed Grants to EDs after considering the benefits of granting the Restricted Shares. The grant of the Restricted Shares will provide Dr. Yu and Mr. Ede with certainty of monetary benefits regardless of the share price performance. Such grant that can be realised and is readily available at the end of the vesting period is akin to payment of a deferred bonus and hence an effective incentive. In addition, the Proposed Grants to EDs will further align the interests of Dr. Yu and Mr. Ede and the long-term interests of the Shareholders, ensuring a better linkage between the Company's long-term strategic and financial goals and executive compensation.

The number of the Restricted Shares to be granted to Dr. Yu and Mr. Ede were determined by the Company and each of Dr. Yu and Mr. Ede upon arm's length negotiations with each of them taking into account all of the aforementioned factors and the average monetary values of the Restricted Shares granted to directors and/or senior management of other companies in the industry with comparable size.

Having considered the above, the principal terms of the Proposed Grants to EDs and the information on Dr. Yu and Mr. Ede as discussed below, we concur with the Management the purpose and benefits of the Proposed Grants to EDs.

3. Principal terms of the Proposed Grants to EDs

The Company announced on March 30, 2021 that it has resolved to grant up to a total of 725,000 Restricted Shares to Dr. Yu and up to a total of 160,000 Restricted Shares to Mr. Ede on the Grant Date, subject to acceptance and approval of the Independent Shareholders. Upon full vesting, the aforesaid Restricted Shares granted to Dr. Yu and Mr. Ede represented approximately 0.05% and 0.01% respectively of the total number of issued Shares as at the Latest Practicable Date. The Proposed Grants to EDs will be made under the following terms:

– each of the Restricted Shares is granted for nil consideration;

– each of the Restricted Shares granted to Dr. Yu and Mr. Ede represents the right to receive one Share on the date it vests (any such date, an "**ED Vesting Date**");

– the Restricted Shares shall vest in Dr. Yu and Mr. Ede within four years of the Proposed Grants to EDs as follows:

  • 75% shall vest on March 30, 2024; and

  • 25% shall vest on March 30, 2025; and

– the Proposed Grants to EDs are subject to individual performance result requirements set out in the award agreement to be entered into between the Company and each of Dr. Yu and Mr. Ede.

– For the Proposed Grant to Dr. Yu, these performance result requirements relate to and include the overall performance of the Company, marketing and sales of commercialised products, progress of the Group's clinical development plans and achievement of the business plans of the Group.

– For the Proposed Grant to Mr. Ede, these performance result requirements relate to and include the overall performance of the Company, and achievement of targets in areas of finance, investor relations, information technology and channel management of the Group.

Based on the closing price of HK$78.20 (equivalent to approximately RMB66.03) per Share as quoted on the Stock Exchange on the Grant Date, the market values of the Restricted Shares under the Proposed Grant to Dr. Yu and the Proposed Grant to Mr. Ede amount to approximately HK$56.7 million (equivalent to approximately RMB47.9 million) and HK$12.5 million (equivalent to approximately RMB10.6 million) respectively.

For further details of the 2020 RS Plan, please refer to the section headed "Letter from the Board – Adoption of the 2020 RS Plan and the 2020 RS Plan Specific Mandate" in the circular of the Company dated May 28, 2020.

4. Information on Dr. Yu

As set out in the letter from the Board contained in the Circular, Dr. Yu is the founder, an executive Director, the chairman of the Board and the chief executive officer of the Company. He founded the Group in 2011 and is responsible for the overall strategic planning and business direction of the Group and management of the Company.

Dr. Yu has always aspired to develop and commercialise high-quality biopharmaceuticals that are affordable for ordinary people. He has at present been engaged in innovative research on biopharmaceuticals for more than 20 years, has invented three Class I new drugs and been key to their success. Dr. Yu invented the world's first commercialised oncolytic virus-based immunotherapeutic product, Oncorine® (recombinant human type-5 adenovirus injection), creating a precedent for the use of viruses to treat tumors. Dr. Yu co-invented and led the development of Langmu® (Conbercept eye injection), and TYVYT® (sintilimab injection), an innovative PD-1 inhibitor for relapsed or refractory classical Hodgkin's lymphoma (r/r cHL) and 1L Nonsquamous NSCLC.

Dr. Yu is an inventor of over 60 issued patents and patent applications, and has published more than 50 SCI scientific articles and book chapters. He has been an independent non-executive director of two other companies listed on Main Board of the Stock Exchange since June 2018 and February 2021.

In addition to Dr. Yu's numerous achievements, he has also been indispensable to the growth of the Group. A highly accomplished scientist, innovator and entrepreneur, Dr. Yu has spearheaded the Group's mission to create a world-class China-based biopharmaceutical company that develops and commercialises high quality drugs that are affordable to ordinary people. The Group's success in the past years serve as testament to Dr. Yu's contribution and leadership.

Further details of the biographical information of Dr. Yu are set out in the 2020 Annual Report and the letter from the Board contained in the Circular. Based on our review, we concur with the Management's view that Dr. Yu is capable of having a significant influence on and contribution to the performance of the Group.

5. The remuneration of Dr. Yu

Set out below is a breakdown of the remuneration of Dr. Yu for the year ended December 31, 2020 provided by the Company:

	Salaries and other allowances *(RMB'000)*	**Performance related bonus** *(RMB'000)*	**Share-based payment expenses** *(RMB'000)*	**Total** *(RMB'000)*	*Notes*
Cash	2,826	4,672	–	7,498	
Options					
– granted prior to 2019	–	10,230	–	10,230	*1*
– granted in 2019	–	–	16,200	16,200	*2 and 4*
– granted in 2020	–	–	10,100	10,100	*3 and 4*
Restricted shares					
– granted in 2019	–	–	30,000	30,000	*2 and 4*
– granted in 2020	–	–	11,200	11,200	*3 and 4*
	2,826	14,902	67,500	85,228	

Notes:

1. As advised by the remuneration committee of the Company, the performance related bonus granted to Dr. Yu in a total value of RMB102.3 million would be vested on a pro-rata basis over a 10-year period on each anniversary of the grant date on the condition that Dr. Yu would stay in the Company for 10 years commencing from January 1, 2018. Therefore, the grant is considered to be recurring in nature.

2. The Company announced grants of the Restricted Shares and the Options (as defined below) to Dr. Yu on May 2, 2019 and March 15, 2019 respectively. The total economic value of these grants to Dr. Yu for the year ended December 31, 2020 was approximately RMB46.2 million, comprising that of the Restricted Shares of approximately RMB30.0 million (calculated based on the total economic value of the aforesaid Restricted Shares of approximately RMB150.0 million divided by the vesting period of 5 years) and that of the Options of approximately RMB16.2 million (calculated based on the total economic value of the aforesaid Options of approximately RMB64.9 million divided by the vesting period of up to 4 years). Details of the above computation are set out in the letter from Somerley contained in the circular of the Company dated May 24, 2019.

3. The Company announced grants of the Restricted Shares and the Options to Dr. Yu on April 15, 2020. The total economic value of these grants to Dr. Yu for the year ended December 31, 2020 was approximately RMB21.3 million, comprising (i) the Restricted Shares of approximately RMB11.2 million (calculated based on the total economic value of the aforesaid Restricted Shares of approximately RMB44.7 million divided by the vesting period of 4 years), and (ii) the Options of approximately RMB10.1 million (calculated based on the total economic value of the aforesaid Options of approximately RMB40.4 million divided by the vesting period of up to 4 years). Details of the above computations are set out in the letter from Somerley contained in the circular of the Company dated May 28, 2020.

4. The economic values as mentioned in notes 2 and 3 to the table above are different from the reported share-based payment expenses as shown in the financial statements of the Company in the annual reports for the years ended 31 December 2019 and 2020. Given the remuneration of Dr. Yu in relation to the share-based payment expenses was determined at the time when the Restricted Shares and the Options were granted and, for the purpose of assessing the remuneration of Dr. Yu, we are of the view that the economic values as at the date of granting of the Restricted Shares and the Options, but not the value as shown in the financial statements, are more appropriate.

As shown in the table above, the total remuneration of Dr. Yu for the year ended December 31, 2020 was approximately RMB85.2 million.

Based on the maximum 725,000 Restricted Shares proposed to be granted to Dr. Yu and the closing price of the Shares of HK$78.20 (equivalent to approximately RMB66.03) per Share as at the Grant Date, the maximum total value of the Proposed Grant to Dr. Yu is approximately RMB47.9 million. With a vesting period of the Restricted Shares of up to 4 years, the economic value of the Proposed Grant to Dr. Yu will be up to approximately RMB12.0 million per year.

In addition to the above, on March 30, 2021, the Company granted 1,035,714 options of the Company (the "**Options**") to Dr. Yu with an exercise price of HK$78.20 (equivalent to approximately RMB66.03) per Share. 75% of the Options shall vest on March 30, 2024 and 25% of the Options shall vest on March 30, 2025. The Options are subject to individual performance result requirements as set out in the grant letter entered into between Dr. Yu and the Company. The Management estimated the fair value of the aforesaid Options granted to Dr. Yu as at the Grant Date was approximately RMB43.3 million. Assuming the Options granted to Dr. Yu are fully vested, the economic value of these Options will be approximately RMB10.8 million per annum over the four-year vesting period.

Based on (i) the current remuneration of Dr. Yu of approximately RMB85.2 million for the year ended December 31, 2020; (ii) the economic value of the Restricted Shares under the Proposed Grant to Dr. Yu of up to approximately RMB12.0 million per annum; and (iii) the economic value of the Options granted to Dr. Yu on March 30, 2021 of approximately RMB10.8 million per annum, the annual total remuneration of Dr. Yu will increase to up to approximately RMB108.0 million.

6. Assessment of the Proposed Grant to Dr. Yu

The Company is a biopharmaceutical company and was listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules in 2018. In assessing the fairness and reasonableness of the Proposed Grant to Dr. Yu, we compared the remuneration package of Dr. Yu with that of founder, chairman, executive director and/or chief executive (the "**Chief Executive(s)**") of biotech companies currently or previously listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules (the "**CE Comparable Companies**"). We are of the view that the list of the CE Comparable Companies below to be exhaustive, fair and representative based on the selection criteria as set out above.

Set out below is a summary of the remuneration packages of the Chief Executives and the revenue for the most recent financial year based on the latest annual reports or the prospectuses of the CE Comparable Companies.

					Remuneration package for the most recent financial year				
	Name of the Chief Executive	**Title of the Chief Executive**	**Name of the CE Comparable Companies**	**Stock code**	**Fees, salaries, other allowances and contributions** *(RMB million)*	**Performance related bonus** *(RMB million)*	**Share-based payment expense** *(RMB million)*	**Total** *(RMB million)*	**Revenue for the most recent financial year** *(RMB million)*
1.	Dr. Xia Yu	Key founder, executive director, chairwoman of the board, president and chief executive officer	Akeso, Inc.	9926	2.8	4.0	–	6.8	–
2.	Dr. Xu Ting	Founder, executive director, chairman of the board and chief executive officer	Alphamab Oncology	9966	3.7	1.4	–	5.1	–
3.	Dr. Jay Mei	Founder, executive director, chairman of the board and chief executive officer	Antengene Corporation Limited	6996	3.9	4.1	79.4	87.5	–
4.	Dr. Yang Dajun	Co-founder, executive director, chairman of the board and chief executive officer	Ascentage Pharma Group International	6855	4.3	–	–	4.3	12.5

	Name of the Chief Executive	Title of the Chief Executive	Name of the CE Comparable Companies	Stock code	Remuneration package for the most recent financial year: Fees, salaries, other allowances and contributions *(RMB million)*	Performance related bonus *(RMB million)*	Share-based payment expense *(RMB million)*	Total *(RMB million)*	Revenue for the most recent financial year *(RMB million)*
5.	Dr. Jinzi Jason Wu ("**Dr. Wu**")	Founder, executive director, chairman of the board and chief executive officer	Ascletis Pharma Inc. ("**Ascletis Pharma** ")	1672	11.5 *(Note 1)*	–	–	11.5	35.0
6.	Mr. John V. Oyler	Co-founder, executive director, chairman of the board and chief executive officer	BeiGene, Ltd.	6160	5.2	4.1	93.4	102.7	2,007.7
7.	Dr. Xuefeng Yu	Co-founder, executive director, chairman of the board, chief executive officer and general manager	CanSino Biologics Inc.	6185	1.8	4.8	–	6.6	18.5
8.	Dr. Frank Ningjun Jiang	Executive director, chairman of the board and chief executive officer	CStone Pharmaceuticals	2616	4.1	2.0	–	6.1	1,038.8
9.	Dr. Kerry Levan Blanchard	Executive director and chief executive officer	Everest Medicines Limited	1952	4.8	11.5	17.9	34.2	–

	Name of the Chief Executive	Title of the Chief Executive	Name of the CE Comparable Companies	Stock code	Remuneration package for the most recent financial year: Fees, salaries, other allowances and contributions *(RMB million)*	Performance related bonus *(RMB million)*	Share-based payment expense *(RMB million)*	Total *(RMB million)*	Revenue for the most recent financial year *(RMB million)*
10.	Dr. Jingsong Wang	Principal founder, executive director, chairman of the board and chief executive officer	HBM Holdings Limited	2142	4.3	–	129.1	133.4	91.7
11.	Mr. Li Chen	Founder, executive director, chief executive officer and chief scientific officer	Hua Medicine	2552	4.8	2.5	20.9	28.2	–
12.	Dr WANG Yu	Executive director, chief executive officer and co-chief technology officer	Immunotech Biopharm Ltd	6978	1.1	–	100.6	101.7	–
13.	Dr. Jisong Cui (“**Dr. Cui**”)	Co-founder, executive director, chairperson of the board and chief executive officer	InnoCare Pharma Limited (“**InnoCare**”)	9969	3.1 *(Note 1)*	–	116.4	119.5	1.4

	Name of the Chief Executive	Title of the Chief Executive	Name of the CE Comparable Companies	Stock code	Remuneration package for the most recent financial year: Fees, salaries, other allowances and contributions *(RMB million)*	Performance related bonus *(RMB million)*	Share-based payment expense *(RMB million)*	Total *(RMB million)*	Revenue for the most recent financial year *(RMB million)*
14.	Dr. Yinxiang Wang	Founder, executive director, chairman of the board and chief executive officer	Jacobio Pharmaceuticals Group Co., Ltd.	1167	1.3	1.7	1.1	4.1	486.3
15.	Dr. Guo Feng	Executive director and chief executive officer	JHBP (CY) Holdings Limited	6998	4.0	1.1	43.0	48.1	10.3
16.	Dr. Yiping James Li	Executive director, chairman of the board and chief executive officer	JW (Cayman) Therapeutics Co. Ltd	2126	2.6	2.6	94.2	99.4	–
17.	Dr. Youzhi Tong	Co-founder, executive director, chairman of the board and chief executive officer	Kintor Pharmaceutical Limited	9939	2.3	0.4	–	2.7	–
18.	Mr. Yeqing Zhu	Co-founder, executive director and chief executive officer	New Horizon Health Limited	6606	4.1	1.5	5.8	11.4	70.6

	Name of the Chief Executive	Title of the Chief Executive	Name of the CE Comparable Companies	Stock code	Remuneration package for the most recent financial year: Fees, salaries, other allowances and contributions *(RMB million)*	Performance related bonus *(RMB million)*	Share-based payment expense *(RMB million)*	Total *(RMB million)*	Revenue for the most recent financial year *(RMB million)*
19.	Mr. Ye Liu	Executive director and chief executive officer	Ocumension Therapeutics	1477	3.0	2.4	154.7	160.1	13.1
20.	Dr. Yi Zhang	One of the founders, executive director, chairman of the board and chief executive officer	Peijia Medical Limited	9996	1.4	–	2.6	4.0	38.7
21.	Dr. Fang Jianmin	Co-founder, executive director, chief executive officer and chief scientific officer	RemeGen Co., Ltd.	9995	4.6	1.0	–	5.6	–
22.	Dr. Li Ning	Executive director, chief executive officer and general manager	Shanghai Junshi Biosciences Co., Ltd.	1877	7.7	18.0	1.4	27.1	1,594.9
23.	Dr. Shui On Leung	Founder, executive director, chairman of the board and chief executive officer	SinoMab BioScience Limited	3681	4.1	0.9	–	5.0	–

	Name of the Chief Executive	Title of the Chief Executive	Name of the CE Comparable Companies	Stock code	Remuneration package for the most recent financial year: Fees, salaries, other allowances and contributions *(RMB million)*	Performance related bonus *(RMB million)*	Share-based payment expense *(RMB million)*	Total *(RMB million)*	Revenue for the most recent financial year *(RMB million)*
24.	Dr. Liu, Jun	Executive director, chief executive officer and chief scientific officer	TOT BIOPHARM International Company Limited	1875	1.6	0.1	1.6	3.3	22.5
25.	Ms. Samantha (Ying) Du	Founder, director, chairperson and chief executive officer	Zai Lab Limited	9688	9.0	–	46.5	55.5	318.2
26.	Dr. Li Xiaoyi	Executive director, chairman of the board and chief executive officer	Zhaoke Ophthalmology Limited	6622	–	–	3.4	3.4	–
				Average	**3.9**	**2.5**	**35.1**	**41.4**	**221.5**
				Maximum	**11.5**	**18.0**	**154.7**	**160.1**	**2,007.7**
				Minimum	**–**	**–**	**–**	**2.7**	**–**
	Dr. Yu				**2.8**	**14.9**	**90.3** *(Note 3)*	**108.0**	**3,843.8**

Source: Annual report and prospectus of the respective CE Comparable Companies

Notes:

1. The remunerations of Dr. Wu and Dr. Cui were not separated between (i) fees, salaries, other allowances and contribution; and (ii) performance related bonus in the financial statements of Ascletis Pharma and InnoCare respectively. Accordingly, for the purpose of presentation in the table above, the entire remunerations of Dr. Wu and Dr. Cui are included in the category of "Fees, salaries, other allowances and contributions".

2. For illustration purpose and where applicable, conversions of the United States dollars into the RMB in the table above are based on the approximate exchange rate of US$1 to RMB6.5 for conversion of the amounts reported in the annual reports and the prospectuses for the most recent financial year.

3. The share-based payment to Dr. Yu of approximately RMB90.3 million includes: (i) the share-based payment expense of approximately RMB67.5 million as set out in the section headed "5. The remuneration of Dr. Yu" above; (ii) the economic value of the Restricted Shares under the Proposed Grant to Dr. Yu of approximately RMB12.0 million per year; and (iii) the economic value of the Options granted to Dr. Yu of approximately RMB10.8 million per year.

4. We have identified Shanghai Henlius Biotech, Inc. ("**Shanghai Henlius**") (stock code: 2696) and Mabpharm Limited ("**Mabpharm**") (stock code: 2181), both of which have satisfied the selection criteria of the CE Comparable Companies. However, the chief executive officers of both Shanghai Henlius and Mabpharm have changed during the most recent financial year and their remunerations were not reflecting a full year amount, which we consider not comparable to that of the Company and therefore they are excluded from the CE Comparable Companies analysis above.

As shown in the table above, the share-based payments to the Chief Executives of the CE Comparable Companies are ranged from nil to approximately RMB154.7 million and have an average of approximately RMB35.1 million. Assuming the Proposed Grant to Dr. Yu and the Options granted to Dr. Yu are vested in full, the share-based payment to Dr. Yu will increase to up to approximately RMB90.3 million. Although the share-based payment to Dr. Yu will be higher than the average of those of the Chief Executives of the CE Comparable Companies, it is within the range and ranks seventh among the 27 biotech companies (i.e. the 26 CE Comparable Companies and the Company). In assessing the fairness and reasonableness of the Proposed Grant to Dr. Yu, we consider that the analysis should not be only focused on the share-based payment but, more importantly, also the total remuneration. As shown in the table above, the annual remunerations of the Chief Executives of the CE Comparable Companies are ranged from approximately RMB2.7 million to approximately RMB160.1 million and have an average of approximately RMB41.4 million. Assuming the Proposed Grant to Dr. Yu and the Options granted to Dr. Yu are vested in full, the annual remuneration of Dr. Yu will increase to up to approximately RMB108.0 million. Although the remuneration of Dr. Yu will be higher than the average of those of the Chief Executives of the CE Comparable Companies, it is within the range and ranks fourth among the 27 biotech companies (i.e. the 26 CE Comparable Companies and the Company). More importantly, it should be noted that (i) the Group has continued its successful commercial operation with the highest revenue of approximately RMB3,843.8 million among the 27 biotech companies and the revenue of the Group was over 16 times of the average of those of the CE Comparable Companies, which was attributable to the strong growth of the core product TYVYT® (sintilimab injection) and launch of three more antibody drugs, while 11 out of the 26 CE Comparable Companies have not yet recorded any revenue; and (ii) the share price performance of the Company has been outstanding, ranked second among the CE Comparable Companies and recorded a growth of over 4 times since the Listing, while the average growth of share price of the 26 CE Comparable Companies was approximately 1.2 times from their respective listing date to the Latest Practicable Date (further details are set out in the section headed "10. Historical Share price performance" in this letter).

As set out in the letter from the Board contained in the Circular, the Proposed Grants to EDs are part of the Company's remuneration policy. The purpose of such grants is to closely align the interests and benefits of the Company and its employees in order to maximise the motivation of the executive Directors. The Proposed Grant to Dr. Yu 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 recognise his contribution to the growth of the Company. Furthermore, based on our discussion with the Management, the Proposed Grant to Dr. Yu will preserve the cash resources for the Group's operations, after considering the loss-making performance and negative cash flow from operating activities of the Group since the Listing.

7. Information on Mr. Ede

As set out in the letter from the Board contained in the Circular, Mr. Ede is an executive Director, the chief financial officer of the Company and a member of the strategy committee of the Company. Mr. Ede joined the Group in January 2018 and became an executive Director in June 2018 and is responsible for finance, investor relations, information technology and channel management of the Group. Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Limited. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited ("**Mindray Medical**"). In addition, Mr. Ede has held directorship in companies engaging in medical and pharmaceutical companies listed in the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

In addition, as set out in the letter from the Board contained in the Circular, Mr. Ede has been instrumental to the Group's development and success in his role as chief financial officer, bringing his extensive experience to managing the overall financial matters and investor relations of the Group.

Further details of the biographical information of Mr. Ede are set out in the 2020 Annual Report and the letter from the Board contained in the Circular. Based on our review, we concur with the Management's view that Mr. Ede is capable of having a significant influence on and contribution to the performance of the Group.

8. The remuneration of Mr. Ede

Set out below is a breakdown of the remuneration of Mr. Ede for the year ended December 31, 2020 provided by the Company:

	Salaries and other allowances *(RMB'000)*	**Performance related bonus** *(RMB'000)*	**Share-based payment expenses** *(RMB'000)*	**Total** *(RMB'000)*	*Notes*
Cash	2,415	2,034	–	4,449	
Options					
– granted prior to 2019	–	2,058	–	2,058	*1*
– granted in 2019	–	–	3,900	3,900	*2 and 4*
– granted in 2020	–	–	3,100	3,100	*3 and 4*
Restricted shares					
– granted in 2020	–	–	2,500	2,500	*3 and 4*
	2,415	4,092	9,500	16,007	

Notes:

1. As advised by the Management, the performance related bonus granted to Mr. Ede in the form of the Options of approximately RMB20.6 million would be vested on a pro-rata basis over a 10-year period on each anniversary of the grant date on the condition that Mr. Ede would stay in the Company for 10 years commencing from January 1, 2018.

2. The Company announced a grant of the Options to Mr. Ede on March 15, 2019. The total economic value of the grant of the Options to Mr. Ede for the year ended December 31, 2020 was approximately RMB3.9 million (calculated based on the total economic value of the aforesaid Options of approximately RMB15.7 million divided by the vesting period of up to 4 years).

3. The Company announced grants of the Restricted Shares and the Options to Mr. Ede on April 15, 2020. The total economic value of these grants to Mr. Ede for the year ended December 31, 2020 was approximately RMB5.6 million, comprising (i) the Restricted Shares of approximately RMB2.5 million (calculated based on the total economic value of the aforesaid restricted shares of approximately RMB9.9 million divided by the vesting period of 4 years), and (ii) the Options of approximately RMB3.1 million (calculated based on the total economic value of the aforesaid Options of approximately RMB12.3 million divided by the vesting period of up to 4 years). Details of the above computations are set out in the letter from Somerley contained in the circular of the Company dated May 28, 2020.

4. The economic values as mentioned in notes 2 and 3 in the table above are different from the reported share-based payment expenses as shown in the financial statements of the Company in the annual reports for the years ended 31 December 2019 and 2020. Given that the remuneration of Mr. Ede in relation to the share-based payment expenses was determined at the time when the Restricted Shares and the Options were granted and, for the purpose of assessing the current remuneration of Mr. Ede, we are of the view that the economic values as at the date of granting of the Restricted Shares and the Options, but not the value as shown in the financial statements, are more appropriate.

As shown in the table above, the total remuneration received by Mr. Ede for the year ended December 31, 2020 was approximately RMB16.0 million.

Based on the maximum 160,000 Restricted Shares proposed to be granted to Mr. Ede and the closing price of the Shares of HK$78.20 (equivalent to approximately RMB66.03) per Share as at the Grant Date, the maximum total value of the Proposed Grant to Mr. Ede is approximately RMB10.6 million. With a vesting period of the Restricted Shares of up to 4 years, the economic value of the Proposed Grant to Mr. Ede will be up to approximately RMB2.6 million per year.

In addition to the above, on March 30, 2021, the Company granted 342,857 Options to Mr. Ede with an exercise price of HK$78.20 (equivalent to approximately RMB66.03) per Share. 75% of the Options shall vest on March 30, 2024 and 25% of the Options shall vest on March 30, 2025. The Options are subject to individual performance result requirements as set out in the grant letter entered into between Mr. Ede and the Company. The Management estimated the fair value of the Options granted to Mr. Ede as at the Grant Date was approximately RMB14.3 million. Assuming the Options granted to Mr. Ede under the proposed grant are fully vested, the economic value of these Options will be approximately RMB3.6 million per annum over the four-year vesting period.

Based on (i) the current remuneration of Mr. Ede of approximately RMB16.0 million for the year ended December 31, 2020; (ii) the economic value of the Restricted Shares under the Proposed Grant to Mr. Ede of approximately RMB2.6 million per annum; and (iii) the economic value of the Options granted to Mr. Ede on March 30, 2021 of approximately RMB3.6 million per annum, the annual total remuneration of Mr. Ede will increase to up to approximately RMB22.2 million.

9. Assessment of the Proposed Grant to Mr. Ede

To assess the remuneration of Mr. Ede, similar to that of Dr. Yu, we compared the remuneration package of chief financial officers (or executives with roles similar to chief financial officer) ("**CFO**") of biotech companies currently or previously listed on the Main Board of the Stock Exchange for the year ended December 31, 2020 in accordance with Chapter 18A of the Listing Rules (the "**CFO Comparable Companies**"). We consider that the list of the CFO Comparable Companies below to be exhaustive, fair and representative based on the selection criteria as set out above.

Set out below is a summary of the remuneration packages of the CFO and the revenue for the most recent financial year based on the latest annual reports of the CFO Comparable Companies.

					Remuneration package for the most recent financial year				
	Name of the CFO	**Title of the CFO**	**Name of the CFO Comparable Companies**	**Stock code**	**Fees, salaries, other allowances and contributions** *(RMB million)*	**Performance related bonus** *(RMB million)*	**Share-based payment expense** *(RMB million)*	**Total** *(RMB million)*	**Revenue for the most recent financial year** *(RMB million)*
1.	Mr. Ian Ying Woo	Executive director, president and chief financial officer	Everest Medicines Limited	1952	3.1	7.8	13.5	24.4	–
2.	Mr. George Chien Cheng Lin	Executive director, executive vice president and chief financial officer	Hua Medicine	2552	3.6	2.0	5.5	11.1	–
3.	Mr. Li Yunfeng	Executive director and chief financial officer	Mabpharm Limited	2181	0.8	–	0.5	1.3	–
4.	Mr. Billy Cho	Chief financial officer	Zai Lab Limited	9688	4.0	–	5.6	9.6	318.2
				Average	**2.9**	**2.5**	**6.3**	**11.6**	**79.6**
				Maximum	**4.0**	**7.8**	**13.5**	**24.4**	**318.2**
				Minimum	**0.8**	**–**	**0.5**	**1.3**	**–**
	Mr. Ede				**2.4**	**4.1**	**15.7** *(Note 2)*	**22.2**	**3,843.8**

Source: Annual report of the respective CFO Comparable Companies

Notes:

1. For illustration purpose and where applicable, conversions of the United States dollars into the RMB in the table above are based on the approximate exchange rate of US$1 to RMB6.5 for conversion of the amounts reported in the annual reports for the most recent financial year.

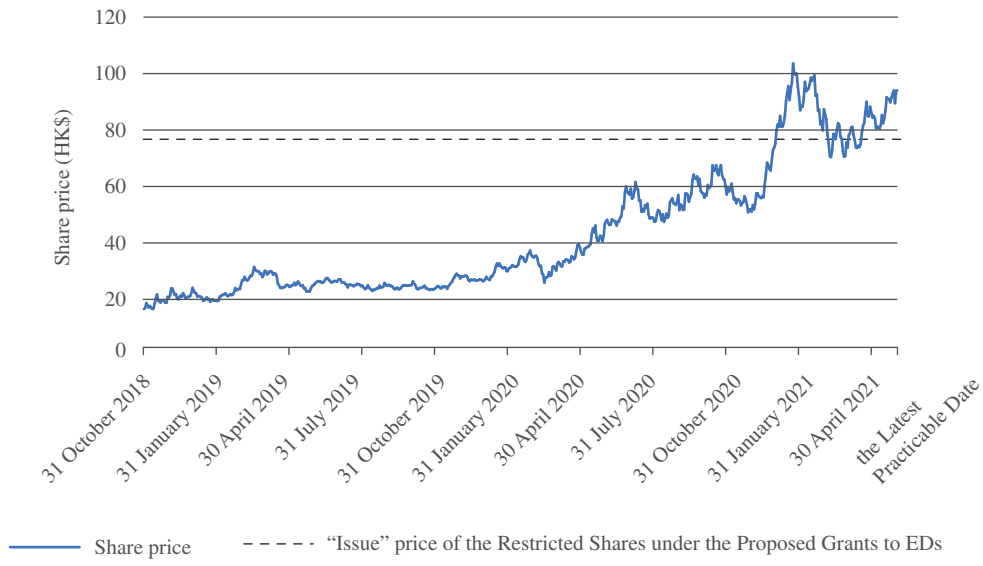
2. The share-based payment to Mr. Ede of approximately RMB15.7 million includes: (i) the share-based payment expense of approximately RMB9.5 million as set out in the section headed "8. The remuneration of Mr. Ede" above; (ii) the economic value of the Restricted Shares under the Proposed Grant to Mr. Ede of approximately RMB2.6 million per year; and (iii) the economic value of the Options granted to Mr. Ede of approximately RMB3.6 million per year.

As shown in the table above, the share-based payments to the CFO of the CFO Comparable Companies are ranged from approximately RMB0.5 million to approximately RMB13.5 million and have an average of approximately RMB6.3 million. Assuming the Proposed Grant to Mr. Ede and the Options granted to Mr. Ede are vested in full, the share-based payment to Mr. Ede will increase to up to approximately RMB15.7 million. Although the share-based payment to Mr. Ede will be higher than those of the CFO of the CFO Comparable Companies, in assessing the fairness and reasonableness of the Proposed Grant to Mr. Ede, we consider that the analysis should not be only focused on the share-based payment but, more importantly, also the total remuneration. As shown in the table above, the annual remunerations of the CFO of the CFO Comparable Companies are ranged from approximately RMB1.3 million to approximately RMB24.4 million and have an average of approximately RMB11.6 million. Assuming the Proposed Grant to Mr. Ede and the Options granted to Mr. Ede are vested in full, the annual remuneration of Mr. Ede will increase to up to approximately RMB22.2 million. Although the remuneration of Mr. Ede will be higher than the average of those of the CFO of the CFO Comparable Companies, it is within the range and ranks second among the five companies (i.e. the four CFO Comparable Companies and the Company). More importantly, it should be noted that the Group has continued its successful commercial operation with the highest revenue of approximately RMB3,843.8 million among the 5 biotech companies, which was attributable to the strong growth of the core product TYVYT® (sintilimab injection) and launch of three more antibody drugs, while 3 out of the 4 CFO Comparable Companies have not yet recorded any revenue. Moreover, it should be noted that the share price performance of the Company has been outstanding and surged by over four times (further details are set out in the section headed "10. Historical Share price performance" in this letter) since the Listing.

10. Historical Share price performance

Share price is an indication of the value of the Shares held by the Shareholders. The higher the Share price, the higher the likelihood for the Shareholders to benefit from investing in the Shares as compared to the shares of peer companies. Therefore, in order to assess the performance and the remuneration package of the executive Directors (including the fairness and reasonableness of the Proposed Grants to EDs), Share price is a parameter that should be examined.

Set out below is the price performance of the Shares from October 31, 2018, being the Listing Date, to the Latest Practicable Date.



During the period from the Listing Date to the Grant Date (the "**Review Period**"), i.e. March 30, 2021, the closing price of the Shares were ranged from HK$16.56 (equivalent to approximately RMB13.98) to HK$103.60 (equivalent to approximately RMB87.48) and had an average and a median of approximately HK$40.08 (equivalent to approximately RMB33.84) and approximately HK$29.90 (equivalent to approximately RMB25.25) respectively. Out of a total of 596 trading days during the Review Period, there were 547 trading days when the price of the Shares closed lower than or equal to the "issue" price of the Restricted Shares under the Proposed Grants to EDs of HK$78.20 (equivalent to approximately RMB66.03).

Furthermore, the Company has achieved an impressive Share price performance since the Listing. Based on the offer price of HK$13.98 (equivalent to approximately RMB11.80) per Share in the Listing in October 2018 and closing price of HK$93.95 (equivalent to approximately RMB79.33) per Share as at the Latest Practicable Date, the Share price recorded a growth of over 4 times during the Review Period, while the average growth of share price of the 26 CE Comparable Companies was approximately 1.2 times from their respective listing date to the Latest Practicable Date. Such Share price performance was also outstanding among the CE Comparable Companies as the Company ranked second among the 27 biotech companies (comprising the Company and the 26 CE Comparable Companies) for the share price performance from the Listing Date to the Latest Practicable Date.

11. Reasons for and benefits of the Proposed Grants to INEDs

As set out in the letter from the Board contained in the Circular, the Proposed Grants to INEDs form part of the remuneration to the independent non-executive Directors and has been approved by the remuneration committee of the Company. The Proposed Grants to INEDs are granted in light of the continued progress and performance of the Company and aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

The Board proposed to remunerate the independent non-executive Directors with the Proposed Grants to INEDs after considering the benefits of granting the Restricted Shares. The Grant Value of the Proposed Grants to INEDs was determined by the Company and each of the independent non-executive Directors upon arm's length negotiations with each of them taking into account all of the aforementioned factors and the average monetary values of the Restricted Shares granted to independent non-executive directors of other companies in the industry with comparable size.

12. Principal terms of the Proposed Grants to INEDs

The Proposed Grants to INEDs will be made under the following terms:

(a) each of the Restricted Shares is granted for nil consideration;

(b) each of the Restricted Shares granted to Dr. Cooney, Ms. Hsu and Dr. Chen represents the right to receive one Share on the date it vests;

(c) the Restricted Shares shall vest on January 1, 2022 (the "**INED Vesting Date**");

(d) the number of Restricted Shares to be vested on the INED Vesting Date shall represent the underlying Shares of the Company equivalent in value to RMB120,000 (the "**Grant Value**");

(e) the number of Restricted Shares to be vested on the INED Vesting Date shall be calculated by dividing the Grant Value by the average closing price (the "**Average Closing Price**") of the Shares of the Company on the Stock Exchange for all trading days in the year 2021 from January 4, 2021 up to and including the trading day immediately preceding the INED Vesting Date (i.e. December 31, 2021);

(f) notwithstanding the above, the number of Restricted Shares to be vested on the INED Vesting Date shall not cause the total number of Shares held legally or beneficially by each of Dr. Cooney, Ms. Hsu and Dr. Chen to exceed 1% of the total number of issued Shares as at the INED Vesting Date after their vesting and issuance (the "**1% threshold**"); and

(g) if the number of Restricted Shares to be vested calculated in accordance with above would cause the total number of Shares held legally or beneficially by each of Dr. Cooney, Ms. Hsu or Dr. Chen to exceed the 1% threshold, the final number of Restricted Shares to be vested on the INED Vesting Date shall be the maximum number of Shares that may be issued to the relevant grantee while keeping their respective shareholding below the 1% threshold.

As stated in the letter from the Board contained in the Circular, the Board considers that the 1% threshold is necessary and fair and reasonable, taking into account the Grant Value, the indicative current market price of the Restricted Shares under each of the Proposed Grants to INEDs, and the independence criteria applicable to each of the independent non-executive directors, in particular Rule 3.13(1) of the Listing Rules, pursuant to which the independence of a director is more likely to be questioned if the director holds more than 1% of the number of issued shares of the Company. The 1% threshold will help ensure that the independence of the grantees of the Proposed Grants to INEDs is not affected. In view of the above, we concur with the Board that the 1% threshold is necessary and fair and reasonable.

Details of the principal terms of the Proposed Grants to INEDs are set out in the letter from the Board contained in the Circular.

13. Information on Dr. Cooney, Ms. Hsu and Dr. Chen

Both Dr. Cooney and Dr. Chen are highly esteemed in their respective fields. Dr. Cooney joined the faculty of the Massachusetts Institute of Technology as an assistant professor in 1970, becoming full professor in 1982. His teaching focuses on the bioprocess development and manufacturing and technological innovation, and his research interests include biochemical engineering and pharmaceutical manufacturing. From 2002 to 2014, Dr. Cooney was the founding Faculty Director of the Deshpande Center for Technological Innovation. He is also a consultant to multiple biotech and pharmaceutical companies.

Dr. Chen has been a professor of the Shanghai Institute of Materia Medica, Chinese Academy of Sciences, since 1990, served as its director between 1996 and 2004, and has served as director of its degree committee between 2014 and May 2019. Dr. Chen has also been a professor of the Shanghai University of Traditional Chinese Medicine since 2005, served as its president from 2005 to 2014, and has served as chairman of its academic committee since 2014. In addition, Dr. Chen has served as an independent non-executive director of Zai Lab Limited (a company whose shares are listed on the NASDAQ with ticker symbol ZLAB and the Stock Exchange with stock code: 9688) since 2018. He also holds multiple professional memberships and qualifications in different capacities in numerous organisations in the PRC in the field of biotechnology and biopharmaceuticals.

Ms. Hsu has extensive experience in finance and investment fields, being a partner of Cornell Capital and has been involved since 2017 towards the sourcing, evaluation, execution and ownership of investments, including strategies for cross-border expansion. Ms. Hsu was a partner at Zoyi Capital from 2013 to 2015, being mainly responsible for investments and

portfolio company monitoring. Prior to this, Ms. Hsu served as chief financial officer and director at Mindray between 2006 and 2009, leading Mindray through its NYSE IPO in 2006 and subsequently two overseas acquisitions in 2008 and 2013. She subsequently acted as the sole adviser of Mindray on its delisting and private placement in 2016. Before that, Ms. Hsu was an executive director at Goldman Sachs Asia between 1998 and 2006, where she led the investment efforts in a number of successful deals in China including Focus Media Holding Limited, China Yurun Food Group Limited, and Mindray Medical, she was also heavily involved in the investments of C&M Communications in Korea and Japan Telecom in Japan.

Further details of the biographical information and background of Dr. Cooney, Ms. Hsu and Dr. Chen are set out in the 2020 Annual Report and the letter from the Board contained in the Circular.

14. The remuneration of the independent non-executive Directors

As disclosed in the 2020 Annual Report, the remunerations of Dr. Cooney, Ms. Hsu and Dr. Chen for the year ended December 31, 2020 (including the Restricted Shares amounting to RMB120,000 granted to each of the independent non-executive Directors) were RMB480,000, RMB522,000 and RMB480,000 respectively. The higher remuneration of Ms. Hsu was mainly due to her roles as the chairperson of both the audit committee and remuneration committee of the Company.

Upon the granting of the Restricted Shares equivalent in value to RMB120,000 to each of Dr. Cooney, Ms. Hsu and Dr. Chen becoming effective, the annual remunerations of Dr. Cooney, Ms. Hsu and Dr. Chen will continue to be RMB480,000, RMB522,000 and RMB480,000 respectively.

15. Assessment of the Proposed Grants to INEDs

(a) Amounts of the Proposed Grants to INEDs

In assessing the Grant Value of RMB120,000 proposed to be granted to the independent non-executive Directors, we compared the remuneration packages of the independent non-executive Directors with that of the independent non-executive directors of biotech companies currently or previously listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules and listed before January 1, 2021 (the "**INED Comparable Companies**"), which include a total of 102 independent non-executive directors of 27 biotech companies (excluding the Company). We are of the view that the INED Comparable Companies selected for comparison are exhaustive, fair and representative based on the selection criteria as set out above.

Set out below is a summary of the remunerations of the independent non-executive directors for the most recent financial year based on the latest annual reports of the INED Comparable Companies.

				Remuneration package for the most recent financial year			
	Name of the INED Comparable Companies	**Stock code**	**Number of independent non-executive directors**	**Fees, salaries, other allowances and contributions** *(RMB)*	**Performance related bonus** *(RMB)*	**Share-based payment expense** *(RMB)*	**Total** *(RMB)*
1.	Akeso, Inc.	9926	3	640,000	–	–	640,000
2.	Alphamab Oncology	9966	3	919,000	–	–	919,000
3.	Antengene Corporation Limited	6996	3	690,000	–	113,000	803,000
4.	Ascentage Pharma Group International	6855	4	1,207,000	–	–	1,207,000
5.	Ascletis Pharma	1672	4	1,120,000	–	–	1,120,000
6.	BeiGene, Ltd.	6160	8	3,191,500	–	14,969,500	18,161,000
7.	CanSino Biologics Inc.	6185	4	1,200,000	–	–	1,200,000
8.	CStone Pharmaceuticals	2616	3	1,241,000	–	–	1,241,000
9.	Everest Medicines Limited	1952	3	276,000	–	–	276,000
10.	HBM Holdings Limited	2142	3	78,000	–	–	78,000
11.	Hua Medicine	2552	4	1,800,000	–	–	1,800,000
12.	Immunotech Biopharm Ltd	6978	3	525,000	–	–	525,000
13.	InnoCare	9969	3	600,000	–	83,000	683,000
14.	Jacobio Pharmaceuticals Group Co., Ltd.	1167	4	–	–	–	–
15.	JHBP (CY) Holdings Limited	6998	3	–	630,000	–	630,000
16.	JW (Cayman) Therapeutics Co. Ltd	2126	4	132,000	–	–	132,000
17.	Kintor Pharmaceutical Limited	9939	3	546,000	–	–	546,000
18.	Mabpharm Limited	2181	3	321,000	–	–	321,000
19.	Ocumension Therapeutics	1477	3	534,000	–	–	534,000
20.	Peijia Medical Limited	9996	4	1,353,000	–	303,000	1,656,000
21.	RemeGen Co., Ltd.	9995	3	576,000	–	–	576,000
22.	Shanghai Henlius Biotech, Inc.	2696	4	1,060,000	–	–	1,060,000
23.	Shanghai Junshi Biosciences Co., Ltd.	1877	7	7,804,000	118,000	–	7,922,000
24.	SinoMab BioScience Limited	3681	4	1,040,000	–	–	1,040,000
25.	TOT BIOPHARM International Company Limited	1875	3	621,000	–	–	621,000
26.	Venus Medtech (Hangzhou) Inc.	2500	3	1,011,000	–	–	1,011,000
27.	Zai Lab Limited	9688	6	2,280,844	–	13,642,200	15,923,044
		Total	102	30,766,344	748,000	29,110,700	60,625,044
		Average		301,631	7,333	285,399	594,363

Source: Annual report of the respective INED Comparable Companies

Note: For illustration purpose and where applicable, conversions of the United States dollars into the RMB in the table above are based on the approximate exchange rate of US$1 to RMB6.5 for conversion of the amounts reported in the annual reports for the most recent financial year.

The share-based payments to the independent non-executive directors of the INED Comparable Companies are ranged from nil to approximately RMB2.9 million and have an average of approximately RMB285,000. The share-based payments of RMB120,000 to each of Dr. Cooney, Ms. Hsu and Dr. Chen will be within the range and below the average of that of the INED Comparable Companies. In assessing the fairness and reasonableness of the Proposed Grants to INEDs, we consider that the analysis should not be only focused on the share-based payment but, more importantly, also the total remuneration. The remunerations of the independent non-executive directors of the INED Comparable Companies are ranged from nil to approximately RMB5.4 million and have an average of approximately RMB594,000. Upon the granting of the Restricted Shares equivalent in value to RMB120,000 to each of Dr. Cooney, Ms. Hsu and Dr. Chen becoming effective, the annual remunerations of Dr. Cooney, Ms. Hsu and Dr. Chen will continue to be RMB480,000, RMB522,000 and RMB480,000 respectively. The remunerations of Dr. Cooney, Ms. Hsu and Dr. Chen will be within the range and below the average of that of the INED Comparable Companies.

In addition, the Company has engaged Willis Towers Watson ("**WTW**"), an independent compensation expert, in 2020 to propose the level of fee to the independent non-executive Directors. WTW is one of the leading global human resources advisory, broking and solution companies. WTW designs and delivers solutions that manage risk, optimise benefits, cultivate talent and expand the power of capital to protect and strengthen institutions and individuals. In assessing the fees proposed to be granted to the independent non-executive Directors, WTW has gathered two peer groups of each comprising 16 companies similar to the Company in terms of company scale, principal business and talent source listed in Hong Kong (the "**HK Peers**") or the United States (the "**US Peers**"). We have obtained and reviewed the report issued by WTW and note that the HK Peers and the US Peers were classified as pharmacy, biotechnology or life science companies according to Wind Industry Classification system, one of the leading financial information service providers in China. We have also reviewed the biographies of the independent non-executive directors of the Company as set out in section 13 headed "Information on Dr. Cooney, Ms. Hsu and Dr. Chen" in this letter and in the 2020 Annual Report, we note that they possess extensive international experience in relevant industries. Given their broad international experience, we consider benchmarking their compensations to that of the peers listed overseas, including the United States, is reasonable. We consider the HK Peers and US Peers selected to be fair and representative based on the selection criteria as set out above.

Having considered the prevailing market rates and the payment compositions of both the HK Peers and the US Peers, WTW suggested a number of fee proposals to the Company including an annual fee of RMB500,000 in cash, which was benchmarked to 50th percentile of the remuneration of the US Peers. After considering the proposals made by WTW, the Company proposed to maintain the remunerations of Dr. Cooney, Ms. Hsu and Dr. Chen to RMB480,000, RMB502,000 and RMB480,000 per annum by including the grants of the Restricted Shares in the amount of RMB120,000 in each of their respective remuneration for the year ended December 31, 2020. The slightly higher remuneration of Ms. Hsu for

compensating her additional responsibilities as the chairperson of both the audit committee and remuneration committee of the Company has also been endorsed in the report of WTW after comparing the practices adopted by both the HK Peers and the US Peers.

Having considered the annual remunerations of each of Dr. Cooney, Ms. Hsu and Dr. Chen (including the Proposed Grants to INEDs) are within the range and lower than the average of that of the INED Comparable Companies and, for reference only, the report of WTW, we are of the view that the proposed granting of the Restricted Shares to Dr. Cooney, Ms. Hsu and Dr. Chen to be fair and reasonable.

(b) "Issue" price of the Proposed Grants to INEDs

As set out in the letter from the Board contained in the Circular, the number of Restricted Shares to be vested on the INED Vesting Date shall be calculated by dividing the Grant Value (i.e. RMB120,000) by the average closing price of the Shares of the Company from January 4, 2021 up to and including the trading day immediately preceding December 31, 2021 in order to reflect the independent opinion and judgment to the Board provided by the independent non-executive Directors throughout the financial year ending 31 December 2021 and taking into account the fixed Grant Value of RMB120,000. Since January 4, 2021 and up to the Latest Practicable Date, the Share price is ranged from HK$70.40 (equivalent to approximately RMB59.44) to HK$103.60 (equivalent to approximately RMB87.48) and had an average of approximately HK$85.36 (equivalent to approximately RMB72.08). Given the "issue" price of the Restricted Shares will be the average market price of the Shares in 2021, the final "issue" price remains uncertain and will be hinged on the future price performance of the Shares for the remaining period of 2021. As stated in the letter from the Board contained in the Circular, the Proposed Grants to INEDs are granted in light of continued progress and performance of the Company. Since the performance of the Company could be reflected in, among other things, the Share price and, based on our discussion with the Management, the Proposed Grants to INEDs are granted for the year ending 31 December 2021, we are of the view that the "issue" price of the Restricted Shares, being the Average Closing Price, to be granted to the independent non-executive Director to be acceptable.

16. Financial effects of the Proposed Grants

In accordance with the International Financial Reporting Standards adopted by the Company for its financial statements, the grant of the Restricted Shares will be accounted for as share-based payment transactions in the financial statements of the Company. Equity-settled share-based payments to Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen will be measured at the fair value of such equity instruments at the date of shareholders' approval (i.e. currently expected to be June 24, 2021).

Due to the graded vesting of such Restricted Shares proposed to be granted to Dr. Yu and Mr. Ede, the Company is required to treat each installment as a separate grant because each installment has a different vesting period. As such, the Company will allocate and recognise the compensation expense over the vesting period.

Based on the above accounting policy and assuming: (i) the Restricted Shares were granted on the Grant Date (i.e. March 30, 2021); and (ii) the Restricted Shares proposed to be granted to Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen are fully vested, set out below is the breakdown of the share-based payment in respect of the Restricted Shares proposed to be granted to Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen to be charged to the financial statements of the Company:

	For the year ended December 31,				
(in RMB million)	**2021**	**2022**	**2023**	**2024**	**2025**
Dr. Yu	11.3	14.9	14.9	6.0	0.8
Mr. Ede	2.5	3.3	3.3	1.3	0.2
Dr. Cooney	0.1	–	–	–	–
Ms. Hsu	0.1	–	–	–	–
Dr. Chen	0.1	–	–	–	–
Total	14.1	18.2	18.2	7.3	1.0

Independent Shareholders should note that the actual fair value of the Restricted Shares to be granted to Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu and Dr. Chen to be recognised in the financial statements of the Company may deviate from the estimation above and will be based on, among other things, all relevant non-market vesting conditions.

In terms of impact on net asset value ("**NAV**") of the Group, it is anticipated that there will be a dilution in the NAV per Share upon the issue of new Shares as a result of the vesting of the Restricted Shares under the Proposed Grants. Based on: (i) the equity attributable to owners of the Company as at December 31, 2020 of approximately RMB8,779.8 million; (ii) approximately 1,456.1 million issued Shares as at the Latest Practicable Date; and (iii) approximately 2.3 million Shares to be issued upon vesting of the Restricted Shares under the Proposed Grants (assuming the Restricted Shares proposed to be granted to the independent non-executive Directors will be issued at the price of HK$78.20 (equivalent to approximately RMB66.03), being the closing Share price on the Grant Date) in full, it is expected that the Proposed Grants will result in the dilution in the NAV per Share of less than 0.1%.

17. Shareholding effects of the Proposed Grants

The table below sets out the shareholding in the Company assuming (i) the Restricted Shares under the Proposed Grants were vested in full; (ii) no other Shares are issued or repurchased by the Company; and (iii) there are no other changes to the issued share capital of the Company:

	As of the Latest Practicable Date		**Upon vesting of the Restricted Shares under the Proposed Grants in full**	
	No. of Shares	*% (Note 1)*	*No. of Shares*	*% (Note 1)*
Dr. Yu	103,139,190	7.08%	103,864,190	7.12%
Mr. Ede	8,039,040	0.55%	8,199,040	0.56%
Dr. Cooney	39,090	Less than 0.01%	40,907 *(Note 2)*	Less than 0.01%
Ms. Hsu	0	0.00%	1,817 *(Note 2)*	Less than 0.01%
Dr. Chen	0	0.00%	1,817 *(Note 2)*	Less than 0.01%
Other Shareholders	1,345,953,427	92.37%	1,345,953,427	92.31%
Total	1,457,170,747	100.00%	1,458,061,198	100.00%

Notes:

1. Percentages may not add up to 100% due to rounding.

2. For illustration purpose in the table above, the closing price of the Shares on the Grant Date is adopted in calculating the number of Restricted Shares to be granted to Dr. Cooney, Ms. Hsu and Dr. Chen. The actual number of the Restricted Shares to be issued to Dr. Cooney, Ms. Hsu and Dr. Chen shall be determined based on the average closing price of the Shares for all the trading days from January 4, 2021 up to and including the trading day immediately preceding December 31, 2021.

As shown in the table above, the shareholding of the other Shareholders in the Company will decrease from approximately 92.37% to approximately 92.31% assuming all the Restricted Shares under the Proposed Grants are vested in full. Although the shareholding interest of the Independent Shareholders will be diluted, taking into account the reasons for and benefits of the Proposed Grants and terms and conditions of the Proposed Grants as discussed above, the dilution to the Independent Shareholders upon the issuance of the Restricted Shares under the Proposed Grants is considered acceptable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the Proposed Grants are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Proposed Grants are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committees to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM in relation to the Proposed Grants.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Danny Cheng
Director

Mr. Danny Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, who is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 15 years of experience in the corporate finance industry.

1. 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 in this circular or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN EQUITY SECURITIES

As at the Latest Practicable Date, the interests and short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding[1]	Long position/ Short position
Dr. De-Chao Michael Yu	Beneficial owner	110,465,986[2]	7.58%	Long position
		371,747[3]	0.03%	Short position
	Grantor of a trust	9,000,000[4]	0.62%	Long position
Mr. Ronald Hao Xi Ede	Beneficial owner	10,449,992[5]	0.72%	Long position
Dr. Charles Leland Cooney	Beneficial owner	43,764[6]	0.00%	Long position
Ms. Joyce I-Yin Hsu	Beneficial owner	4,674[7]	0.00%	Long position
Dr. Kaixian Chen	Beneficial owner	4,674[8]	0.00%	Long position

Notes:

1. The calculation is based on the total number of 1,457,170,747 Shares in issue as at the Latest Practicable Date.

2. Includes (i) 94,139,190 Shares held directly by Dr. Yu, (ii) Dr. Yu's entitlement to receive up to 7,250,000 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Dr. Yu's entitlement to 8,351,796 Shares underlying Restricted Shares granted to him, subject to the conditions of these Restricted Shares; and (iv) the 725,000 Shares underlying the Proposed Grant to Dr. Yu.

3. These Shares are in connection with a donation agreement entered into by Dr. Yu, pursuant to which he agreed to sell HK$10,000,000 worth of his Shares (approximately 371,747 Shares based on the closing price of HK$26.90 on December 27, 2019, the closest trading day to the date of the agreement) and to transfer the proceeds remaining (after tax and relevant fees) to the beneficiary within two years of the date of the agreement.

4. These Shares are held by Gloria Bingqinzi Yu as trustee of Yu Tong Family Irrevocable Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.

5. Includes (i) 8,039,040 Shares held directly by Mr. Ede, (ii) Mr. Ede's entitlement to receive up to 1,930,952 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Mr. Ede's entitlement to 320,000 Shares underlying Restricted Shares granted to him, subject to the conditions of these Restricted Shares and (iv) the 160,000 Shares underlying the Proposed Grant to Mr. Ede.

6. Includes (i) 39,090 Shares held directly by Dr. Cooney; (ii) Dr. Cooney's entitlement to 2,857 Shares underlying Restricted Shares granted to him, subject to the conditions of these Restricted Shares and (iii) the 1,817 Shares underlying the Proposed Grant to Dr. Cooney, calculated for indicative purposes using (i) the exchange rate published by the State Administration of Foreign Exchange on the Grant Date (i.e. HK$100 to RMB84.437) and (ii) the closing price of the Shares on the Stock Exchange as stated in the daily quotation sheets issued by the Stock Exchange for the Grant Date.

7. Includes (i) Ms. Hsu's entitlement to 2,857 Shares underlying Restricted Shares granted to him, subject to the conditions of these Restricted Shares and (ii) the 1,817 Shares underlying the Proposed Grant to Ms. Hsu, calculated for indicative purposes using (i) the exchange rate published by the State Administration of Foreign Exchange on the Grant Date (i.e. HK$100 to RMB84.437) and (ii) the closing price of the Shares on the Stock Exchange as stated in the daily quotation sheets issued by the Stock Exchange for the Grant Date.

8. Includes (i) Dr. Chen's entitlement to 2,857 Shares underlying Restricted Shares granted to him, subject to the conditions of these Restricted Shares and (ii) the 1,817 Shares underlying the Proposed Grant to Dr. Chen, calculated for indicative purposes using (i) the exchange rate published by the State Administration of Foreign Exchange on the Grant Date (i.e. HK$100 to RMB84.437) and (ii) the closing price of the Shares on the Stock Exchange as stated in the daily quotation sheets issued by the Stock Exchange for the Grant Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

None of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2020, the date to which the latest published audited financial statements of the Group were made up, and none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. CONSENT OF EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Somerley	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear. The letter from Somerley dated June 8, 2021 on pages 27 to 57 was provided for incorporation herein.

As at the Latest Practicable Date, Somerley did not have: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2020, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since December 31, 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the 2020 RS Plan will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours for 14 days up to and including the date of the EGM:

(a) the 2020 RS Plan;

(b) the letters from the Independent Board Committees set out on pages 23 to 26 of this circular;

(c) the letter from Somerley set out on pages 27 to 57 of this circular; and

(d) the letter from Somerley consenting to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which it appears.

9. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Innovent Biologics, Inc. (the "**Company**") will be held at Yale meeting room, 5F, Administration Building, Innovent Biologics, 168 Dongping Street, Suzhou Industrial Park, China at 10 a.m. (or immediately after the conclusion of the annual general meeting of the Company held on the same day) on Thursday, June 24, 2021 for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**

1(a). the conditional grant of restricted shares to Dr. De-Chao Michael Yu ("**Dr. Yu**") in accordance with the terms of the restricted share plan adopted by the Company on June 12, 2020 (the "**2020 RS Plan**"), subject to all applicable laws, rules, regulations and the applicable award agreement (the "**Proposed Grant to Dr. Yu**") be hereby approved and confirmed;

1(b). any one or more of the directors of the Company, with the exception of Dr. Yu be authorized to exercise the powers of the Company to allot, issue and deal with the ordinary shares of the Company (the "**Shares**") pursuant to the Proposed Grant to Dr. Yu under the specific mandate granted to the Directors by the shareholders of the Company (the "**Shareholders**") at the extraordinary general meeting of the Company held on June 20, 2020 in accordance with the terms of the 2020 RS Plan (the "**2020 RS Plan Specific Mandate**"), such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 1(a) above;

2(a). the conditional grant of restricted shares to Mr. Ronald Hao Xi Ede ("**Mr. Ede**") in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the "**Proposed Grant to Mr. Ede**") be hereby approved and confirmed;

2(b). any one or more of the directors of the Company, with the exception of Mr. Ede be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Mr. Ede under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 2(a) above;

3(a). the conditional grant of restricted shares to Dr. Charles Leland Cooney ("**Dr. Cooney**") in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the "**Proposed Grant to Dr. Cooney**") be hereby approved and confirmed;

3(b). any one or more of the directors of the Company, with the exception of Dr. Cooney be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Dr. Cooney under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 3(a) above;

4(a). the conditional grant of restricted shares to Ms. Joyce I-Yin Hsu ("**Ms. Hsu**") in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the "**Proposed Grant to Ms. Hsu**") be hereby approved and confirmed;

4(b). any one or more of the directors of the Company, with the exception of Ms. Hsu be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Ms. Hsu under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 4(a) above;

5(a). the conditional grant of restricted shares to Dr. Kaixian Chen ("**Dr. Chen**") in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the "**Proposed Grant to Dr. Chen**") be hereby approved and confirmed;

5(b). any one or more of the directors of the Company, with the exception of Dr. Chen be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Dr. Chen under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 5(a) above."

Yours faithfully,
On behalf of the Board
Dr. De-Chao Michael Yu
Chairman and Executive Director

Hong Kong, June 8, 2021

Registered office:
Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Notes:

1. The register of members of the Company will be closed from Monday, June 21, 2021 to Thursday, June 24, 2021, both dates inclusive, for the purpose of determining shareholders' eligibility to attend and vote at the EGM. In order to qualify for the right to attend and vote at the meeting, all 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 for registration not later than 4:30 p.m. on Friday, June 18, 2021.

2. Any shareholder entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the EGM. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder who is an individual or a shareholder which is a corporation shall be entitled to exercise the same powers on behalf of the shareholder which he/she or they represent as such shareholder could exercise.

3. To be valid, a form of proxy must be deposited at 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 and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than 10:00 a.m. on Tuesday, June 22, 2021) or any adjournment thereof.

4. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

5. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. Votes on the ordinary resolutions set out herein which are to be passed at the EGM will be taken by way of poll.

7. Shareholders and their proxies attending the EGM shall bear their own travelling and accommodation expenses.

8. A circular containing further details concerning the resolutions set out in this notice will be sent to all Shareholders together with this notice.

9. References to dates and time in this notice are to Hong Kong dates and time.

10. As at the date hereof, 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.