
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Sincere Pharmaceutical Group Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Sincere Pharmaceutical Group Limited

先聲藥業集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 2096)

**(1) CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED
GRANT OF RSUS TO THE CONNECTED GRANTEES;
(2) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR;
(3) PROPOSED APPOINTMENT OF INDEPENDENT
NON-EXECUTIVE DIRECTOR;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 25 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from Altus Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 49 of this circular.

A notice convening the EGM to be held at No. 699-18, Xuanwu Road, Xuanwu District, Nanjing, Jiangsu, PRC on Wednesday, January 18, 2023 at 1:00 p.m. is set out on pages 56 to 58 of this circular.

A form of proxy for use by the Independent Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the share registrar of the Company 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 (excluding any part of a day that is a public holiday in Hong Kong, i.e. 1:00 p.m. on Monday, January 16, 2023) before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM and any adjournment thereof (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

In view of the ongoing COVID-19 epidemic, the Company will implement the following prevention and control measures targeting COVID-19 at the EGM to protect Shareholders from the risk of infection:

- (i) Compulsory body temperature check will be conducted, and any person with a body temperature of over 37.0 degree Celsius will be denied entry into the venue;
- (ii) Every Shareholder or authorized representative must wear a surgical mask throughout the EGM;
- (iii) No refreshment will be served; and
- (iv) The Company will maintain appropriate distance and space in the venue.

The Company strongly recommends Shareholders, who intend to attend the EGM, to submit the proxy form for voting instead of attending the EGM in person. The proxy form has been dispatched to Shareholders and is available to download on the Company's website (<http://www.sincere.com>) or the Stock Exchange's website (www.hkexnews.hk).

December 29, 2022

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This circular is prepared in both English and Chinese.

In the event of inconsistency, the English text of this circular will prevail.

DEFINITIONS

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

| | |
|----------------------------|---|
| “2021 RSU Scheme” | the restricted share unit scheme of the Company approved by the Board on May 20, 2021 (after trading hours) for adoption, in its present form or as amended from time to time in accordance with the rules of the 2021 RSU Scheme |
| “Articles” | the articles of association as adopted by a special resolution passed on October 8, 2020 with effect on October 12, 2020, as amended from time to time |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | any day on which the Stock Exchange is open for the business of dealing in securities listed thereon |
| “close associate(s)” | has the meaning ascribed thereto in the Listing Rules |
| “Company” | Sincere Pharmaceutical Group Limited (先聲藥業集團有限公司), a company incorporated in Hong Kong on November 30, 2015 with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2096) |
| “Connected Grantee(s)” | the Grantee(s) who are connected person(s) of the Company, namely Mr. Tang Renhong, Mr. Wan Yushan, Mr. Cheng Xianghua, Mr. Wang Feng, Ms. Cong Yuehua, Mr. Peng Shaoping, Mr. Yu Qingzhu, Ms. Chen Yanqiong and Mr. Hou Zhiwei |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “core connected person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be held at No. 699-18, Xuanwu Road, Xuanwu District, Nanjing, Jiangsu, PRC on Wednesday, January 18, 2023 at 1:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the EGM set out on pages 56 to 58 of this circular or any adjournment thereof (as the case may be) |
| “Excel Management” | Excel Management Company Limited, an exempted company incorporated under of laws of Bermuda on July 13, 2015 and a Shareholder of the Company as the employee incentive platform |
| “Futu Trustee” | one of the trustees of the 2021 RSU Scheme holding the Underlying Shares for the benefit of the Selected Persons who are connected persons of the Company, being FUTU TRUSTEE LIMITED |

DEFINITIONS

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|---------------------------------|--|
| “General Mandate” | the general mandate granted to the Directors by the Shareholders to allot, issue and deal with up to 529,381,523 Shares pursuant to an ordinary resolution passed at the annual general meeting of the Company held on June 24, 2022 |
| “Grant Date” | November 9, 2022 |
| “Grantee(s)” | 19 Selected Person(s) granted in aggregate of 3,669,000 RSUs on November 9, 2022 pursuant to the 2021 RSU Scheme |
| “Group” | the Company and its subsidiaries |
| “Hainan Simcere” | Hainan Simcere Pharmaceutical Co., Ltd. (海南先聲藥業有限公司) (formerly known as Sanya Haifu Pharmaceutical Co., Ltd. (三亞海富製藥有限公司), Hainan Haifu Pharmaceutical Co., Ltd. (海南海富製藥有限公司) and Simcere Pharmaceutical Co., Ltd. (先聲藥業有限公司)), a limited liability company established in the PRC on April 28, 1993 and a subsidiary of the Company |
| “Hainan Yaozhen” | Hainan Yaozhen Biomedical Technology Co., Ltd. (海南耀臻生物醫藥科技有限公司), a limited liability company established in the PRC on December 3, 2020 and a subsidiary of the Company |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Song Ruilin, Mr. Wang Jianguo and Mr. Wang Xinhua, established to advise the Independent Shareholders in relation to the Proposed RSU Grants |
| “Independent Financial Advisor” | Altus Capital Limited, a corporation licensed to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial advisor appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed RSU Grants |
| “Independent Shareholders” | the Shareholders who are not required under the Listing Rules to abstain from voting at the EGM to approve the Proposed RSU Grants |
| “Latest Practicable Date” | December 21, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

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| “Other Connected Grantee(s)” | the connected grantee(s) other than the Directors of the Company, namely, Mr. Cheng Xianghua, Mr. Wang Feng, Ms. Cong Yuehua, Mr. Peng Shaoping, Mr. Yu Qingzhu, Ms. Chen Yanqiong and Mr. Hou Zhiwei |
| “PRC” | the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macao Special Administrative Region and Taiwan |
| “Proposed RSU Grant(s)” | the proposed grant of a total of 3,550,000 RSUs to the Connected Grantees pursuant to the 2021 RSU Scheme |
| “Register of Members” | the register of members of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “RSU(s)” | restricted share units may be granted under the 2021 RSU Scheme, each of which represents one underlying Share, and represent a conditional right granted to any Selected Person under the 2021 RSU Scheme to obtain the corresponding economic value of the underlying Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion |
| “Selected Person(s)” | person(s) eligible to receive RSUs under the 2021 RSU Scheme, who are existing or incoming employees, directors (whether executive or non-executive) or officers of the Company or any member of the Group, selected by the Board to be granted RSUs under the 2021 RSU Scheme at its discretion |
| “SFO” | the Securities and Futures Ordinance of Hong Kong, (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| “Shandong Simcere” | Shandong Simcere Biopharmaceutical Co., Ltd. (山東先聲生物製藥有限公司), a limited liability company established in the PRC on June 30, 1999 and a subsidiary of the Company |
| “Shanghai Simcere” | Shanghai Simcere Pharmaceutical Co., Ltd. (上海先聲藥業有限公司), a limited liability company established in the PRC on July 20, 2000 and a subsidiary of the Company |
| “Share(s)” | the ordinary share(s) of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Simcere Biology” | Simcere Biology Medical Technology Co., Ltd. (先聲生物醫藥科技有限公司), a limited liability company established in the PRC on March 14, 2012 and a subsidiary of the Company |

DEFINITIONS

| | |
|-------------------------------------|---|
| “Sincere Europe” | Oy Sincere Europe Ltd., a limited company incorporated under the laws of the Republic of Finland on September 14, 2007 and a subsidiary of the Company |
| “Sincere Pharmaceutical” | Sincere Pharmaceutical Co., Ltd. (先聲藥業有限公司), a limited liability company established in the PRC on September 10, 1998 and a subsidiary of the Company |
| “Sincere UK” | Sincere UK Limited, a private company limited by shares incorporated under the Companies Act 2006 of the United Kingdom on December 20, 2017 and a subsidiary of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong, as amended from time to time |
| “Ultimate Controlling Shareholders” | Mr. Ren Jinsheng, together with Sincere Investments Group Limited, P&H Holdings Group Ltd., Right Wealth Holdings Limited, Mr. Ren Yong, Ms. Li Shimeng, Mr. Ren Weidong, Ms. Ren Zhen and Ms. Peng Suqin |
| “Underlying Shares” | 3,550,000 new Shares to be issued and allotted by the Company to Futu Trustee underlying the Proposed RSU Grants |
| “Wuhu Sincere” | Wuhu Sincere Zhongren Pharmaceutical Co., Ltd. (蕪湖先聲中人藥業有限公司), a limited liability company established in the PRC on September 19, 2008 and a subsidiary of the Company |
| “%” | per cent |

In this circular, the terms “close associate”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.



Sincere Pharmaceutical Group Limited

先聲藥業集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 2096)

Executive Directors:

Mr. REN Jinsheng (*Chairman*)

Mr. TANG Renhong

Mr. WAN Yushan

Registered office:

43/F, AIA Tower

183 Electric Road

North Point

Hong Kong

Independent non-executive Directors:

Mr. SONG Ruilin

Mr. WANG Jianguo

Mr. WANG Xinhua

Headquarters in the PRC:

No. 699-18, Xuanwu Road

Xuanwu District, Nanjing

Jiangsu

PRC

December 29, 2022

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED
GRANT OF RSUS TO THE CONNECTED GRANTEES;
(2) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR;
(3) PROPOSED APPOINTMENT OF INDEPENDENT
NON-EXECUTIVE DIRECTOR;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to (i) provide you with information regarding, among other matters, connected transactions in relation to the proposed grant of RSUs to the Connected Grantees, the proposed appointment of executive Director, and the proposed appointment of independent non-executive Director; and (ii) give you notice of the EGM at which resolutions will be proposed for the Shareholders to consider and, if thought fit, approve the aforesaid matter.

A notice convening the EGM is set out on pages 56 to 58 of this circular.

LETTER FROM THE BOARD

2. CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED GRANT OF RSUS TO THE CONNECTED GRANTEES

Reference is made to the announcement of the Company dated November 9, 2022 in relation to, among others, the proposed grant of RSUs to the Connected Grantees.

On November 9, 2022, the Board has resolved to grant a total of 3,669,000 RSUs to 19 Grantees under the 2021 RSU Scheme, among which, (i) 119,000 RSUs were granted to 10 non-connected Grantees, who are employees of the Group and are not connected persons of the Company, subject to acceptance by the non-connected Grantees; and (ii) 3,550,000 RSUs were granted to 9 Connected Grantees, subject to acceptance by the Connected Grantees and the approval by the Independent Shareholders at the EGM.

All the 3,550,000 RSUs under the Proposed RSU Grants were granted to the Connected Grantees at nil consideration. The grant of an aggregate of 3,550,000 RSUs to the Connected Grantees shall be satisfied by the issue and allotment of 3,550,000 Underlying Shares at the issue price of HK\$9.3 per Share to Futu Trustee pursuant to the General Mandate and in accordance with the terms of the 2021 RSU Scheme. The total issue price will be paid by Futu Trustee to the Company upon subscription of 3,550,000 Underlying Shares, and the funds for such payment will be provided by the Company to Futu Trustee with its internal resources.

Upon the issue and allotment of the Underlying Shares, the Underlying Shares will be held by the Futu Trustee for the Connected Grantees and be transferred to the Connected Grantees at nil consideration at the end of each vesting period subject to the satisfaction of the relevant vesting conditions. The vesting schedule and vesting conditions of the RSUs granted to the Connected Grantees are set out as below:

| Grantees | Vesting Date | Vesting Conditions |
|--|---|---|
| Mr. Tang Renhong, Mr. Wan Yushan, Mr. Cheng Xianghua, Mr. Wang Feng (in respect of 136,000 RSUs), Ms. Cong Yuehua, Mr. Peng Shaoping (in respect of 86,000 RSUs), Mr. Yu Qingzhu (in respect of 93,000 RSUs), Ms. Chen Yanqiong and Mr. Hou Zhiwei | One third of the RSUs on November 9, 2023 | <p>(i) the aggregate amount of profit for the year and research and development costs for the year ending December 31, 2022 has an increment of no less than 32% as compared with that for the year ended December 31, 2020; and</p> <p>(ii) the results of individual performance assessments carried out by the Group's human resources committee in accordance with each department's function and target.</p> |
| | One third of the RSUs on November 9, 2024 | <p>(i) the aggregate amount of profit for the year and research and development costs for the year ending December 31, 2023 has an increment of no less than 52% as compared with that for the year ended December 31, 2020; and</p> <p>(ii) the results of individual performance assessments carried out by the Group's human resources committee in accordance with each department's function and target.</p> |

LETTER FROM THE BOARD

| Grantees | Vesting Date | Vesting Conditions |
|--|---|--|
| | One third of the RSUs on November 9, 2025 | (i) the aggregate amount of profit for the year and research and development costs for the year ending December 31, 2024 has an increment of no less than 75% as compared with that for the year ended December 31, 2020; and (ii) the results of individual performance assessments carried out by the Group's human resources committee in accordance with each department's function and target. |
| Mr. Wang Feng (in respect of 14,000 RSUs), Mr. Peng Shaoping (in respect of 14,000 RSUs) and Mr. Yu Qingzhu (in respect of 7,000 RSUs) | All RSUs on November 9, 2023 | Nil |

The grant of 14,000 RSUs to Mr. Wang Feng, the grant of 14,000 RSUs to Mr. Peng Shaoping and the grant of 7,000 RSUs to Mr. Yu Qingzhu are to reward the relevant Connected Grantees for their contributions to the Group's research during the outbreak of COVID-19 pandemic. Given the grant of such 35,000 RSUs is to recognize and reward the relevant Connected Grantees for their past contributions to the Group, and can encourage, motivate and retain the relevant Connected Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group, the Remuneration and Appraisal Committee of the Company is of the view that it is not necessary to set performance targets for such 35,000 RSUs and that such arrangements are appropriate and in line with the purposes of the 2021 RSU Scheme.

The following table sets out the details of the RSUs granted to the Connected Grantees:

| Name of the Connected Grantee | Number of RSUs granted | Number of Underlying Shares to be issued | Approximate market value of the Underlying Shares as of the Grant Date ⁽¹⁾ | Approximate market value of the Underlying Shares as of the Latest Practicable Date ⁽²⁾ | Approximate percentage of total number of Shares in issue as of the Latest Practicable Date |
|---------------------------------|------------------------|--|---|--|---|
| Directors of the Company | | | | | |
| Mr. Tang Renhong | 1,650,000 | 1,650,000 | 19,173,000 | 16,401,000 | 0.0620% |
| Mr. Wan Yushan | 850,000 | 850,000 | 9,877,000 | 8,449,000 | 0.0320% |
| Sub-total | <u>2,500,000</u> | <u>2,500,000</u> | <u>29,050,000</u> | <u>24,850,000</u> | <u>0.0940%</u> |

LETTER FROM THE BOARD

| Name of the Connected Grantee | Number of RSUs granted | Number of Underlying Shares to be issued | Approximate market value of the Underlying Shares as of the Grant Date ⁽¹⁾ | Approximate market value of the Underlying Shares as of the Latest Practicable Date ⁽²⁾ | Approximate percentage of total number of Shares in issue as of the Latest Practicable Date |
|----------------------------------|------------------------------|---|---|---|--|
| Other Connected Grantees | | | | | |
| Mr. Cheng Xianghua | 350,000 | 350,000 | 4,067,000 | 3,479,000 | 0.0132% |
| Mr. Wang Feng | 150,000 | 150,000 | 1,743,000 | 1,491,000 | 0.0056% |
| Ms. Cong Yuehua | 150,000 | 150,000 | 1,743,000 | 1,491,000 | 0.0056% |
| Mr. Peng Shaoping | 100,000 | 100,000 | 1,162,000 | 994,000 | 0.0038% |
| Mr. Yu Qingzhu | 100,000 | 100,000 | 1,162,000 | 994,000 | 0.0038% |
| Ms. Chen Yanqiong | 100,000 | 100,000 | 1,162,000 | 994,000 | 0.0038% |
| Mr. Hou Zhiwei | 100,000 | 100,000 | 1,162,000 | 994,000 | 0.0038% |
| Sub-total | <u>1,050,000</u> | <u>1,050,000</u> | <u>12,201,000</u> | <u>10,437,000</u> | <u>0.0395%</u> |
| Total | <u><u>3,550,000</u></u> | <u><u>3,550,000</u></u> | <u><u>41,251,000</u></u> | <u><u>35,287,000</u></u> | <u><u>0.1340%</u></u> |

Note:

1. The market value of the Underlying Shares as of the Grant Date is calculated based on the closing market price of HK\$11.62 per Share as of the Grant Date.
2. The market value of the Underlying Shares as of the Latest Practicable Date is calculated based on the closing market price of HK\$9.94 per Share as of the Latest Practicable Date.

The number of RSUs proposed to be granted to each of the Connected Grantees is primarily determined by the Board with reference to, among other things, their respective roles, responsibilities, work experience, contributions and remuneration packages, as well as the market value of the awarded shares or restricted share units granted to the directors and/or senior management of comparable companies (the “**Comparable Companies**”). The Comparable Companies are selected based on the following criteria: (i) companies that are listed on the Main Board of the Stock Exchange; (ii) companies which recorded a total revenue of more than RMB300 million in the first half of 2022 with more than 50% of such revenue generated from innovative pharmaceuticals business; (iii) companies which had announced connected transactions in relation to the grant of share awards or restricted share units, which are listed on the Stock Exchange, to directors and/or senior management of such companies during the twelve months prior to November 9, 2022, being the date on which the Proposed RSU Grants were approved by the Board; and (iv) the number of share awards or restricted share units granted is identifiable at the date of the relevant announcements. The Board has identified, to the best of its knowledge and ability, 7 Comparable Companies which it considers to be an exhaustive list of the comparable companies based on the abovementioned criteria, including Sino Biopharmaceutical Limited (stock code: 1177.HK), Genscript Biotech Corporate (stock code: 1548), Innovent Biologics, Inc. (stock code: 1801), Wuxi Biologics (Cayman) Inc. (stock code: 2269), Wuxi Apptec Co., Ltd (stock code: 2359), SciClone Pharmaceuticals (Holdings) Limited (stock code: 6600) and RemeGen Co., Ltd. (stock code: 9995).

LETTER FROM THE BOARD

The following table sets out the positions and responsibilities in the Group of each of the Connected Grantees:

| Name of the Connected Grantee | Position | Responsibility |
|--|--|---|
| Directors of the Company | | |
| Mr. Tang Renhong | Executive Director and the Co-CEO of the Company | Responsible for the overall leading of the Group's research and development affairs |
| Mr. Wan Yushan | Executive Director, the chief financial officer and one of the joint company secretaries of the Company | Responsible for the financial, legal and compliance management, formulating financial strategies and in charge of the process and information business of the Group |
| Other Connected Grantees | | |
| Mr. Cheng Xianghua | Vice president of the Company, director of Simcere Pharmaceutical, director and general manager of Hainan Simcere, director of Wuhu Simcere, director and general manager of Shanghai Simcere, director of Hainan Yaozhen and director of Simcere Europe | Responsible for the sales management of the neuroscience department of the Group |
| Mr. Wang Feng | Vice president of the Company, director of Hainan Simcere, director of Simcere Biology, director and general manager of Simcere (Beijing) Pharmaceutical Co., Ltd | Responsible for the Regulatory Science Department, Intellectual Property Department, Collaborative Innovation Department as well as affairs of the CPC Committee of the Group |
| Ms. Cong Yuehua | Executive director of the Company, director of Simcere UK | Responsible for the business development of the Group in Europe |
| Mr. Peng Shaoping | Executive director of the Company, director of Hainan Simcere and Hainan Yaozhen | Responsible for Nanjing Research Institute and a national key laboratory of translational medicine and innovative pharmaceuticals |
| Mr. Yu Qingzhu | Chief executive of Chengmai Branch of Hainan Simcere | Responsible for the operation and management of various businesses of Hainan Simcere |
| Ms. Chen Yanqiong | Senior director of the Company, director of Hainan Yaozhen | Responsible for the Company's business-related financial support |
| Mr. Hou Zhiwei | Director and general manager of Jiangsu Xiansheng Biology Medical Co., Ltd (江蘇先盛生物醫藥有限公司) | Responsible for the management of Jiangsu Xiansheng Biology Medical Co., Ltd |

LETTER FROM THE BOARD

Issue and Allotment of the Underlying Shares

The issue and allotment of the Underlying Shares shall be subject to (i) the approval by the Independent Shareholders at the EGM in respect of the Proposed RSU Grants; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Underlying Shares.

Pursuant to the 2021 RSU Scheme, the Company shall cause to be paid the subscription money for the Underlying Shares from the Company's internal resources, and Futu Trustee shall subscribe for the Underlying Shares in cash. As such, no fund will be raised by the Company as a result of the issue and allotment of the Underlying Shares.

The Underlying Shares, being 3,550,000 new Shares, to be issued and allotted by the Company represent (i) approximately 0.1334% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.1333% of the total number of Shares in issue as enlarged by the issue and allotment of the Underlying Shares and the 119,000 Shares underlying the RSUs granted to the non-connected Grantees on November 9, 2022 pursuant to the 2021 RSU Scheme (assuming there is no other change in the issued share capital of the Company).

Market Value

Based on the closing price of HK\$9.94 per Share as quoted on the Stock Exchange as of the Latest Practicable Date (i.e. December 21, 2022), the market value of the Underlying Shares amounts to approximately HK\$35,287,000.

General Mandate

Pursuant to the General Mandate, the Directors are authorised to allot, issue and deal with up to 529,381,523 Shares pursuant to an ordinary resolution passed at the annual general meeting of the Company held on June 24, 2022. As of the Latest Practicable Date, 13,469,000 Shares have been allotted and issued under the General Mandate.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Underlying Shares.

LETTER FROM THE BOARD

Impact on the Shareholding Structure of the Company

The following table sets out the shareholding structure of the Company as of the Latest Practicable Date and immediately after the full vesting of the Proposed RSU Grants (assuming no other change in the issued share capital of the Company):

| Name of Shareholder | As of the Latest Practicable Date | | Immediately after the full vesting of the Proposed RSU Grants (assuming no other change in the issued share capital of the Company) | |
|---|--|-------------------------|---|-------------------------|
| | <i>Number of Shares/RSUs held ⁽⁶⁾</i> | <i>% ⁽⁷⁾</i> | <i>Number of Shares held ⁽⁸⁾</i> | <i>% ⁽⁹⁾</i> |
| Directors | | | | |
| Mr. Ren Jinsheng ⁽¹⁾ | 1,840,102,913 | 69.1670% | 1,840,102,913 | 69.0717% |
| Mr. Tang Renhong | 1,000,000 | 0.0376% | 4,650,000 | 0.1745% |
| | 2,000,000 RSUs | | | |
| Mr. Wan Yushan | 805,000 | 0.0303% | 3,005,000 | 0.1128% |
| | 1,350,000 RSUs | | | |
| <i>Sub-total for Directors</i> | 1,841,907,913 | 69.2349% | 1,847,757,913 | 69.3591% |
| Other Connected Grantees | | | | |
| Mr. Cheng Xianghua | 205,000 | 0.0077% | 965,000 | 0.0362% |
| | 410,000 RSUs | | | |
| Mr. Wang Feng | 164,000 | 0.0062% | 642,000 | 0.0241% |
| | 328,000 RSUs | | | |
| Ms. Cong Yuehua | 32,000 | 0.0012% | 246,000 | 0.0092% |
| | 64,000RSUs | | | |
| Mr. Peng Shaoping | 75,000 | 0.0028% | 325,000 | 0.0122% |
| | 150,000RSUs | | | |
| Mr. Yu Qingzhu | 43,000 | 0.0016% | 229,000 | 0.0086% |
| | 86,000RSUs | | | |
| Ms. Chen Yanqiong | 74,000 | 0.0028% | 284,000 | 0.0107% |
| | 110,000RSUs | | | |
| Mr. Hou Zhiwei | — | — | 223,000 | 0.0084% |
| | 123,000RSUs | | | |
| <i>Sub-total for other Connected Grantees</i> | 593,000 | 0.0223% | 2,914,000 | 0.1094% |

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| Name of Shareholder | As of the Latest Practicable Date | | Immediately after the full vesting of the Proposed RSU Grants (assuming no other change in the issued share capital of the Company) | |
|--|--|------------------|---|------------------|
| | Number of Shares/ RSUs held ⁽⁶⁾ | % ⁽⁷⁾ | Number of Shares held ⁽⁸⁾ | % ⁽⁹⁾ |
| Other core connected persons | | | | |
| Excel Management ⁽²⁾ | 54,719,407 | 2.0568% | 54,719,407 | 2.0540% |
| Futu Trustee ⁽³⁾ | 13,411,000 | 0.5041% | 8,012,000 | 0.3007% |
| Directors and chief executive of the subsidiaries of the Company ⁽⁴⁾ | 486,000 778,000RSUs | 0.0183% | 1,264,000 | 0.0474% |
| <i>Sub-total for other core connected persons</i> | <u>68,616,407</u> | <u>2.5792%</u> | <u>63,995,407</u> | <u>2.4022%</u> |
| Public Shareholders⁽⁵⁾ | 749,259,298 | 28.1637% | 749,378,298 | 28.1293% |
| Total | <u>2,660,376,618</u> | <u>100%</u> | <u>2,664,045,618</u> | <u>100%</u> |

Notes:

- (1) Mr. Ren Jinsheng, together with the other Ultimate Controlling Shareholders collectively hold 1,839,610,913 Shares, including (i) 606,810,031 Shares and 995,811,934 Shares directly held by Artking Global Limited and Simcere Pharmaceutical Holding Limited, respectively, both of which are companies controlled by the Ultimate Controlling Shareholders; (ii) 115,527,578 Shares and 120,961,370 Shares directly held by Simcere Investment Group Limited and Fortune Fountain Investment Limited, respectively, both of which are companies controlled by Mr. Ren Jinsheng, and (iii) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders. By virtue of the SFO, as the Ultimate Controlling Shareholders are deemed to be persons acting in concert under the Takeovers Code, each of them is deemed to be interested in the Shares held by each other. Mr. Ren Jinsheng is also deemed to be interested in (i) 164,000 Shares held by his spouse, Ms. Wang Xi; and (ii) 328,000 Shares underlying the RSUs granted to Ms. Wang Xi.
- (2) Excel Management is an employee incentive platform for the purpose of the pre-IPO share incentive scheme.
- (3) Since Futu Trustee holds the underlying Shares for the benefit of the grantees who are connected persons under the 2021 RSU Scheme, Futu Trustee is a close associate of the grantees who are connected persons and therefore a core connected person of the Company for the purpose of Rule 8.24 of the Listing Rules. Futu Trustee does not exercise any voting rights in respect of any Shares held by it under the 2021 RSU Scheme.
- (4) Directors and chief executive of the subsidiaries of the Company represents the grantees of the 8,712,000 RSUs granted by the Company on August 27, 2021, who are connected persons of the Company, but excluding the grantees who are also the Connected Grantees under the Proposed RSU Grants and Ms. Wang Xi.
- (5) In accordance with Rule 8.08(1)(d) of the Listing Rules, the Stock Exchange has granted the Company a waiver and accepted a lower public float of 15.45% of the Company's issued share capital.

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- (6) The number of Shares held by the core connected persons (excluding Mr. Ren Jinsheng and Excel Management) is the number of Shares directly held by such core connected persons, including the Shares issued to such core connected persons due to vesting of the RSUs previously granted pursuant to the 2021 RSU Scheme. The number of RSUs held by the core connected persons (excluding Mr. Ren Jinsheng and Excel Management) is the number of unvested RSUs previously granted pursuant to the 2021 RSU Scheme, excluding the RSUs under the Proposed RSU Grants. As of the Latest Practicable Date, the Shares underlying the unvested RSUs previously granted to the core connected persons pursuant to the 2021 RSU Scheme are held by Futu Trustee.
- (7) This figure is calculated based on the total number of Shares in issue as of the Latest Practicable Date, being 2,660,376,618 Shares.
- (8) The number of Shares held by the core connected persons (excluding Mr. Ren Jinsheng and Excel Management) is the number of Shares directly held by such core connected persons assuming full vesting of the Proposed RSU Grants and the RSUs previously granted to such core connected persons pursuant to the 2021 RSU Scheme.
- (9) This figure is calculated based on the total number of Shares in issue immediately after the full vesting of the Proposed RSU Grants assuming no other change in the issued share capital of the Company and full vesting of the RSUs previously granted under the 2021 RSU Scheme (including the RSUs granted to the non-connected Grantees on November 9, 2022 pursuant to the 2021 RSU Scheme), being 2,664,045,618 Shares.

Information about the Company

The Company is an innovation and R&D-driven pharmaceutical company. It has established a National Key Laboratory of Translational Medicine and Innovative Drug Development. The Company focuses on three therapeutic areas, oncology, central nervous system and autoimmune diseases, with forward-looking layout of disease areas that may have significant clinical needs in the future, aiming to achieve the mission of “providing today’s patients with medicines of the future”. Leveraging its R&D capability and commercialization excellence, the Company has built a market-leading product portfolio in China. Its vigorous in-house R&D efforts and extensive R&D collaborations have made it a top strategic cooperation partner with world leading innovative companies and research institutes.

Reasons for and Benefits of the Proposed RSU Grants

The 2021 RSU Scheme forms part of the incentive schemes of the Group. The Board considers that the Proposed RSU Grants are to (i) recognize and reward the Grantees for their contributions to the Group; (ii) encourage, motivate and retain the Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the Grantees to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Grantees to the Shareholders through ownership of Shares. The Proposed RSU Grants recognize their past contributions to the Group’s business performance and aim to secure their long-term support and commitment to the Group which are vital to the future development of the Group. As the Group’s business is undergoing rapid expansion, the Company believes that the Proposed RSU Grants serves as an important incentive to motivate them to bring a higher return to the Company.

The Board is of the view that the Proposed RSU Grants are in line with the Company’s remuneration policy, which includes basic salary, performance-based bonus and long-term incentives, such as the 2021 RSU Scheme. The Proposed RSU Grants align the interests of the Grantees directly with the interests of the Shareholders through ownership of the Shares and help to further encourage them to devote their efforts to the Group’s development.

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In addition to the granting of the RSUs, the Board also considered the grant of share options to the Connected Grantees as an alternative to provide incentives to the Connected Grantees, but given the Connected Grantees would be required to pay the exercise price upon exercise of the share options and as such significantly higher number of share options would need to be granted to the Connected Grantees to provide the comparable incentives as the grant of the RSUs, thereby resulting in higher dilution impact on the shareholding interests of the other Shareholders, the Board considers the grant of share options to be a less desirable alternative compared to the grant of the RSUs.

Furthermore, the dilutive effect of the Proposed RSU Grants to the interests of the existing public Shareholders is insignificant and there will be no substantial cash outflow by the Company under the Proposed RSU Grants.

Proposed grant of RSUs to the executive Directors of the Company

The proposed grant of RSUs to the executive Directors of the Company, namely Mr. Tang Renhong and Mr. Wan Yushan, forms part of their remuneration package for their services provided to the Group. The proposed grant of RSUs to the executive Directors of the Company aims to provide sufficient incentive to attract, retain and motivate Mr. Tang Renhong and Mr. Wan Yushan to participate in the formulation of strategy and long-term development of the Company and to recognise their contributions to the growth of the Company.

Details of the professional expertise, experience and contributions to the Group of each of Mr. Tang Renhong and Mr. Wan Yushan are set out below:

Mr. Tang Renhong is an executive Director and the Co-CEO of the Company. He is primarily responsible for the overall leading of the Group's research and development affairs. Mr. Tang has more than 12 years of experience in pharmaceutical research and development and management of pharmaceutical companies. Mr. Tang joined the Group acting as the vice president in May 2019. He was officially appointed as an executive Director and the vice president of the Company on November 19, 2019 and further appointed as the senior vice president, the executive vice president and the co-chief executive officer of the Company on June 1, 2020, March 31, 2021 and May 25, 2022, respectively. Prior to that, he served as the vice general manager of Shanghai Shengdi Pharmaceutical Co., Ltd. (上海盛迪醫藥有限公司) from September 2017 to May 2019. From September 2013 to August 2017, Mr. Tang worked as the associate director of China Innovation Center of AstraZeneca Investment (China) Co., Ltd. (阿斯利康投資(中國)有限公司). Before that, he worked at the Novo Nordisk Research Centre China (諾和諾德中國研究發展中心) from June 2009 to September 2013 with the last position there being the head of department. At the beginning of his career, he was a postdoctoral researcher at the University of California, San Francisco from April 2007 to May 2009. Mr. Tang has made useful contributions to the strategy formulation and long-term development of the Group. Under his leadership and management, the Group has made rapid progress in innovation and R&D-driven transformation. The innovative pharmaceutical pipelines at the early stage and at clinical stage in 2022 achieved a significant increase as compared with those in 2021, and the advancement of the projects was in line with the Group's expectations. As at September 30, 2022, the increase in 6 registration clinical trials in Phase III, 2 in Phase II and 3 in Phase I for the R&D pipeline project of innovative pharmaceuticals of the Group was made as compared with the beginning of the year. In addition, Mr. Tang took initiative to advance the overseas development of innovative pharmaceutical projects, established an overseas research and development team, and led the external licensing of overseas interests of SIM0278 project. Since 2022, the Group has completed one approval and one submission of IND in the United States, and one approval of new drug for conditional marketing in the first half of 2022, and 7 drug clinical trial approval notices were obtained and 9 subjects in the first case achieved clinical enrolment. The Group currently has 8 pivotal registrations and phase III

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clinical trials under research, 5 phase II clinical trials, and 6 phase I clinical trials. The Shanghai Innovation Center led by Mr. Tang has become the main engine of the R&D of innovative pharmaceuticals of the Group.

Mr. Wan Yushan is an executive Director, the chief financial officer and one of the joint company secretaries of the Company. He is primarily responsible for the financial, legal and compliance management, formulating financial strategies and in charge of the process and information business of the Group. Mr. Wan has over 20 years of experience with the Group where he has accumulated knowledge and skills required in the financial management of the Group. Mr. Wan joined the Group in May 2000 and has assumed various positions successively since then, including the financial controller, general manager of financial department, vice president and chief financial officer. On November 19, 2019, Mr. Wan was officially appointed as an executive Director and the chief financial officer of the Company. He has also been the director of several subsidiaries of the Company including, among others, Hainan Simcere since July 2011, Shandong Simcere since August 2017 and Simcere Pharmaceutical since July 2017. Mr. Wan Yushan has made irreplaceable contributions to the finance, legal affairs, management and process system optimization and informatization system development of the Group. Under his leadership, the Company was successfully listed on the Stock Exchange in October 2020.

After considering (i) Mr. Tang Renhong's indispensable role as the co-chief executive officer of the Company and his useful contributions to the strategy formulation and long-term development of the Group; and (ii) Mr. Wan Yushan's indispensable role as the chief financial officer the Company and his irreplaceable contributions to the finance, legal affairs, management process optimization and informatization of the Group, the Board proposed to remunerate Mr. Tang Renhong and Mr. Wan Yushan with the proposed grant of RSUs. The proposed grant of RSUs will provide Mr. Tang Renhong and Mr. Wan Yushan 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 grant of RSUs to Mr. Tang Renhong and Mr. Wan Yushan will further align the interests of Mr. Tang Renhong and Mr. Wan Yushan with 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 RSUs proposed to be granted to each of Mr. Tang Renhong and Mr. Wan Yushan was determined by the Board after taking into account all of the aforementioned factors and the market value of the awarded shares or restricted share units granted to the executive directors of the Comparable Companies as at the date of grant, which ranged from approximately HK\$3.83 million to HK\$86.48 million, with an average of approximately HK\$24.90 million. Calculated based on the closing market price of HK\$11.62 per Share as of the Grant Date, the market value of the Shares underlying the RSUs proposed to be granted to each of Mr. Tang Renhong and Mr. Wan Yushan amounted to approximately HK\$19.17 million and HK\$9.88 million, respectively, which falls within the abovementioned range, and is below the average market value of the awarded shares or restricted share units granted to the executive directors of the Comparable Companies.

Proposed grant of RSUs to the Other Connected Grantees

The proposed grant of RSUs to the Other Connected Grantees, namely, Mr. Cheng Xianghua, Mr. Wang Feng, Ms. Cong Yuehua, Mr. Peng Shaoping, Mr. Yu Qingzhu, Ms. Chen Yanqiong and Mr. Hou Zhiwei, forms part of their remuneration package for their services provided to the Group. The proposed grant of RSUs to the Other Connected Grantees aims to provide sufficient incentive to attract, retain and motivate the Other Connected Grantees, thus promote an alignment of interests between the Shareholders and the Other Connected Grantees by further enhancing the value of the Company.

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Details of the professional expertise, experience and contributions to the Group of each of the Other Connected Grantees are set out below:

Mr. Cheng Xianghua is a vice president of the Company. He is responsible for the sales management of the neuroscience department of the Group. Mr. Cheng also concurrently serves as a director of Simcere Pharmaceutical, a director and general manager of Hainan Simcere, a director of Wuhu Simcere, a director and general manager of Shanghai Simcere, a director of Hainan Yaozhen and a director of Simcere Europe. Mr. Cheng joined the Group in June 2000 and has successively held various positions, including the sales manager, business director, general manager of business department, assistant to president and vice president, and has accumulated rich experience of management in the industry. Mr. Cheng has played an important management role in continuously strengthening the product pipeline in the treatment field of neuroscience, expanding the marketing team of the Group and improving professional marketing capabilities, etc. As of June 30, 2022, Sanbexin® (Edaravone and Dexborneol Concentrated Solution for Injection) of the Group has benefited hundreds of thousands of patients.

Mr. Wang Feng is a vice president of the Company. He is responsible for the Regulatory Science Department, Intellectual Property Department, Collaborative Innovation Department as well as affairs of the CPC Committee of the Group. Mr. Wang also concurrently serves as a director of Hainan Simcere and a director of Simcere Biology. Mr. Wang joined the Group in June 2007, and he gained rich experience in the field of medicine, marketing, regulatory registration and intellectual property. Under the major efforts made by Mr. Wang, from September 2021 to October 2022, the Group has obtained eight approvals for domestic IND applications, two approvals for overseas IND applications, and production approvals for two innovative drugs, i.e. COSELA and ENWEIDA. At the same time, the Group submitted the marketing authorisations of two APIs and two generic drugs in China, and submitted the marketing authorisation of one generic drug in Hong Kong. A total of two APIs and five generic drugs' marketing authorisations were approved, and three varieties were approved for the consistency evaluation application. During the outbreak of COVID-19 in August 2022, Mr. Wang made significant contributions to the front-line work of the epidemic through assisting in the Group's research on the COVID-19 and the enrolment of subjects.

Ms. Cong Yuehua joined the Group in October 2017 as the executive director of the Company, responsible for the business development of the Group in Europe. Ms. Cong also serves as a director of Simcere UK. Simcere UK is located in the United Kingdom. As the cornerstone of the Group's European network, Simcere UK continues to work with many European countries to seek highly innovative pharmaceutical molecules to meet the needs of patients, and continuously meet the Group's growing product pipeline demand. Ms. Cong vigorously promoted external licensing and overseas clinical cooperation of Simcere, led the in-depth cooperation discussion and agreement execution with Almirall for the IL2 project, and quickly advanced the clinical trials of SIM417, the COVID-19 small molecule. Ms. Cong took charge of the introduction of European and overseas projects to enrich the R&D pipeline of the Group and speed up the innovation and process of the pipeline, and completed the cooperation with Kazia, Vivoryon and Avilex in 2021. Ms. Cong assisted the Company in expanding the investment cooperation of the international first-class life-science funds and the cooperation of leading talents in academia and the reserve of project resources.

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Mr. Peng Shaoping is the executive director of the Company, responsible for Nanjing Research Institute (南京研究院) and a national key laboratory of translational medicine and innovative pharmaceuticals (轉化醫學與創新藥物國家重點實驗室). Mr. Peng is also a director of Hainan Simcere and Hainan Yaozhen. Mr. Peng joined the Group in February 2019. Since September 2021, Mr. Peng has promoted the approval of 8 generic drugs and completed the research on technology transfer and localization of Trilaciclib. As the project leader, Mr. Peng rapidly advanced the COVID-19 small molecule to Phase III clinical stage so as to contribute to the restructuring of national key laboratories to the acceptance stage. Meanwhile, Mr. Peng promoted two external cooperation execution. During the outbreak of COVID-19 in several regions in 2022, Mr. Peng made significant contributions to the front-line work of the epidemic through assisting in the Group's research on the COVID-19 in multiple areas.

Mr. Yu Qingzhu is the executive deputy general manager of Hainan Simcere and the chief executive of Hainan Simcere Chengmai Branch, responsible for the operation and management of various businesses of Hainan Simcere. Mr. Yu joined the Group in March 2002 and has been responsible for the pharmaceutical business of the Group for nearly 20 years. He has accumulated rich experience in production management. Under the management of Mr. Yu, from 2020, Hainan Simcere commenced the construction of production capacity of aseptic products, and built two aseptic workshops according to the U.S. FDA, the European Union and China's GMP, facilitating Hainan Simcere to transit from oral solid production to aseptic production, thus laying a solid foundation for more products to be produced in Hainan. During the outbreak of COVID-19 in August 2022, Mr. Yu made significant contributions to the front-line work of the epidemic through assisting in the Group's research on the COVID-19 and the enrolment of subjects.

Ms. Chen Yanqiong is the senior director of the Company, responsible for the Company's business-related financial support. Ms. Chen also serves as a director of Hainan Yaozhen. Ms. Chen joined the Group in April 2013 and built a marketing finance BP team and led the financial management reform in the process of marketing model transformation.

Mr. Hou Zhiwei is the executive director of Jiangsu Xiansheng Biomedical Co., Ltd. (江蘇先盛生物醫藥有限公司), responsible for the management of Jiangsu Xiansheng Biology Medical Co., Ltd. Mr. Hou joined the Group in July 2008 and made significant contributions to the rapid construction, product launch and efficient operation of the production base of anti-COVID-19 small molecule drugs of the Group in 2022.

After considering the contributions of the Other Connected Grantees to the business development of the Group and the strategic importance of the relevant subsidiaries in which they hold management positions to the business of the Group, the Board intended to remunerate the Other Connected Grantees with the proposed grant of RSUs. The proposed grant of RSUs will provide certain pecuniary benefits to the Other Connected Grantees, regardless of the share price performance. Such grant can be realized and available at any time at the end of the vesting period, similar to the payment of deferred bonuses, so it is an effective incentive measure. In addition, the proposed grant of RSUs to the Other Connected Grantees will further align the interests of the Other Connected Grantees with the long-term interests of the Shareholders, ensuring a better linkage between the Company's long-term strategic and financial goals and executive compensation.

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The number of RSUs proposed to be granted to each of the Other Connected Grantees was determined by the Board after taking into account all of the aforementioned factors and the market value of the awarded shares or restricted share units granted to the senior management (excluding the executive directors) of the Comparable Companies as at the date of grant, which ranged from approximately HK\$0.06 million to HK\$17.34 million, with an average of approximately HK\$2.85 million. Calculated based on the closing market price of HK\$11.62 per Share as of the Grant Date, the market value of the Shares underlying the RSUs proposed to be granted to each of Mr. Cheng Xianghua, Mr. Wang Feng, Ms. Cong Yuehua, Mr. Peng Shaoping, Mr. Yu Qingzhu, Ms. Chen Yanqiong and Mr. Hou Zhiwei amounted to approximately HK\$4.07 million, HK\$1.74 million, HK\$1.74 million, HK\$1.16 million, HK\$1.16 million, HK\$1.16 million and HK\$1.16 million, respectively, which falls within the abovementioned range, and is below or slightly above the average market value of the awarded shares or restricted share units granted to the senior management (excluding the executive directors) of the Comparable Companies.

Accordingly, the Directors (including the independent non-executive Directors, but excluding each of Mr. Tang Renhong and Mr. Wan Yushan in respect of the RSUs proposed to be granted to himself) consider that the Proposed RSU Grants are carried out on normal commercial terms and in the ordinary course of business of the Group, the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Listing Rules Implications

The Connected Grantees, being two executive Directors and certain directors and chief executives of subsidiaries of the Company, are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the Proposed RSU Grants constitute connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr. Tang Renhong and Mr. Wan Yushan (being the Connected Grantees themselves) has abstained from voting on the Board resolution in relation to the proposed grant of RSUs to themselves. Save as disclosed above, none of the other Directors had any interest in the Proposed RSU Grants and therefore no other Director is required to abstain from voting on the relevant Board resolutions.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee, comprising Mr. Song Ruilin, Mr. Wang Jianguo and Mr. Wang Xinhua, all being the independent non-executive Directors, had been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed RSU Grants. Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Proposed RSU Grants are carried out on normal commercial terms and in the ordinary course of business of the Group, the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and its Shareholders as a whole so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Proposed RSU Grants to be proposed at the EGM.

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The letter from the Independent Board Committee to the Independent Shareholders is set out on pages 26 to 27 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 49 of this circular.

3. PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated December 20, 2022 in relation to, among others, the proposed appointment of Ms. Wang Xi (“**Ms. Wang**”) as an executive Director.

The Board has resolved to propose to appoint Ms. Wang as an executive Director. The appointment of Ms. Wang will take effect upon the approval by the Shareholders at the EGM.

Set out below is the biographical profile of Ms. Wang:

Ms. Wang Xi (王熙), aged 39, is a vice president of the Company. Ms. Wang has extensive experience in corporate governance and is responsible for the procurement and supply chain department of the Group and quality management, material control and business matters of Jiangsu Simcere Pharmaceutical Co., Ltd., a subsidiary of the Company. Ms. Wang joined the Group in May 2020 and has been a vice president of the Company since then.

Ms. Wang has been the chairman of the board of directors of Simcare Jiangsu Pharmaceutical Co., Ltd. (先聲再康江蘇藥業有限公司) since July 2018, a director of Nanjing BioSciKin Technology Development Co., Ltd. (南京百家匯科技發展有限公司) since April 2020 and a director of Beijing Sanroad Biological Products Co., Ltd. (北京祥瑞生物製品股份有限公司) (stock code: 873821, NEEQ) since May 2020. In addition, Ms. Wang served as a director of Jiangsu Pharmaceutical Industry Research Institute Co., Ltd. (江蘇省醫藥工業研究所有限公司) and the executive director and the general manager of Nanjing Xinjiye Technology Development Co., Ltd. (南京新基業科技發展有限公司) from 2015 to 2022.

Ms. Wang obtained a bachelor’s degree in marketing from Nankai University (南開大學) in June 2006 and is currently studying for an EMBA (Executive Master of Business Administration) degree at China Europe International Business School (中歐國際工商學院).

Subject to the approval by the Shareholders at the EGM on her appointment, a service contract will be entered into between the Company and Ms. Wang for an initial term of office of three years commencing from the date of approval by the Shareholders at the EGM on her appointment or until the third annual general meeting of the Company since the date of her appointment, whichever is sooner, subject to termination in certain circumstances as stipulated in the service contract. Pursuant to the Articles, Ms. Wang will be subject to retirement by rotation and re-election. Ms. Wang will be entitled to receive director’s emoluments of HKD2.0 million per annum, plus a discretionary bonus, which was determined by the Board based on the recommendation of the remuneration and appraisal committee of the Board with reference to her general duties and responsibilities and the prevailing market conditions.

As at the Latest Practicable Date, Ms. Wang, as the spouse of Mr. Ren Jinsheng, who is the Chairman, an executive Director, the Chief Executive Officer and one of the controlling Shareholders of the Company, is (i) interested in 164,000 Shares directly held by her and 328,000 Shares underlying the RSUs granted to her under the 2021 RSU Scheme, and (ii) deemed to be interested in, within the meaning of Part XV of the SFO, 1,839,610,913 Shares collectively held by Mr. Ren Jinsheng and the other Ultimate Controlling Shareholders.

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Saved as disclosed above and as at the Latest Practicable Date, Ms. Wang has confirmed that (i) she does not have any relationship with any Directors, senior management or substantial or controlling Shareholders; (ii) she does not have, and is not deemed to have, any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO); (iii) she does not hold any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years preceding the date of her appointment; (iv) she does not hold other positions with the Company or any other members of the Group; and (v) there is no other information that is required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning the appointment of Ms. Wang that need to be brought to the attention of the Shareholders.

4. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated November 9, 2022 in relation to, among others, the proposed appointment of Mr. Sung Ka Woon (“**Mr. Sung**”) as an independent non-executive Director.

The Board has resolved to propose to appoint Mr. Sung as an independent non-executive Director. The appointment of Mr. Sung will take effect upon the approval by the Shareholders at the EGM.

Set out below is the biographical profile of Mr. Sung:

Mr. Sung Ka Woon (宋嘉桓, whose former name was Song Li (宋立)), aged 51, has been the vice chairman of the board of directors of the Wuhan branch of Yuhu Cold Chain (China) Co., Ltd. (玉湖冷鏈(中國)有限公司) since March 2017. From August 2013 to March 2017, Mr. Sung served as a director at Asia Social Development Research Center (亞洲社會發展研究中心).

Mr. Sung served at various social positions including a president of Hong Kong Industrial and Commercial Association Limited (香港工商總會) from February 2021 to June 2022, a member of Heung Yee Kuk New Territories of Hong Kong since May 2020, a member of the Election Committee of Hong Kong since September 2021, a member of the 12th and 13th CPPCC of Zhanjiang City, Guangdong Province from February 2014 to December 2017, and a member of the 12th CPPCC of Shandong Province from January 2018. Mr. Sung was appointed as non-official Justice of the Peace by the Government of Hong Kong in July 2021.

Mr. Sung obtained an executive master of business and administration degree from Antai College of Economics & Management, Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the PRC in December 2011, completed the part-time postgraduate studies majoring in economic management from Party School of the Central Committee of CPC (中共中央黨校) in the PRC in January 1996 and obtained a bachelor's degree of machinery design and automation from Northeastern University (東北大學) (previously known as Northeastern Institute of Technology (東北工學院)) in the PRC in July 1993.

When determining the nomination of independent non-executive Director, the Board considers the Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, length of service and industry and regional experience. All Board appointments will be based on meritocracy, and candidates will be considered against criteria including talents, skills and experience as may be necessary for the operation of the Board as a whole, with a view to maintaining a sound balance of the Board's composition.

LETTER FROM THE BOARD

Based on the Company's diversity policy and nomination policy and the recommendations of the Nomination Committee of the Board, the Board considers that, in view of his rich professional knowledge and experience in social services and corporate management as mentioned above, Mr. Sung will bring valuable perspectives, knowledge, skills and experiences to the Board for its efficient and effective operation and his appointment will contribute to the diversification of skills of the Board with independent views appropriate to the requirements of the Company's business as well as for its growth and development, and therefore recommends the appointment of Mr. Sung as an independent non-executive Director. After considering the confirmation of independence provided by Mr. Sung to the Company under Rule 3.13 of the Listing Rules, the Board is of the view that Mr. Sung meets the independence guidelines set out in Rule 3.13 of the Listing Rules.

Subject to the approval by the Shareholders at the EGM on his appointment, a letter of appointment will be entered into between Mr. Sung and the Company for an initial term of three years commencing from the date of approval by the Shareholders at the EGM on his appointment or the third annual general meeting of the Company since the date of approval by the Shareholders at the EGM on his appointment, whichever is sooner, subject to termination in certain circumstances as stipulated in the letter of appointment. Pursuant to the Articles, Mr. Sung will be subject to retirement by rotation and re-election. Mr. Sung will be entitled to receive director's emoluments of RMB360,000 per annum, which was determined by the Board based on the recommendation of the remuneration and appraisal committee of the Board with reference to his general duties and responsibilities and the prevailing market conditions.

Save as disclosed above and as at the Latest Practicable Date, Mr. Sung has confirmed that (i) he does not have any relationship with any Directors, senior management or substantial or controlling Shareholders; (ii) he does not have, and is not deemed to have, any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)); (iii) he does not hold any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years preceding the date of his appointment; (iv) he does not hold other positions with the Company or any other members of the Group; and (v) there is no other information that is required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning the appointment of Mr. Sung that need to be brought to the attention of the Shareholders.

5. CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, January 13, 2023 to Wednesday, January 18, 2023 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the EGM scheduled to be held on Wednesday, January 18, 2023. The record date will be Wednesday, January 18, 2023. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, January 12, 2023.

LETTER FROM THE BOARD

6. EXTRAORDINARY GENERAL MEETING

Set out on pages 56 to 58 of this circular is a notice convening the EGM at which, inter alia, ordinary resolutions will be proposed to Shareholders to consider and approve, among other matters, the Proposed RSU Grants and the proposed appointment of independent non-executive Director.

Enclosed with this circular is a proxy form for use at the EGM. Whether or not you are able to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the share registrar of the Company 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 (excluding any part of a day that is a public holiday in Hong Kong, i.e. 1:00 p.m. on Monday, January 16, 2023) before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM and any adjournment thereof (as the case may be) should you so wish. In the event that a Shareholder having lodged a proxy form attends and votes at the EGM, his/her/its proxy form will be deemed to have been revoked.

In view of the ongoing COVID-19 epidemic, the Company will implement the following prevention and control measures targeting COVID-19 at the EGM to protect Shareholders from the risk of infection:

- (i) Compulsory body temperature check will be conducted, and any person with a body temperature of over 37.0 degree Celsius will be denied entry into the venue;
- (ii) Every Shareholder or authorized representative must wear a surgical mask throughout the EGM;
- (iii) No refreshment will be served; and
- (iv) The Company will maintain appropriate distance and space in the venue.

The Company strongly recommends Shareholders, who intend to attend the EGM, to submit the proxy form for voting instead of attending the EGM in person. The proxy form has been dispatched to Shareholders and is available to download on the Company's website (<http://www.simcere.com>) or the Stock Exchange's website (www.hkexnews.hk).

After the conclusion of the EGM, the poll results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.simcere.com) in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

7. VOTES BY WAY OF POLL

All the resolutions set out in the notice of the EGM would be decided by poll in accordance with the Listing Rules and the Articles. The chairman will explain the detailed procedures for conducting a poll at the commencement of the EGM.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy will have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy who is 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.

Mr. Tang Renhong

Pursuant to the Listing Rules, Mr. Tang Renhong and his associates are required to abstain from voting on the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to himself. As of the Latest Practicable Date, Mr. Tang Renhong was interested in 1,000,000 Shares, representing approximately 0.0376% of the total number of Shares in issue. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Tang Renhong's associates are not interested in any Shares.

Mr. Wan Yushan

Pursuant to the Listing Rules, Mr. Wan Yushan and his associates are required to abstain from voting on the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to himself. As of the Latest Practicable Date, Mr. Wan Yushan was interested in 805,000 Shares, representing approximately 0.0303% of the total number of Shares in issue. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Wan Yushan's associates are not interested in any Shares.

Mr. Cheng Xianghua

Pursuant to the Listing Rules, Mr. Cheng Xianghua and his associates are required to abstain from voting on the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to himself. As of the Latest Practicable Date, Mr. Cheng Xianghua was interested in 205,000 Shares, representing approximately 0.0077% of the total number of Shares in issue. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Cheng Xianghua's associates are not interested in any Shares.

Mr. Wang Feng

Pursuant to the Listing Rules, Mr. Wang Feng and his associates are required to abstain from voting on the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to himself. As of the Latest Practicable Date, Mr. Wang Feng was interested in 164,000 Shares, representing approximately 0.0062% of the total number of Shares in issue. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Wang Feng's associates are not interested in any Shares.

LETTER FROM THE BOARD

Ms. Cong Yuehua

Pursuant to the Listing Rules, Ms. Cong Yuehua and her associates are required to abstain from voting on the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to himself. As of the Latest Practicable Date, Ms. Cong Yuehua was interested in 32,000 Shares, representing approximately 0.0012% of the total number of Shares in issue. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Ms. Cong Yuehua's associates are not interested in any Shares.

Mr. Peng Shaoping

Pursuant to the Listing Rules, Mr. Peng Shaoping and his associates are required to abstain from voting on the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to himself. As of the Latest Practicable Date, Mr. Peng Shaoping was interested in 75,000 Shares, representing approximately 0.0028% of the total number of Shares in issue. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Peng Shaoping's associates are not interested in any Shares.

Mr. Yu Qingzhu

Pursuant to the Listing Rules, Mr. Yu Qingzhu and his associates are required to abstain from voting on the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to himself. As of the Latest Practicable Date, Mr. Yu Qingzhu was interested in 43,000 Shares, representing approximately 0.0016% of the total number of Shares in issue. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Yu Qingzhu's associates are not interested in any Shares.

Ms. Chen Yanqiong

Pursuant to the Listing Rules, Ms. Chen Yanqiong and her associates are required to abstain from voting on the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to himself. As of the Latest Practicable Date, Ms. Chen Yanqiong was interested in 74,000 Shares, representing approximately 0.0028% of the total number of Shares in issue. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Ms. Chen Yanqiong's associates are not interested in any Shares.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, save as disclosed above, no other Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

8. SPECIAL ARRANGEMENTS FOR THE EGM

In light of the recent developments of the COVID-19 pandemic, Shareholders are strongly recommended to submit the form of proxy for voting instead of attending the EGM in person. The form of proxy has been dispatched to Shareholders and is available to download on the Company's website (www.simcere.com) or HKExnews' website (www.hkexnews.hk). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy. The Board hereby announces that Shareholders who choose not to attend the EGM in person may access the EGM through a live webcast (the "**Webcast**"). The Webcast link can be accessed by computers, mobile phones or any browser-enabled electronic or communication devices. Shareholders will be able to access the Webcast at the start of the EGM until its conclusion.

Shareholders who wishes to access the EGM by Webcast or submit questions in relation to any resolution set out in the Notice of EGM must send a) Full name; b) Registered Address; c) Number of Shares held; d) Contact Telephone Numbers; and e) Email Address together with the questions, if any, to this email address: ir@simcere.com not later than 72 hours before the appointed time and date of the EGM. Shareholders may be required to produce identification documents to show identity and enable the Company to check against its Shareholders' records. Shareholders having completed registration and identity verification will receive an email confirmation on or before January 16, 2023, which contains the web link and/or password to access the Webcast at the start of the EGM until conclusion. Shareholders who are given the web link and/or password of the Webcast should not share such information to anyone else.

No remote voting system will be provided for the EGM. For the avoidance of doubt, Shareholders' presence through live webcast will not be counted as quorum or attendance of the EGM, and will not revoke any Proxy Form previously delivered to the Company by the same Shareholder. Shareholders may, however, view and listen to the EGM through the Webcast.

The Company is closely monitoring the impact of COVID-19 pandemic. Should any changes be made to the EGM arrangements, the Company will publish further announcement(s) to notify the Shareholders.

9. RECOMMENDATION

The Directors consider that the resolutions set out in the notice of the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favor of all the resolutions proposed at the EGM.

10. GENERAL

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

11. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By order of the Board
Simcere Pharmaceutical Group Limited
Mr. Ren Jinsheng
Chairman and Chief Executive Officer



Sincere Pharmaceutical Group Limited

先聲藥業集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 2096)

December 29, 2022

To the Independent Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTIONS IN RELATION TO
THE PROPOSED GRANT OF RSUS TO THE CONNECTED GRANTEES**

We refer to the circular of the Company dated December 29, 2022 (the “**Circular**”) to its Shareholders of which this letter forms part. Capitalized terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you in relation to the Proposed RSU Grants; whether the Proposed RSU Grants are carried out on normal commercial terms and in the ordinary course of business of the Group and whether the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and how to vote on the resolutions regarding the Proposed RSU Grants, taking into account the recommendations from the Independent Financial Adviser.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposed RSU Grants are carried out on normal commercial terms and in the ordinary course of business of the Group and whether the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and its Shareholders as a whole and to advise the Independent Shareholders on how to vote on the relevant resolutions.

Your attention is drawn to:

- (a) the letter from the Board set out on pages 5 to 25 of this circular which contains its recommendation to the Independent Shareholders and the additional information set out in the Appendix to this circular; and
- (b) the letter from the Independent Financial Adviser set out on pages 28 to 49 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the advice from the Independent Financial Adviser, we are of the view that the Proposed RSU Grants are carried out on normal commercial terms and in the ordinary course of business of the Group, the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Proposed RSU Grants to be presented at the EGM.

Yours faithfully,

For and on behalf of the Board

Mr. Song Ruilin, Mr. Wang Jianguo and Mr. Wang Xinhua

Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the connected transactions in relation to the Proposed RSU Grants, which have been prepared for the purpose of incorporation in this circular.

ALTUS 

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

29 December 2022

To Independent Board Committee and the Independent Shareholders

Simcere Pharmaceutical Group Limited
43/F, AIA Tower
183 Electric Road
North Point
Hong Kong

Dear Sirs,

CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED GRANT OF RSUS TO THE CONNECTED GRANTEES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the connected transactions in relation to the proposed grant of RSUs to the Connected Grantees, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 29 December 2022 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Company’s announcement dated 9 November 2022 in relation to, among others, the Proposed RSU Grants. The Company proposed to grant a total of 3,550,000 RSUs to the Connected Grantees under the 2021 RSU Scheme. The Proposed RSU Grants shall be satisfied by the issue and allotment of the Underlying Shares to the Trustee pursuant to the General Mandate and in accordance with the terms of 2021 RSU Scheme.

LISTING RULES IMPLICATIONS

The Connected Grantees, being two executive Directors and certain directors and chief executives of subsidiaries of the Company, are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the Proposed RSU Grants under the 2021 RSU Scheme constitute connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Song Ruilin, Mr. Wang Jianguo and Mr. Wang Xinhua, has been established to advise the Independent Shareholders on (i) whether the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the Proposed RSU Grants are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the EGM in relation to the Proposed RSU Grants, taking into account the recommendations from the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the Proposed RSU Grants are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the EGM in relation to the Proposed RSU Grants.

We had acted as independent financial adviser with regards to the connected transactions in relation to the Company's grant of RSUs to connected grantees in 2021, details of which were set out in the circular of the Company dated 12 October 2021. Save for the foresaid engagement, we have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the connected transactions in respect of the Proposed RSU Grants is at market level and not conditional upon successful passing of the resolutions to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the terms and conditions of the 2021 RSU Scheme; (ii) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”); and (iv) other information set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Group, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Group, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have no reason to believe that any such statements, information, opinions or representations we relied on in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading. We have relied on such statements, information, opinions and representations. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

1.1 Principal business of the Group

The Company is an innovation and R&D-driven pharmaceutical company. It has established a National Key Laboratory of Translational Medicine and Innovative Drug Development. The Company focuses on three therapeutic areas, (i) oncology, (ii) central nervous system diseases and (iii) autoimmune diseases, with forward-looking layout of disease areas that may have significant clinical needs in the future, aiming to achieve the mission of “providing today’s patients with medicines of the future”. Leveraging its R&D capability and commercialisation excellence, the Company has built a market-leading product portfolio in China. Its vigorous in-house R&D efforts and extensive R&D collaborations have made it a top strategic cooperation partner with world leading innovative companies and research institutes.

1.2 Previous share-based employee incentive grants

On 1 October 2019, the board of directors of the Company’s immediate parent company, Simcere Pharmaceutical Holding Limited, approved a grant of 1,023,000 restricted shares to the directors and employees of the Company and its subsidiaries.

Following the adoption of the 2021 RSU Scheme, as at 30 June 2022, there were 36,002,000 outstanding RSUs granted to the Group’s directors, senior management and employees, representing approximately 1.360% of the total issued Shares as at 30 June 2022.

We noted that it is the Group’s normal practice to utilise share-based employee incentive schemes to recognise the contributions of its employees and to incentivise them to further promote the development of the Group. As such, we are of the view that the Proposed RSU Grants are in the ordinary and usual course of business of the Group.

1.3 Outlook of the Group

According to the 2022 Interim Report, the innovative drug business has become the major driving force for continuous growth of the Group. In the future, the Company will (i) continue to make intensified efforts in innovation and R&D, focus on unmet clinical needs, and benefit more patients with differentiated and innovative pharmaceuticals; and (ii) concentrate on differentiated innovation, pay attention to global pharmaceutical research and innovation trends, strengthen the deep integration of production, education and research through a variety of collaborative innovation measures, and work hand in hand with partners to create more effective drugs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of the Proposed RSU Grants

The 2021 RSU Scheme forms part of the incentive schemes of the Group. The Board considers that the Proposed RSU Grants are to (i) recognise and reward the Connected Grantees for their contributions to the Group; (ii) encourage, motivate and retain the Connected Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the Connected Grantees to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Connected Grantees to the Shareholders through ownership of Shares. The Proposed RSU Grants recognise their past contributions to the Group's business performance and aims to secure their long-term support and commitment to the Group which are vital to the future development of the Group. As the Group's business is undergoing rapid expansion, the Company believes that the Proposed RSU Grants serve as an important incentive to motivate them to bring a higher return to the Company.

The Board is of the view that the Proposed RSU Grants are in line with the Company's remuneration policy, which includes basic salary, performance-based bonus and long-term incentives, such as the 2021 RSU Scheme. The Proposed RSU Grants align the interests of the Connected Grantees directly with the interests of the Shareholders through ownership of the Shares and help to further encourage them to devote their efforts to the Group's development.

Considering the importance of innovation to the continued development of the Group's business, the Management believes, and we concur, that talent recruitment and retention is critical to the Group's growth going forward. As such, we are of the view that the Proposed RSU Grants are in the interests of the Company and Shareholders as a whole.

3. Principal terms of the Proposed RSU Grants

On 9 November 2022, the Board has resolved to grant a total of 3,550,000 RSUs to the Connected Grantees under the 2021 RSU Scheme, subject to the Independent Shareholders' approval at the EGM. The Proposed RSU Grants shall be satisfied by the issue and allotment of the Underlying Shares at the issue price of HK\$9.3 per Share to the Trustee pursuant to the General Mandate and in accordance with the terms of the 2021 RSU Scheme.

Upon the issue and allotment of the Underlying Shares, the Underlying Shares will be held by Futu Trustee for the Connected Grantees and be transferred to the Connected Grantees at nil consideration at the end of each vesting period subject to the satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making such grant. Such vesting conditions include financial performance targets for the Group including the profit for the year and research and development costs of the Group

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

during the vesting periods, as well as the results of individual performance assessments carried out by the Group's human resources committee in accordance with each department's function and target. The vesting schedule and vesting conditions of the RSUs to be granted to the Connected Grantees are set out below:

(i) For those RSUs to be vested within three years

| No. of the RSUs | Vesting Date | Vesting Conditions |
|-----------------------|-----------------|--|
| One third of the RSUs | 9 November 2023 | (i) the aggregate amount of profit for the year and research and development costs for the year ending 31 December 2022 has an increment of no less than 32% as compared with that for the year ended 31 December 2020; and (ii) the results of individual performance assessments carried out by the Group's human resources committee in accordance with each department's function and target. |
| One third of the RSUs | 9 November 2024 | (i) the aggregate amount of profit for the year and research and development costs for the year ending 31 December 2023 has an increment of no less than 52% as compared with that for the year ended 31 December 2020; and (ii) the results of individual performance assessments carried out by the Group's human resources committee in accordance with each department's function and target. |
| One third of the RSUs | 9 November 2025 | (i) the aggregate amount of profit for the year and research and development costs for the year ending 31 December 2024 has an increment of no less than 75% as compared with that for the year ended 31 December 2020; and (ii) the results of individual performance assessments carried out by the Group's human resources committee in accordance with each department's function and target. |

(ii) For those RSUs to be vested within one year

| | | |
|----------|-----------------|-----|
| All RSUs | 9 November 2023 | Nil |
|----------|-----------------|-----|

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table sets out the details of the RSUs to be granted to the Connected Grantees:

| Name of Connected Grantee | Number of RSUs to be granted | | | Number of Underlying Shares to be issued | Approximate | Approximate |
|---------------------------------|---------------------------------|------------------------------|------------------|--|--|--|
| | To be vested within three years | To be vested within one year | Total | | market | percentage of |
| | | | | | value of the | total number |
| | | | | | Underlying Shares as at the Grant Date | of Shares in issue as at the Latest Practicable Date |
| | | | | | (Note) | (%) |
| | | | | | (HK\$) | |
| <i>Directors of the Company</i> | | | | | | |
| Mr. Tang Renhong | 1,650,000 | — | 1,650,000 | 1,650,000 | 19,173,000 | 0.062 |
| Mr. Wan Yushan | 850,000 | — | 850,000 | 850,000 | 9,877,000 | 0.032 |
| <i>Sub-total</i> | 2,500,000 | — | 2,500,000 | 2,500,000 | 29,050,000 | 0.094 |
| <i>Other Connected Grantees</i> | | | | | | |
| Mr. Cheng Xianghua | 350,000 | — | 350,000 | 350,000 | 4,067,000 | 0.013 |
| Mr. Wang Feng | 136,000 | 14,000 | 150,000 | 150,000 | 1,743,000 | 0.006 |
| Mr. Cong Yuehua | 150,000 | — | 150,000 | 150,000 | 1,743,000 | 0.006 |
| Mr. Peng Shaoping | 86,000 | 14,000 | 100,000 | 100,000 | 1,162,000 | 0.004 |
| Mr. Yu Qingzhu | 93,000 | 7,000 | 100,000 | 100,000 | 1,162,000 | 0.004 |
| Ms. Chen Yanqiong | 100,000 | — | 100,000 | 100,000 | 1,162,000 | 0.004 |
| Mr. Hou Zhiwei | 100,000 | — | 100,000 | 100,000 | 1,162,000 | 0.004 |
| <i>Sub-total</i> | 1,015,000 | 35,000 | 1,050,000 | 1,050,000 | 12,201,000 | 0.040 |
| Total | 3,515,000 | 35,000 | 3,550,000 | 3,550,000 | 41,251,000 | 0.134 |

Note: The market value of the Underlying Shares to be issued to the Connected Grantees is calculated based on the closing market price of HK\$11.62 per Share as at the Grant Date.

The number of RSUs to be granted to each of the Connected Grantees is primarily determined by the Board with reference to, among other things, their respective roles, responsibilities, work experience, contributions, remuneration packages, as well as the market value of the awarded shares or restricted share units granted to the directors and/or senior management of comparable companies. Such comparable companies are selected based on the following criteria: (i) companies that are listed on the Main Board of the Stock Exchange; (ii) companies which recorded a total revenue of more than RMB300 million in the first half of 2022 with more than 50% of such revenue generated from innovative pharmaceuticals business; (iii) companies which had announced connected transactions in relation to the grant of share awards or restricted share units, which are listed on the Stock Exchange, to directors and/or senior management of such companies during the twelve months prior to 9 November 2022, being the date on which the Proposed RSU Grants were approved by the Board; and (iv) the number of share awards or restricted share units granted is identifiable at the date of the relevant announcement. The Board has identified, to the best of its knowledge and ability, 7 Comparable Companies which it considers to be an exhaustive list of the comparable companies based on the abovementioned criteria, including Sino Biopharmaceutical Limited (stock code: 1177.HK), Genscript Biotech Corporate (stock code: 1548), Innovent Biologics, Inc. (stock code: 1801), Wuxi Biologics (Cayman) Inc. (stock code: 2269), Wuxi Aptec Co., Ltd (stock code: 2359), SciClone Pharmaceuticals (Holdings) Limited (stock code: 6600) and RemeGen Co., Ltd. (stock code: 9995).

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Based on the closing price of HK\$11.62 per Share as quoted on the Stock Exchange as at the Grant Date (i.e. 9 November 2022), the market value of the Underlying Shares amounts to approximately HK\$41,251,000.

4. Background information of the Connected Grantees

Mr. Tang Renhong and Mr. Wan Yushan are the executive Directors. The Other Connected Grantees are directors and/or chief executives of the subsidiaries of the Company.

For the detailed biographies of the Connected Grantees, please refer to the section headed “Reasons for and Benefits of the Proposed RSU Grants” in the “Letter from the Board” in the Circular.

Proposed grant of RSUs to the executive Directors of the Company

As disclosed under the paragraph headed “Reasons for and Benefits of the Proposed RSU Grants” in the “Letter from the Board” in the Circular, the proposed grant of RSUs to the executive Directors, namely Mr. Tang Renhong and Mr. Wan Yushan, forms part of their remuneration package for their services provided to the Group. The proposed grant of RSUs to them aims to provide sufficient incentive to attract, retain and motivate Mr. Tang Renhong and Mr. Wan Yushan to participate in the formulation of strategy and long-term development of the Company and to recognise their contributions to the growth of the Company.

Each of Mr. Tang Renhong and Mr. Wan Yushan specialises in different fields with relevant qualifications and many years of experience, including financial management, corporate governance, pharmaceutical research and innovation, which are the key areas to the Company’s business and growth. Both Mr. Tang Renhong and Mr. Wan Yushan are executive Directors who led the Company to achieve remarkable milestones both before and after its listing in 2020.

Mr. Tang Renhong is an executive Director and the Co-CEO of the Company. He is primarily responsible for leading of the Group’s research and development affairs. Mr. Tang has more than 12 years of experience in pharmaceutical research and development and management of pharmaceutical companies. Mr. Tang joined the Group acting as the vice president in May 2019. He was officially appointed as an executive Director and the vice president of the Company on 19 November 2019 and further appointed as the senior vice president, the executive vice president and the co-chief executive officer of the Company on 1 June 2020, 31 March 2021 and 25 May 2022, respectively.

Mr. Tang has made useful contributions to the strategy formulation and long-term development of the Group. Under his leadership and management, the Group has made rapid progress in innovation and R&D-driven transformation. The innovative pharmaceutical pipelines at the early stage and at clinical stage in 2022 achieved a significant increase as compared with those in 2021, and the advancement of the projects was in line with the Group’s expectations. As at 30 September 2022, the increase in 6 registration clinical trials in Phase III, 2 in Phase II and 3 in Phase I for the R&D pipeline project of innovative pharmaceuticals of the Group was made as compared with the beginning of the year. In addition, Mr. Tang took initiative to advance the overseas development of innovative pharmaceutical projects, established an overseas research and development team, and led the external licensing of overseas interests of SIM0278 project. Since 2022, the Group has completed one approval and one submission of IND in the United States, and one approval of new drug for conditional marketing in the first half of 2002, and 7 drug clinical trial approval

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notices were obtained and 9 subjects in the first case achieved clinical enrolment. The Group currently has 8 pivotal registrations and phase III clinical trials under research, 5 phase II clinical trials, and 6 phase I clinical trials. The Shanghai Innovation Center led by Mr. Tang has become the main engine of the R&D of innovative pharmaceuticals of the Group.

Mr. Wan joined the Group in May 2000 and has assumed various positions successively since then, including the financial controller, general manager of financial department, vice president and chief financial officer. On 19 November 2019, Mr. Wan was officially appointed as an executive Director and the chief financial officer of the Company. He has also been the director of several subsidiaries of the Company including, among others, Hainan Simcere since July 2011, Shandong Simcere since August 2017 and Simcere Pharmaceutical since July 2017. Mr. Wan Yushan has made irreplaceable contributions to the finance, legal affairs, management process optimization and informatisation system development of the Group. Under his leadership, the Company was successfully listed on the Stock Exchange in October 2020.

After considering (i) Mr. Tang Renhong's role as co-chief executive officer; and (ii) Mr. Wan Yushan's role as chief financial officer and their contributions to the Group, the Board proposed to remunerate Mr. Tang Renhong and Mr. Wan Yushan with the Proposed RSU Grants. The Proposed RSU Grants will provide Mr. Tang Renhong and Mr. Wan Yushan 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 grant of RSUs to Mr. Tang Renhong and Mr. Wan Yushan will further align the interests of Mr. Tang Renhong and Mr. Wan Yushan with 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 RSUs proposed to be granted to Mr. Tang Renhong and Mr. Wan Yushan were determined by the Board after taking into account all of the aforementioned factors and the average monetary values of the shares underlying the share awards or restricted share units granted to directors and/or senior management of other companies in the industry with comparable size. Further, we noted that the Group has continuous achievements and notable recent performance such as (i) the clinical trial approval issued by the National Medical Products Administration in China relating to SIM0417, a candidate drug for the treatment of mild-to-moderate patients affected by COVID-19; and (ii) the increase in revenue of the Group for the six months ended 30 June 2022 as compared to the corresponding period of 2021, has also been taken into consideration.

Therefore, the Management considers, and we concur that, having Mr. Tang Renhong and Mr. Wan Yushan as executive Directors are beneficial to the Group's business and development, and it is fair and reasonable for the Group to provide incentives to retain and motivate them to contribute to the long-term development of the Group by way of Proposed RSU Grants.

Proposed grant of RSUs to the Other Connected Grantees

The proposed grant of RSUs to Other Connected Grantees, namely Mr. Cheng Xianghua, Mr. Wang Feng, Mr. Cong Yuehua, Mr. Peng Shaoping, Mr. Yu Qingzhu, Ms. Chen Yanqiong and Mr. Hou Zhiwei, forms part of their remuneration package for their services provided to the Group. The proposed grant of RSUs to the Other Connected Grantees aims to provide sufficient incentive to attract, retain and motivate Other Connected Grantees, thus promote an alignment of interests between the Shareholders and the Other Connected Grantees by further enhancing the value of the Company.

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Each of the Other Connected Grantees led the relevant subsidiaries to achieve significant growth and development. The subsidiaries that they currently working at possess strategic importance to the business of the Group.

In order to effectively motivate the Connected Grantees of Subsidiaries to promote the business development of the abovementioned fast-growing subsidiaries and businesses, the Board has decided to remunerate the Other Connected Grantees with the proposed grant of RSUs after considering the benefits of granting the RSUs.

Based on the profiles of the Other Connected Grantees as discussed under the paragraph headed “Reasons for and benefits of the Proposed RSU Grants” in the “Letter from the Board”, their contribution to the growth of the Group, and the continuous achievements and recent performance of the Group, the Management considers, and we concur that, retaining the Other Connected Grantees is beneficial to the Group’s business and development, and it is fair and reasonable for the Group to provide incentives to retain and motivate them to contribute to the long-term development of the Group by way of Proposed RSU Grants.

5. Comparable analysis

In order to assess the fairness and reasonableness of the terms of the Proposed RSU Grants, we have reviewed recent comparable transactions and conducted a market comparable analysis. The market comparables which we selected are companies that (i) are listed on the Main Board of the Stock Exchange; (ii) are principally engaged in the development of pharmaceutical, biopharmaceuticals, drugs and/or biologics; (iii) recorded revenue for the six months ended 30 June 2022; (iv) had announced connected transactions in relation to the grant of share awards or restricted share units (which are listed on the Stock Exchange) since 9 November 2021 (twelve months immediately prior to the Grant Date) and up to the Latest Practicable Date (the “**Review Period**”); and (v) the number of share awards or restricted share units granted is identifiable at the date of the relevant announcement. On such basis, we have identified 74 comparable grants (the “**Comparable Grants**”) made by 14 comparable companies (the “**Comparable Companies**”) which we consider to be an exhaustive list of relevant comparable grants based on the abovementioned criteria and a fair and representative list of samples for our analysis. We are of the view that a period of most recent twelve months before the date of announcement of the Proposed RSU Grants is adequate to conduct a reasonable comparison between the Proposed RSU Grants and the Comparable Grants. Therefore, the Review Period is a fair and representative period for the purpose of our analysis.

It should be noted that these Comparable Companies have different principal activities, revenue, market capitalisation, profitability and financial position as compared with those of the Company. Circumstances leading to the Comparable Grants may not be identical to those of the Company. The analysis is therefore meant to be used as a general reference to similar types of transactions in Hong Kong to reflect recent market practice.

We have compared the Proposed RSU Grants with the Comparable Grants in terms of the size, vesting period and conditions as follows:

5.1. Size of grant

The number of RSUs to be granted to each of the Connected Grantees ranged from 100,000 to 1,650,000, representing approximately 0.0038% to 0.0620% of the total issued share capital of the Company as at the Latest Practicable Date.

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Set out below is the table summarising the size of share awards or restricted shares granted by the Comparable Companies to their respective connected persons during the Review Period. For the purpose of the comparable analysis, we categorise the connected persons into four categories, namely (i) executive directors (“ED”); (ii) non-executive directors (“NED”); (iii) independent non-executive directors (“INED”); and (iv) other connected persons excluding directors (“Other CP”).

| Company name | Stock code | Date of grant | Market capitalisation as at date of grant (HK\$ million) | Position of the grantee | Percentage of awarded shares/ restricted share units to total issued share capital of the company as at the date of grant (Note) (%) | Market value of the awarded shares or restricted share units as at the date of grant (HK\$'000) |
|--|------------|---------------|--|-------------------------|--|---|
| Sino Biopharmaceutical Limited | 1177 | 2022-06-13 | 78,836 | ED | 0.0337 | 26,576 |
| Ocumension Therapeutics | 1477 | 2022-09-09 | 7,069 | ED | 0.6429 | 45,446 |
| | | | | ED | 0.0204 | 1,441 |
| Genscript Biotech Corporation | 1548 | 2022-05-27 | 42,402 | Other CP | 0.0011 | 456 |
| | | 2022-03-22 | 54,470 | Other CP | 0.0318 | 17,341 |
| | | 2022-01-10 | 67,506 | Other CP | 0.0078 | 5,276 |
| Innovent Biologics, Inc. | 1801 | 2022-03-30 | 44,868 | ED | 0.1386 | 62,189 |
| | | | | ED | 0.0382 | 17,156 |
| | | | | INED | 0.0003 | 148 |
| | | | | INED | 0.0003 | 148 |
| | | | | INED | 0.0001 | 59 |
| | | 2022-06-01 | 35,659 | INED | 0.0010 | 356 |
| | | | | | | |
| Tot Biopharm International Company Limited | 1875 | 2022-11-01 | 1,982 | ED | 0.3866 | 7,662 |
| Everest Medicines Limited | 1952 | 2022-04-01 | 6,883 | Other CP | 0.0076 | 523 |
| | | | | Other CP | 0.0070 | 479 |
| | | | | Other CP | 0.0079 | 547 |
| | | | | Other CP | 0.0057 | 389 |
| | | | | Other CP | 0.0063 | 433 |
| | | 2022-09-19 | 2,731 | ED | 0.8300 | 57,125 |
| | | | | ED | 0.3320 | 22,850 |
| | | | | ED | 0.3320 | 22,850 |
| | | | | ED | 0.2801 | 7,650 |
| | | | | ED | 0.3907 | 10,668 |
| HBM Holdings Limited | 2142 | 2022-07-27 | 2,672 | ED | 0.1468 | 3,922 |
| | | | | ED | 0.0189 | 505 |

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| Company name | Stock code | Date of grant | Market capitalisation as at date of grant (HK\$ million) | Position of the grantee | Percentage of awarded shares/ restricted share units to total issued share capital of the company as at the date of relevant grant (Note) (%) | Market value of the awarded shares or restricted share units as at the date of grant (HK\$'000) |
|------------------------------|------------|---------------|---|-------------------------|--|--|
| Wuxi Biologics (Cayman) Inc. | 2269 | 2022-03-23 | 275,392 | ED | 0.0314 | 86,479 |
| | | | | ED | 0.0107 | 29,403 |
| | | | | INED | 0.0001 | 271 |
| | | | | INED | 0.0001 | 271 |
| | | | | INED | 0.0002 | 541 |
| | | | | Other CP | 0.0008 | 2,192 |
| | | | | Other CP | 0.0003 | 811 |
| | | | | ED | 0.0208 | 57,313 |
| | | | | ED | 0.0071 | 19,487 |
| | | | | Other CP | 0.0007 | 1,910 |
| | | | | Other CP | 0.0004 | 1,161 |
| Wuxi Aptec Co., Ltd. | 2359 | 2021-12-15 | 386,622 | ED | 0.0053 | 20,631 |
| | | | | ED | 0.0024 | 9,230 |
| | | | | ED | 0.0026 | 9,865 |
| | | | | Other CP | 0.0034 | 13,042 |
| | | | | Other CP | 0.0025 | 9,759 |
| | | | | ED | 0.0018 | 6,877 |
| | | | | ED | 0.0012 | 4,585 |
| | | | | Other CP | 0.0009 | 3,655 |
| | | | | Other CP | 0.0012 | 4,585 |
| | | | | Other CP | 0.0008 | 2,996 |
| | | | | Other CP | 0.0003 | 1,072 |
| | | | | Other CP | 0.0004 | 1,528 |
| | | | | Other CP | 0.0001 | 536 |
| | | 2022-08-15 | 283,452 | ED | 0.0135 | 38,310 |
| | | | | ED | 0.0064 | 18,197 |
| | | | | ED | 0.0068 | 19,320 |
| | | | | ED | 0.0104 | 29,483 |
| | | | | Other CP | 0.0025 | 6,982 |
| | | | | ED | 0.0034 | 9,577 |
| | | | | ED | 0.0014 | 3,831 |
| | | | | Other CP | 0.0016 | 4,504 |
| | | | | Other CP | 0.0011 | 3,048 |
| | | | | Other CP | 0.0002 | 599 |
| | | | | Other CP | 0.0003 | 958 |
| | | | | Other CP | 0.0001 | 299 |
| | | | | Other CP | 0.0001 | 317 |
| | | | | Other CP | 0.0002 | 563 |

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| Company name | Stock code | Date of grant | Market capitalisation as at date of grant (HK\$ million) | Position of the grantee | Percentage of awarded shares/ restricted share units to total issued share capital of the company as at the date of relevant grant (Note) (%) | Market value of the awarded shares or restricted share units as at the date of grant (HK\$'000) |
|---|------------|---------------|--|-------------------------------|---|---|
| SciClone Pharmaceuticals (Holdings) Limited | 6600 | 2022-04-19 | 5,333 | ED | 0.0875 | 4,668 |
| Transcenta Holding Limited | 6628 | 2022-01-03 | 4,097 | ED | 0.2246 | 9,200 |
| Ascentage Pharma Group International | 6855 | 2022-06-23 | 5,313 | Other CP | 0.0379 | 2,015 |
| Antengene Corporation Limited | 6996 | 2022-09-22 | 2,239 | ED | 0.4515 | 10,110 |
| | | | | ED | 0.0753 | 1,685 |
| | | | | ED | 0.0753 | 1,685 |
| | | | | ED | 0.0467 | 1,045 |
| | | | | INED | 0.0075 | 169 |
| | | | | INED | 0.0075 | 169 |
| | | | | INED | 0.0075 | 169 |
| RemeGen Co., Ltd. | 9995 | 2022-09-01 | 24,655 | Other CP | 0.0125 | 3,080 |
| Comparable Grants to all connected persons | | | | | | |
| Average | | | | | 0.0655 | 10,411 |
| Maximum | | | | | 0.8300 | 86,479 |
| Minimum | | | | | 0.0001 | 59 |
| Comparable Grants to ED | | | | | | |
| Average | | | | | 0.1376 | 19,912 |
| Maximum | | | | | 0.8300 | 86,479 |
| Minimum | | | | | 0.0012 | 505 |
| Comparable Grants to other connected persons | | | | | | |
| <i>(including NED, INED, Other CP but excluding ED)</i> | | | | | | |
| Average | | | | | 0.0042 | 2,334 |
| Maximum | | | | | 0.0379 | 17,341 |
| Minimum | | | | | 0.0001 | 59 |
| The Company | 2096 | 2022-11-09 | 30,914 | Mr. Tang Renhong (ED) | 0.0620 | 19,173 |
| | | | | Mr. Wan Yushan (ED) | 0.0320 | 9,877 |
| | | | | Mr. Cheng Xianghua (Other CP) | 0.0132 | 4,067 |
| | | | | | | |

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| Company name | Stock code | Date of grant | Market capitalisation as at date of grant (HK\$ million) | Position of the grantee | Percentage of awarded shares/ restricted share units to total issued share capital of the company as at the date of relevant grant (Note) (%) | Market value of the awarded shares or restricted share units as at the date of grant (HK\$'000) |
|--------------|------------|---------------|---|---------------------------------|---|---|
| | | | | Mr. Wang Feng (Other CP) | 0.0056 | 1,743 |
| | | | | Mr. Cong Yuehua (Other CP) | 0.0056 | 1,743 |
| | | | | Mr. Peng Shaoping (Other CP) | 0.0038 | 1,162 |
| | | | | Mr. Yu Qingzhu (Other CP) | 0.0038 | 1,162 |
| | | | | Ms. Chen Yanqiong (Other CP) | 0.0038 | 1,162 |
| | | | | Mr. Hou Zhiwei (Other CP) | 0.0038 | 1,162 |

Note:

Whereas the total number of issued shares as at the date of grant was not disclosed in the relevant announcement, the month-end number of issued shares was adopted for the purpose of such calculation.

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5.1.1. Proposed grant of RSUs to the executive Directors of the Company

In terms of the size of the proposed grant

To analyse whether the size of the proposed grant of RSUs to each of Mr. Tang Renhong and Mr. Wan Yushan (the “**Executive Directors Grants**”) is fair and reasonable, we have compared the Executive Directors Grants with the Comparable Grants to executive directors of the Comparable Companies. Please refer to the table under the paragraph headed “5.1 Size of grant” in this letter above.

The sizes, in terms of the percentage of the number of awarded shares or restricted share units to the total issued share capital of the relevant companies as at the date of the proposed grants, of the Executive Directors Grants to each of Mr. Tang Renhong and Mr. Wan Yushan, were approximately 0.0620% and 0.0320% respectively. Such sizes are lower than the average size of Comparable Grants to the executive directors of the Comparable Companies of approximately 0.1376%, and are within their range from approximately 0.0012% to 0.8300%.

For further analysis, we have also reviewed the market value of the awarded shares or restricted share units of the grants as at the date of grant by the Comparable Companies. The market value of the Comparable Grants to executive directors of the Comparable Companies ranged from approximately HK\$0.5 million to HK\$86.5 million, with an average of approximately HK\$19.9 million.

Based on the above, the sizes of Executive Directors Grants in terms of percentage of total share capital of companies, to each of Mr. Tang Renhong and Mr. Wan Yushan, are within the range and lower than the average size of the Comparable Grants to executive directors of the Comparable Companies. Additionally, the market value of the RSUs proposed to be granted to each of Mr. Tang Renhong and Mr. Wan Yushan as at the date of proposed grant, which amounted to approximately HK\$19.2 million and HK\$9.9 million, falls within the range, and are below the average market value of the Comparable Grants to executive directors of the Comparable Companies.

In terms of remuneration package and its composition

To further assess the reasonableness of the total remuneration packages of the Executive Directors, inclusive of the Executive Directors Grants, we have, based on the latest annual reports of the Comparable Companies, reviewed the total remuneration package (comprising non-share-based compensation and/or share-based compensation) of each of the executive directors (i.e. including those who are not entitled to share awards or restricted share units) of the Comparable Companies who were in office for a full financial year, details of which are set out below.

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| Company name | Stock code | Position | Non-share-based compensation (RMB'000) | Share-based compensation (RMB'000) | Total remuneration (RMB'000) (Note 1) | Percentage of share-based compensation to total remuneration (Note 2) |
|---|------------|------------------------|---|---------------------------------------|---|--|
| Sino Biopharmaceutical Limited | 1177 | (1) executive director | 35,127 | Nil | 35,127 | Nil |
| | | (2) executive director | 29,566 | Nil | 29,566 | Nil |
| | | (3) executive director | 23,092 | Nil | 23,092 | Nil |
| | | (4) executive director | 5,833 | Nil | 5,833 | Nil |
| | | (5) executive director | 28,643 | Nil | 28,643 | Nil |
| | | (6) executive director | 7,733 | Nil | 7,733 | Nil |
| | | (7) executive director | 1,814 | Nil | 1,814 | Nil |
| | | (8) executive director | 1,200 | Nil | 1,200 | Nil |
| Ocumension Therapeutics | 1477 | (1) executive director | 4,897 | 119,788 | 124,685 | 96.1 |
| | | (2) executive director | 2,076 | 4,605 | 6,681 | 68.9 |
| Genscript Biotech Corporation | 1548 | (1) executive director | 3,191 | 1,978 | 5,169 | 38.3 |
| | | (2) executive director | 4,938 | 2,274 | 7,212 | 31.5 |
| | | (3) executive director | 1,913 | 2,187 | 4,100 | 53.3 |
| Innovent Biologics, Inc. | 1801 | (1) executive director | 26,221 | 101,738 | 127,959 | 79.5 |
| | | (2) executive director | 5,398 | 14,969 | 20,367 | 73.5 |
| Tot Biopharm International Company Limited | 1875 | (1) executive director | 2,276 | 1,166 | 3,442 | 33.9 |
| | | (2) executive director | 2,516 | 659 | 3,175 | 20.8 |
| Everest Medicines Limited (Note 2) | 1952 | (1) executive director | 10,733 | 7,525 | 18,258 | 41.2 |
| | | (2) executive director | 10,390 | 9,455 | 19,845 | 47.6 |
| | | (3) executive director | Nil | Nil | Nil | Nil |
| | | (4) executive director | 18,037 | 48,126 | 66,163 | 72.7 |
| HBM Holdings Limited | 2142 | (1) executive director | 95,773 | Nil | 95,773 | Nil |
| Wuxi Biologics (Cayman) Inc. | 2269 | (1) executive director | 4,527 | 46,267 | 50,794 | 91.1 |
| | | (2) executive director | 2,617 | 11,587 | 14,204 | 81.6 |
| Wuxi Apptec Co., Ltd. | 2359 | (1) executive director | 24,764 | 6,155 | 30,919 | 19.9 |
| | | (2) executive director | 7,638 | 4,757 | 12,395 | 38.4 |
| | | (3) executive director | 6,123 | 1,454 | 7,577 | 19.2 |
| | | (4) executive director | 3,236 | 1,368 | 4,604 | 29.7 |
| | | (5) executive director | 7,771 | 4,935 | 12,706 | 38.8 |
| SciClone Pharmaceuticals (Holdings) Limited | 6600 | (1) executive director | 7,407 | 18,433 | 25,840 | 71.3 |
| Transcenta Holding Limited | 6628 | (1) executive director | 4,088 | 1,086 | 5,174 | 21.0 |
| Ascentage Pharma Group International | 6855 | (1) executive director | 4,750 | Nil | 4,750 | Nil |
| Antengene Corporation Limited | 6996 | (1) executive director | 10,696 | 6,076 | 16,772 | 36.2 |
| | | (2) executive director | 3,442 | 1,722 | 5,164 | 33.3 |
| RemeGen Co., Ltd. | 9995 | (1) executive director | 1,500 | Nil | 1,500 | Nil |
| | | (2) executive director | 7,700 | Nil | 7,700 | Nil |
| | | (3) executive director | 883 | Nil | 883 | Nil |
| | | (4) executive director | 4,216 | 6,271 | 10,487 | 59.8 |
| | | | | Average | 22,900 | 49.9 |
| | | | | Maximum | 127,959 | 96.1 |
| | | | | Minimum | 883 | 19.2 |
| | | | | | (Note 2) | (Note 3) |
| Mr. Tang Renhong | | | 4,638 | 5,910 | 10,548 | 56.0 |
| Mr. Wan Yushan | | | 2,465 | 4,295 | 6,760 | 63.5 |

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Notes:

1. Exchange rates between Renminbi and foreign currencies from the data published by the State Administration of Foreign Exchange on 9 November 2022, being the date of the Executive Directors Grants, are adopted.
2. Excluding an executive director of Everest Medicines Limited who did not receive any remuneration during the year.
3. The average, maximum and minimum of the percentage of share-based compensation to total remuneration of the comparable companies excludes individuals who were not entitled to share-based compensation.

We noted that the annual remuneration of the executive directors of the Comparable Companies ranged from approximately RMB0.9 million to RMB128.0 million, with an average of approximately RMB22.9 million. The annual remuneration of Mr. Tang Renhong and Mr. Wan Yushan for the year ended 31 December 2021 was approximately RMB10.5 million and RMB6.8 million respectively, which are within the range and lower than the average of the Comparable Companies. For the year ending 31 December 2022, as discussed with the Management, both Mr. Tang Renhong and Mr. Wan Yushan's remuneration package will increase as compared to those for the year ended 31 December 2021.

As advised by the Management, the accounting impact in relation to the Executive Directors Grant will be reflected in the share-based compensation attributable to Mr. Tang Renhong and Mr. Wan Yushan starting from the year ending 31 December 2023. Taking into account (i) the share-based compensation estimated based on the Share price as at the date of grant of the relevant RSUs; and (ii) the Management's estimate of the non-share-based compensation, the annual remuneration, inclusive of the RSUs to be granted under the Executive Directors Grants, of Mr. Tang Renhong for the year ending 31 December 2023 is slightly above the average but falls within the range of the annual remuneration package of the executive directors of the Comparable Companies for the year ended 31 December 2021. The annual remuneration of Mr. Wan Yushan for the year ending 31 December 2023 is below average and falls within the range.

We also noted that the percentage of the share-based compensation over the total remuneration of the executive directors of the Comparable Companies (exclusive of individuals who were not entitled to share-based compensation) ranged from 19.2% to 96.1%, with an average of 49.9%. The percentage of the share-based compensation over the total remuneration of Mr. Tang Renhong and Mr. Wan Yushan for the year ended 31 December 2021 was approximately 56.0% and 63.5% respectively, which is higher than the average but falls within the range. Based on the Management's estimate, taking into account the share-based compensation estimated calculated based on the Share price as at the date of grant of the relevant RSUs, the percentage of the share-based-compensation over the total remuneration of Mr. Tang Renhong and Mr. Wan Yushan for the year ending 31 December 2023 will be from approximately 60% to 70%, which is higher than the average but falls within the range of the Comparable Companies. The fact that the percentage of share-based compensation is higher than the average of the Comparable Companies will not affect our view on the fairness and reasonableness of the Executive Directors Grants as (i) the directors' compensation, regardless the form, is measured by monetary value, which will be reflected in the total annual remuneration package; and (ii) the annual remuneration of each of Mr. Tang Renhong and Mr. Wan Yushan for the year ended 31 December 2021 was lower than the average and falls within the range of that of the Comparable Companies.

Sub-section conclusion

Considering the analysis under this sub-section, we are of the view that the sizes of Executive Directors Grants to each of Mr. Tang Renhong and Mr. Wan Yushan are on normal commercial terms and are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5.1.2. Proposed grant of RSUs to the Other Connected Grantees

In terms of the size of the proposed grant

To analyse whether the size of the proposed grant of RSUs to Other Connected Grantees (the “**Other Connected Grants**”) are fair and reasonable, we have compared the Other Connected Grants with the Comparable Grants to other connected persons of the Comparable Companies. Please refer to the table under the paragraph headed “5.1 Size of grant” in this letter above.

On this basis, it is noted that the size, in terms of percentage of the number of awarded shares or restricted share units to the total issued capital of companies, of the Other Connected Grants ranged from approximately 0.0038% to 0.0132% with an average of approximately 0.0056%, which falls within the range of the Comparable Grants to other connected persons of the Comparable Companies of approximately 0.0001% to 0.0379% but is higher than the average size of the Comparable Grants to other connected persons of the Comparable Companies of approximately 0.0042%.

For further analysis, we have also reviewed the market value of the awarded shares or restricted share units as at the date of grant of the Comparable Grants to other connected persons of the Comparable Companies, and noted that the amounts ranged from approximately HK\$59,000 to HK\$17.3 million, with an average of approximately HK\$2.3 million. Therefore, the average market value of the Other Connected Grants as at the date of proposed grant, which amounted to approximately HK\$1.7 million, is within the range and lower than the average of the Comparable Grants to other connected persons of the Comparable Companies.

In terms of total remuneration

Given that only the remuneration details of directors of listed companies are disclosed, there is no publicly available information for comparing the remuneration package details of the Other Connected Grantees with those of the senior management of the comparable companies. To further assess the reasonableness of the Other Connected Grants, we have compared the total remuneration of the Other Connected Grantees to the five highest paid individuals (other than directors) of the comparable companies. The comparable companies are companies that (i) are listed on the Main Board of the Stock Exchange; (ii) are principally engaged in the development of pharmaceutical, biopharmaceuticals, drugs and/or biologics; (iii) recorded an annual revenue for the latest financial year of HK\$5 billion to HK\$10 billion. On such basis, we have identified 14 comparable companies which we consider to be an exhaustive list based on the abovementioned criteria.

Taking into account that: (i) there is no publicly available information of the remuneration of senior management of the comparable companies; and (ii) it is reasonable to expect that the employees rewarded with the highest remuneration level of a company had made significant contributions to that company, we are of the view that the remuneration of five highest paid individuals (other than directors) of the comparable companies is a fair and representative reference for the purpose of the comparable analysis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below the remuneration of the comparable companies for the latest available financial year.

| Company name | Stock code | Latest annual revenue (approximate) (HK\$ billion) (Note) | Range of remuneration package (excluding directors) |
|---|------------|---|---|
| Grand Pharmaceutical Group Limited | 512 | 8.6 | 4 individual over HK\$2,000,000 |
| Shandong Xinhua Pharmaceutical Company Limited | 719 | 8.0 | 2 individuals between HK\$1,500,001 and HK\$2,000,000 |
| CK Life Sciences Int'l., (Holdings) Inc. | 775 | 5.4 | 1 individual between HK\$5,000,001 and HK\$5,500,000 1 individual between HK\$5,500,001 and HK\$6,000,000 1 individual between HK\$7,500,001 to HK\$8,000,000 |
| 3SBIO Inc. | 1530 | 7.8 | 2 individuals between HK\$2,000,001 and HK\$2,500,000 1 individual between HK\$4,500,001 and HK\$5,000,000 1 individual between HK\$5,000,001 to HK\$5,500,000 |
| Tong Ren Tang Technologies Co. Ltd. | 1666 | 6.6 | 2 individuals between HK\$1,000,001 and HK\$1,500,000 2 individuals between HK\$1,500,001 and HK\$2,000,000 |
| Innovent Biologics, Inc. | 1801 | 5.2 | 1 individual between HK\$7,000,001 and HK\$7,500,000 1 individual between HK\$19,000,001 and HK\$19,500,000 1 individual between HK\$24,500,001 and HK\$25,000,000 |
| SSY Group Limited | 2005 | 5.4 | 1 individual between HK\$1,000,001 and HK\$10,000,000 1 individual between HK\$10,000,001 and HK\$20,000,000 1 individual between HK\$20,000,001 and HK\$30,000,000 |
| Luye Pharma Group Ltd. | 2186 | 6.4 | 1 individual between HK\$4,000,001 and HK\$4,500,000 1 individual between HK\$6,000,001 and HK\$6,500,000 1 individual between HK\$9,000,001 and HK\$9,500,000 1 individual between HK\$9,500,001 and HK\$10,000,000 |
| Hangzhou Tigermed Consulting Co., Ltd. | 3347 | 6.4 | 1 individual between HK\$6,000,001 and HK\$6,500,000 1 individual between HK\$6,500,001 and HK\$7,000,000 2 individuals between HK\$7,000,001 and HK\$8,000,000 1 individual between HK\$12,000,001 and HK\$12,500,000 |
| Pharmaron Beijing Co., Ltd. | 3759 | 9.1 | 1 individual between HK\$5,500,001 and HK\$6,000,000 1 individual between HK\$8,000,001 and HK\$8,500,000 |
| BeiGene, Ltd. | 6160 | 9.2 | 2 individuals between HK\$35,000,001 and HK\$40,000,000 1 individual between HK\$80,000,001 and HK\$85,000,000 |
| CanSino Biologics Inc. | 6185 | 5.3 | 1 individual between HK\$6,000,001 and HK\$6,500,000 |
| Asymchem Laboratories (Tianjin) Co., Ltd. | 6821 | 5.7 | 3 individuals between HK\$3,000,001 and HK\$5,000,000 |
| Shenzhen Hepalink Pharmaceutical Group Co., Ltd. | 9989 | 7.8 | 1 individual between HK\$3,500,001 and HK\$4,000,000 2 individuals between HK\$4,000,001 and HK\$4,500,000 1 individual between HK\$6,000,001 and HK\$6,500,000 1 individual between HK\$6,500,001 and HK\$7,000,000 |
| | | Minimum | HK\$1,000,001 to HK\$1,500,000 |
| | | Maximum | HK\$80,000,001 to HK\$85,000,000 |
| The Company | 2096 | 6.1 | |

Note: Exchange rates published by the State Administration of Foreign Exchange or the Hong Kong Associates of Banks on 31 December 2021, being the date of the last day of the latest financial year of the comparable companies, are adopted.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that the annual remuneration of the five highest paid individuals (other than directors) of the comparable companies ranged from the band from HK\$1,000,001 to HK\$1,500,000 to the band from HK\$80,000,001 to HK\$85,000,000. As advised by the Management, the annual remuneration of the Other Connected Grantees for the year ended 31 December 2021 ranged from approximately RMB1.0 million to RMB3.8 million (equivalent to HK\$1.1 million to HK\$4.1 million), which are within the range of those of the five highest paid individuals (other than directors) of the comparable companies.

As advised by the Management, the accounting impact in relation to the Other Connected Grants will be reflected in the share-based compensation attributable to the Other Connected Grantees starting from the year ending 31 December 2023. Taking into account (i) the share-based compensation estimated calculated based on the Share price as at the date of grant of the relevant RSUs; and (ii) the Management's estimate of the non-share-based compensation, the annual remuneration, inclusive of the RSUs to be granted under the Other Connected Grants, of the Other Connected Grantees for the year ending 31 December 2023 falls within the range of the annual remuneration of the five highest paid individuals (other than directors) of the comparable companies for the year ended 31 December 2021.

Sub-section conclusion

Considering that (i) the total number of RSUs to be granted to the Other Connected Grantees only represented approximately 0.004% of the total number of Shares of the Company as at the Latest Practicable Date; (ii) the relevant market value as at the date of grant only represented approximately 0.8% of the Company's profit for the year ended 31 December 2021; (iii) the size of the Other Connected Grants are within the range of the Comparable Grants to other connected persons of the Comparable Companies; and (iv) the annual remuneration of the Other Connected Grantees falls within the range of the annual remuneration of the five highest paid individuals (other than directors) of the comparable companies, we are of the view that the sizes of the Other Connected Grants are on normal commercial terms and are fair and reasonable.

5.2. Vesting period and conditions

Based on our review of the vesting schedules of the 2021 RSU Scheme provided by the Company, we noted that the vesting schedules of the Proposed RSU Grants are as follows:

| Proposed grant of RSUs | Vesting date | Vesting proportion |
|---|-----------------|--------------------|
| The grant of 3,515,000 RSUs to executive Directors and Other Connected Grantees to be vested in three years | 9 November 2023 | One third |
| | 9 November 2024 | One third |
| | 9 November 2025 | One third |
| The grant of 35,000 RSUs to Mr. Wang Feng, Mr. Peng Shaoping and Mr. Yu Qingzhu to be vested in one year | 9 November 2023 | All |

Apart from the vesting schedule above, the proposed grant of 3,515,000 RSUs to the Connected Grantees are also subject to the satisfaction of the relevant vesting conditions, including financial performance targets for the Group including the profit for the year and research and development costs of the Group during the vesting periods, as well as the results of individual performance assessments carried out by the Group's human resources committee in accordance with each department's function and target. For details, please refer to the section headed "3. Principal terms of the Proposed RSU Grants" of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Management, the proposed grant of the remaining 35,000 RSUs to Mr. Wang Feng, Mr. Peng Shaoping and Mr. Yu Qingzhu, which are vested within one year, are to reward the relevant Connected Grantees for their contributions to the Group's research during the outbreak of COVID-19 pandemic. Considering the grant of such 35,000 RSUs is to recognise and reward the relevant Connected Grantees for their past contributions to the Group and can encourage, motivate and retain the relevant Connected Grantees, we concur with the Remuneration and Appraisal Committee's view that it is not necessary to set performance targets for such 35,000 RSUs.

For further analysis, we have also compared with the vesting or unlocking periods and other vesting conditions of the Comparable Grants. Set out below is the summary on the vesting periods and vesting conditions of the Comparable Grants and the Company.

| Company name | Stock code | Grantee's position in the company | Vesting or unlocking period (years from the date of grant) | Other vesting conditions |
|--|------------|--|--|------------------------------------|
| Sino Biopharmaceutical Limited | 1177 | executive director | Vested immediately | N/A |
| Ocumension Therapeutics | 1477 | executive director | Up to 4 years | Individual and company performance |
| Genscript Biotech Corporation | 1548 | non-director connected person | Up to 2 years | Individual and company performance |
| Innovent Biologics, Inc. | 1801 | executive director and independent non-executive director | Up to 4 years | Individual performance |
| Tot Biopharm International Company Limited | 1875 | executive director | Up to 3 years | N/A |
| Everest Medicines Limited | 1952 | executive director and non-director connected person | Up to 4 years | Company performance (share price) |
| HBM Holdings Limited | 2142 | executive director | Up to 3.7 years | Not disclosed in detail |
| Wuxi Biologics (Cayman) Inc. | 2269 | executive director, independent non-executive director and non-director connected person | Up to 5 years | Not disclosed in detail |
| Wuxi Apptec Co., Ltd. | 2359 | executive director and non-director connected person | Up to 5 years | Individual performance |
| SinoMab BioScience Limited | 3681 | non-executive director | Vested immediately | N/A |
| Transcenta Holding Limited | 6628 | executive director | Up to 4 years | Not disclosed in detail |
| Ascentage Pharma Group International | 6855 | non-director connected person | Not disclosed | Not disclosed in detail |
| Antengene Corporation Limited | 6996 | executive director and independent non-director | Up to 4 years | Not disclosed in detail |
| RemeGen Co., Ltd. | 9995 | non-executive director | Up to 4 years | Not disclosed in detail |
| The Company | 2096 | executive director and non-director connected person | Up to 3 years | Individual and company performance |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown above, the vesting or unlocking periods of the Comparable Grants was up to five years and a majority of them ranged from three to five years, and therefore the vesting period of the Proposed RSU Grants of up to approximately three years from the date of proposed grant is within the range of the Comparable Grants.

As regard to the vesting conditions, we noted that certain Comparable Grants to executive directors and other connected persons are also subject to individual and company performance.

Based on the above, we are of the view that the Proposed RSU Grants are on normal commercial terms and are fair and reasonable in terms of vesting period and conditions.

5.3. Section summary

Having considered the factors mentioned above, we concur with the Management's view that the Proposed RSU Grants are on normal commercial terms, the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and Independent Shareholders as a whole.

6. Potential impact of the Proposed RSU Grants

6.1 Potential financial impact

According to the 2021 Annual Report, the fair value of share-based payment awards (i.e. restricted shares) granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value of the restricted shares is measured at the date of grant by reference to the market price or the valuer's valuation of the underlying shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the restricted shares, the total estimated fair value of the restricted shares is spread over the vesting period, taking into account the probability that the restricted shares will vest. The Proposed RSU Grants shall have no material effect on the cash flow of the Group. The Management expects that there will be no material impact on the earnings and net asset value of the Company following the proposed grant of RSUs to the Connected Grantees.

6.2 Potential shareholding impact

As at the Latest Practicable Date, the Company had 2,660,376,618 Shares in issue. The Underlying Shares, being 3,550,000 new Shares, to be issued and allotted by the Company represent (i) approximately 0.1334% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 0.1333% of the total number of Shares in issue as enlarged by the issue and allotment of the Underlying Shares (assuming there is no other change to the issued share capital of the Company). As such, the potential shareholding impact and dilution to the Shareholders' shareholding is insignificant.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors, we are of the view that the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Proposed RSU Grants are on normal commercial terms and in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Executive Director

Leo Tam
Executive Director

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“**Mr. Tam**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over eight years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

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 inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of the Latest Practicable Date, the interest or short position of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

| Name of Director/ Chief executive | Nature of interest | Number of Shares/ underlying shares interested | Approximate percentage of shareholding interest ⁽¹⁾ |
|--------------------------------------|--|---|---|
| Mr. Ren Jinsheng ⁽²⁾ | Interest in controlled corporations/Interest of concert parties/Interest of spouse | 1,840,102,913 | 69.17% |
| Mr. Tang Renhong ⁽³⁾ | Beneficial owner | 4,650,000 | 0.17% |
| Mr. Wan Yushan ⁽⁴⁾ | Beneficial owner | 3,005,000 | 0.11% |

Notes:

- (1) The calculation is based on the total number of 2,660,376,618 issued shares of the Company as of the Latest Practicable Date.
- (2) Mr. Ren Jinsheng, together with the Ultimate Controlling Shareholders, collectively hold 1,839,610,913 Shares, including (i) 606,810,031 Shares and 995,811,934 Shares directly held by Artking and SPHL, respectively, both of which are companies controlled by the Ultimate Controlling Shareholders; (ii) 115,527,578 Shares and 120,961,370 Shares directly held by SIG and FFI, respectively, both of which are companies controlled by Mr. Ren Jinsheng; and (iii) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders. By virtue of the SFO, as the Ultimate Controlling Shareholders are deemed to be persons acting in concert under the Takeovers Code, each of them is deemed to be interested in the Shares held by each other. Mr. Ren Jinsheng is also deemed to be interested in (i) 164,000 Shares held by his spouse, Ms. Wang Xi; and (ii) 328,000 Shares underlying the RSUs granted to Ms. Wang Xi.

- (3) Mr. Tang Renhong was interested in (i) 3,000,000 RSUs granted to him on November 1, 2021 under the 2021 RSU Scheme which entitled him to receive the aggregate of 3,000,000 Shares subject to vesting; and (ii) 1,650,000 RSUs under the Proposed RSU Grants which entitled him to receive the aggregate of 1,650,000 Shares subject to conditions precedent to the Proposed RSU Grants and the vesting of such RSUs. As of the Latest Practicable Date, 1,000,000 shares underlying the RSUs granted to him were vested.
- (4) Mr. Wan Yushan (i) directly holds 130,000 Shares; (ii) was interested in 2,025,000 RSUs granted to him on November 1, 2021 under the 2021 RSU Scheme which entitled him to receive the aggregate of 2,025,000 Shares subject to vesting; and (iii) was interested in 850,000 RSUs under the Proposed RSU Grants which entitled him to receive the aggregate of 850,000 Shares subject to conditions precedent to the Proposed RSU Grants and the vesting of such RSUs. As of the Latest Practicable Date, 675,000 shares underlying the RSUs granted to him were vested.

Save as disclosed above, as of the Latest Practicable Date, so far as is known to the Directors, none of the Directors and the chief executive of the Company had or were deemed to have any interest or short position 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 under Divisions 7 and 8 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or may not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As of the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since December 31, 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

Save for the contractual arrangements and continuing connected transactions as disclosed in the sections headed "Contractual Arrangement" and "Connected Transactions" in the Prospectus and the section headed "Continuing Connected Transactions" in the 2021 Annual Report of the Company published on April 26, 2022, as of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group.

6. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of the Latest Practicable Date, the interests or short positions of persons (other than the Directors and chief executives of the Company) in the shares or underlying shares of the Company (within the meaning of Part XV of the SFO) which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

| Name of shareholder | Nature of Interest | Number of shares or underlying shares | Approximate percentage of shareholding interest ⁽¹⁾ |
|---|--|---------------------------------------|--|
| Mr. Ren Yong ⁽²⁾⁽³⁾ | Interest in controlled corporations/Interest of concert parties/Founder of a discretionary trust | 1,839,610,913 | 69.15% |
| Ms. Li Shimeng ⁽²⁾⁽³⁾ | Interest in controlled corporations/Interest of concert parties/Interest of spouse | 1,839,610,913 | 69.15% |
| P&H Holdings Group Ltd. ("P&H Holdings") ⁽²⁾⁽³⁾ | Interest in controlled corporations/Interest of concert parties | 1,839,610,913 | 69.15% |
| Mr. Ren Weidong ⁽²⁾⁽⁴⁾ | Interest in controlled corporations/Interest of concert parties | 1,839,610,913 | 69.15% |
| Right Wealth Holdings Limited ("Right Wealth") ⁽²⁾⁽⁴⁾ | Interest in controlled corporations/Interest of concert parties | 1,839,610,913 | 69.15% |
| Ms. Ren Zhen ⁽²⁾⁽⁵⁾ | Interest in controlled corporations/Interest of concert parties | 1,839,610,913 | 69.15% |
| Ms. Peng Suqin ⁽²⁾⁽⁶⁾ | Interest in controlled corporations/Interest of concert parties | 1,839,110,913 | 69.13% |
| Artking Global Limited ("Artking") ⁽⁷⁾ | Beneficial interest | 500,000 | 0.02% |
| | Beneficial interest | 606,810,031 | 22.81% |
| | Interest in controlled corporations | 995,811,934 | 37.43% |
| Simcere Holding Limited ("Simcere Holding") ⁽⁸⁾ | Interest of concert parties | 236,988,948 | 8.91% |
| | Interest in controlled corporations | 995,811,934 | 37.43% |
| Excel Investments Group Limited ("Excel Investments") ⁽⁹⁾ | Interest of concert parties | 843,798,979 | 31.72% |
| | Interest in controlled corporations | 995,811,934 | 37.43% |
| | Interest of concert parties | 843,798,979 | 31.72% |

| Name of shareholder | Nature of Interest | Number of shares or underlying shares | Approximate percentage of shareholding interest ⁽¹⁾ |
|---|------------------------------------|---------------------------------------|--|
| Simcere Pharmaceutical Holding Limited (“SPHL”) ⁽¹⁰⁾ | Beneficial interest | 995,811,934 | 37.43% |
| | Interest of concert parties | 843,798,979 | 31.72% |
| Simcere Investments Group Limited (“SIG”) ⁽²⁾⁽¹¹⁾ | Beneficial interest | 115,527,578 | 4.34% |
| | Interest in controlled corporation | 120,961,370 | 4.55% |
| | Interest of concert parties | 1,603,121,965 | 60.26% |
| Fortune Fountain Investment Limited (“FFI”) ⁽¹²⁾ | Beneficial interest | 120,961,370 | 4.57% |
| | Interest of concert parties | 1,718,649,543 | 64.60% |

Notes:

- (1) The calculation is based on the total number of 2,660,376,618 issued shares of the Company as of the Latest Practicable Date.
- (2) Mr. Ren Jinsheng, together with other Ultimate Controlling Shareholders, collectively hold 1,839,610,913 Shares, including (i) 606,810,031 Shares and 995,811,934 Shares directly held by Artking and SPHL, respectively, both of which are companies controlled by the Ultimate Controlling Shareholders; (ii) 115,527,578 Shares and 120,961,370 Shares directly held by SIG and FFI, respectively, both of which are companies controlled by Mr. Ren Jinsheng; and (iii) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders. As the Company’s Ultimate Controlling Shareholders are deemed to be persons acting in concert under the Takeovers Code, each of them is deemed to be interested in the Shares held by each other by virtue of the SFO.
- (3) Mr. Ren Yong, son of Mr. Ren Jinsheng and spouse of Ms. Li Shimeng, is the settlor of the P&H Family Trust, which holds the entire equity interest in P&H Holdings through P&H Family Trust. Mr. Ren Yong, Ms. Li Shimeng and P&H Holdings are the Company’s Ultimate Controlling Shareholders and are deemed to be interested in the Shares collectively held by the Company’s Ultimate Controlling Shareholders.
- (4) Mr. Ren Weidong is the brother of Mr. Ren Jinsheng and holds the entire equity interest in Right Wealth. Mr. Ren Weidong and Right Wealth are the Company’s Ultimate Controlling Shareholders and are deemed to be interested in the Shares collectively held by the Company’s Ultimate Controlling Shareholders.
- (5) Ms. Ren Zhen is the sister of Mr. Ren Jinsheng. She is one of the Company’s Ultimate Controlling Shareholders and is deemed to be interested in the Shares collectively held by the Company’s Ultimate Controlling Shareholders.
- (6) Ms. Peng Suqin is the mother of Mr. Ren Yong. She is one of the Company’s Ultimate Controlling Shareholders and is deemed to be interested in the Shares collectively held by the Company’s Ultimate Controlling Shareholders. Ms. Peng Suqin also directly holds 500,000 Shares.
- (7) Artking directly holds 606,810,031 Shares and indirectly holds 1,232,800,882 Shares, including (i) 995,811,934 Shares directly held by SPHL, a controlled corporation of Artking, (ii) an aggregate of 236,488,948 Shares directly held by SIG and FFI, both of which are companies controlled by Mr. Ren Jinsheng and are deemed to be acting in concert with Artking under the Takeovers Code, and (iii) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders and is deemed to be acting in concert with Artking under the Takeovers Code.

- (8) Simcere Holding indirectly holds 1,839,610,913 Shares, including (i) 995,811,934 Shares directly held by SPHL, a controlled corporation of Simcere Holding, (ii) an aggregate of 843,798,979 Shares, which comprises of (a) 606,810,031 Shares directly held by Artking, a company controlled by the Company's Ultimate Controlling Shareholders, (b) 236,488,948 Shares directly held by SIG and FFI, both of which are companies controlled by Mr. Ren Jinsheng, and (c) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders. Artking, SIG, FFI and Ms. Peng Suqin are deemed to be acting in concert with Simcere Holding under the Takeovers Code.
- (9) Excel Investments indirectly holds 1,839,610,913 Shares, including (i) 995,811,934 Shares directly held by SPHL, a controlled corporation of Excel Investments, and (ii) an aggregate of 843,798,979 Shares, which comprises of (a) 606,810,031 Shares directly held by Artking, a company controlled by the Company's Ultimate Controlling Shareholders, (b) 236,488,948 Shares directly held by SIG and FFI, both of which are companies controlled by Mr. Ren Jinsheng, and (c) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders. Artking, SIG, FFI and Ms. Peng Suqin are deemed to be acting in concert with Excel Investments under the Takeovers Code.
- (10) SPHL directly holds 995,811,934 Shares and indirectly holds an aggregate of 843,798,979 Shares, including (i) 606,810,031 Shares directly held by Artking, a company controlled by the Company's Ultimate Controlling Shareholders, (ii) an aggregate of 236,488,948 Shares directly held by SIG and FFI, both of which are companies controlled by Mr. Ren Jinsheng, and (iii) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders. Artking, SIG, FFI and Ms. Peng Suqin are deemed to be acting in concert with SPHL under the Takeovers Code.
- (11) SIG directly holds 115,527,578 Shares and indirectly hold 1,724,083,335 Shares, including (i) 120,961,370 Shares directly held by FFI, a controlled corporation of SIG and ultimately controlled by Mr. Ren Jinsheng, and (ii) an aggregate of 1,602,621,965 Shares directly held by SPHL and Artking, both of which are deemed to be acting in concert with SIG under the Takeovers Code, and (iii) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders and is deemed to be acting in concert with SIG under the Takeovers Code.
- (12) FFI directly holds 120,961,370 Shares and indirectly hold 1,718,649,543 Shares, including (i) 1,718,149,543 Shares directly held by SPHL, Artking and SIG, all of which are deemed to be acting in concert with FFI under the Takeovers Code, and (ii) 500,000 Shares directly held by Ms. Peng Suqin, who is one of the Ultimate Controlling Shareholders and is deemed to be acting in concert with FFI under the Takeovers Code.

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Except for (i) Mr. Ren Jinsheng, being an executive Director, who is also a director of each of Artking, SIG, FFI, SPHL, Excel Investments and Simcere Holding; and (ii) Mr. Wan Yushan, being an executive Director, who is also a director of FFI, as of the Latest Practicable Date, none of the Directors or any proposed Director of the Company was a director or an employee of a company which had, or was deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

7. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of Altus Capital Limited, who has given its opinions or advices, which are contained or referred to in this circular:

| Name | Qualifications |
|-----------------------|--|
| Altus Capital Limited | a corporation licensed to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO |

As of the Latest Practicable Date, Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they respectively appear.

As of the Latest Practicable Date, Altus Capital Limited did not have (i) 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 (ii) any direct or indirect interest in any assets which had, since December 31, 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group.

9. DOCUMENTS ON DISPLAY

Electronic copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.simcere.com) from the date of this circular up to and including the date of the EGM:

- (a) a copy of the 2021 RSU Scheme;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Independent Financial Adviser to the Independent Shareholders, the text of which is set out in this circular; and
- (d) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Sincere Pharmaceutical Group Limited

先聲藥業集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 2096)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Sincere Pharmaceutical Group Limited (the “**Company**”) will be held at No. 699-18, Xuanwu Road, Xuanwu District, Nanjing, Jiangsu, PRC on Wednesday, January 18, 2023 at 1:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

To consider and if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions of the Company:

1. “**That** the proposed grant of 1,650,000 restricted share units (“**RSUs**”) to Mr. Tang Renhong pursuant to the restricted share unit scheme of the Company adopted by the Board on May 20, 2021 (“**2021 RSU Scheme**”) is hereby approved and confirmed.”
2. “**That** the proposed grant of 850,000 RSUs to Mr. Wan Yushan pursuant to the 2021 RSU Scheme is hereby approved and confirmed.”
3. “**That** the proposed grant of 350,000 RSUs to Mr. Cheng Xianghua pursuant to the 2021 RSU Scheme is hereby approved and confirmed.”
4. “**That** the proposed grant of 150,000 RSUs to Mr. Wang Feng pursuant to the 2021 RSU Scheme is hereby approved and confirmed.”
5. “**That** the proposed grant of 150,000 RSUs to Ms. Cong Yuehua pursuant to the 2021 RSU Scheme is hereby approved and confirmed.”
6. “**That** the proposed grant of 100,000 RSUs to Mr. Peng Shaoping pursuant to the 2021 RSU Scheme is hereby approved and confirmed.”
7. “**That** the proposed grant of 100,000 RSUs to Mr. Yu Qingzhu pursuant to the 2021 RSU Scheme is hereby approved and confirmed.”
8. “**That** the proposed grant of 100,000 RSUs to Ms. Chen Yanqiong pursuant to the 2021 RSU Scheme is hereby approved and confirmed.”
9. “**That** the proposed grant of 100,000 RSUs to Mr. Hou Zhiwei pursuant to the 2021 RSU Scheme is hereby approved and confirmed.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

10. To authorize any one or more of the Directors to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the grant of RSUs and the transactions contemplated thereunder, including but not limited to the allotment and issue of the shares of the Company pursuant to the 2021 RSU Scheme.
11. To elect Ms. Wang Xi as an executive director of the Company.
12. To elect Mr. Sung Ka Woon as an independent non-executive director of the Company.

By order of the Board
Simcere Pharmaceutical Group Limited
Mr. Ren Jinsheng
Chairman and Chief Executive Officer

Hong Kong, December 29, 2022

Registered office
43/F, AIA Tower
183 Electric Road
North Point
Hong Kong

Headquarters in the PRC
No. 699-18, Xuanwu Road
Xuanwu District, Nanjing
Jiangsu
PRC

Notes:

- (1) The resolutions at the EGM (except those related to the procedural or administrative matters, which should be taken by a show of hands as the chairman of the EGM may decide, in good faith) will be taken by a poll pursuant to the Listing Rules and the results of the poll will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.simcere.com) in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
- (3) In order to be valid, a form of proxy must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours (excluding any part of a day that is a public holiday in Hong Kong, i.e. 1:00 p.m. on Monday, January 16, 2023) before the time appointed for the holding of the above meeting or not less than 48 hours before the time appointed for the holding of any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he is subsequently able to be present and in such event the form of proxy shall be deemed revoked.
- (4) The form of proxy must be signed by the appointor or by his attorney authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorized to sign the same.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (5) Where there are joint registered holders of any share of the Company, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
- (6) For the purposes of holding the EGM, the register of members of the Company will be closed from Friday, January 13, 2023 to Wednesday, January 18, 2023 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the EGM scheduled to be held on Wednesday, January 18, 2023. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, January 12, 2023.
- (7) In view of the ongoing COVID-19 epidemic, the Company will implement the following prevention and control measures targeting COVID-19 at the EGM to protect Shareholders from the risk of infection:
- (i) Compulsory body temperature check will be conducted, and any person with a body temperature of over 37.0 degree Celsius will be denied entry into the venue;
 - (ii) Every Shareholder or authorized representative must wear a surgical mask throughout the EGM;
 - (iii) No refreshment will be served; and
 - (iv) The Company will maintain appropriate distance and space in the venue.
- The Company strongly recommends Shareholders, who intend to attend the EGM, to submit the proxy form for voting instead of attending the EGM in person. The proxy form has been dispatched to Shareholders and is available to download on the Company's website (<http://www.simcere.com>) or the Stock Exchange's website (www.hkexnews.hk).
- (8) References to time and dates of this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises Mr. REN Jinsheng as the Chairman and executive Director, Mr. TANG Renhong and Mr. WAN Yushan as the executive Directors; and Mr. SONG Ruilin, Mr. WANG Jianguo and Mr. WANG Xinhua as the independent non-executive Directors.