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If you are in doubt about this circular, you should consult your stockbroker, other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CanSino Biologics Inc.**, you should at once hand this circular together with the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

CanSino Biologics Inc.
康希諾生物股份公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 6185)

**(1) PROPOSED ADOPTION OF
THE 2023 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN
(2) PROPOSED ADOPTION OF
THE ADMINISTRATIVE MEASURES FOR
THE 2023 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN
(3) PROPOSED AUTHORIZATION TO
THE BOARD TO DEAL WITH MATTERS RELATING TO
THE 2023 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN
AND
NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM of CanSino Biologics Inc. to be held at 2:30 p.m. on Thursday, April 20, 2023 at Yuefu Hall, 1st Floor, Hyatt Regency Tianjin East, No. 126 Weiguo Road, Hedong District, Tianjin, the PRC is set out in this circular. A form of proxy for use at the EGM is also enclosed and published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cansinotech.com).

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM (i.e. not later than 2:30 p.m. on Wednesday, April 19, 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

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

March 28, 2023

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DEFINITIONS

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

“A Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each and listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange and traded in RMB
“Administrative Measures”	the Administrative Measures for the 2023 A Share Employee Stock Ownership Plan of the Company
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Company”	CanSino Biologics Inc. (康希諾生物股份公司), a joint stock company incorporated in the PRC with limited liability on February 13, 2017, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 6185) and the A Shares of which are listed on Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688185)
“Company Law”	the Company Law of the PRC, as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the 2023 first extraordinary general meeting of the Company to be held at 2:30 p.m. on Thursday, April 20, 2023
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guiding Opinions”	the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies
“H Share(s)”	overseas-listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each which are subscribed for and traded in Hong Kong Dollars and listed on the Main Board of the Hong Kong Stock Exchange
“Holder(s)” or “Participant(s)”	employee(s) who contributed funds to participate in the Stock Ownership Plan
“Holders’ Meeting”	the meeting of the Holders of the Stock Ownership Plan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Management Committee”	the management committee of the Stock Ownership Plan
“Notice of EGM”	the notice of the EGM dated March 28, 2023
“PRC” or “China”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the PRC, as amended from time to time
“Self-regulation Guidance No. 1”	the Self-regulatory Guideline No. 1 for Companies Listed on the Shanghai Stock Exchange – Standardised Operation

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Ownership Plan”	the 2023 A Share Employee Stock Ownership Plan of the Company
“%”	per cent.

In this circular, unless the context otherwise requires, any reference to the singular includes the plural and vice versa and any reference to a gender includes a reference to the other gender and the neuter. Further, certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain paragraphs and tables in this circular may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

CanSino Biologics Inc.

康希諾生物股份公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 6185)

Executive Directors:

Dr. Xuefeng YU

Dr. Shou Bai CHAO

Dr. Tao ZHU (朱濤)

Dr. Dongxu QIU

Ms. Jing WANG (王靖)

Non-Executive Directors:

Mr. Liang LIN (林亮)

Ms. Nisa Bernice Wing-Yu LEUNG (梁穎宇)

Mr. Zhi XIAO (肖治)

Independent Non-executive Directors:

Mr. Shiu Kwan Danny WAI (韋少琨)

Ms. Zhu XIN (辛珠)

Mr. Shuifa GUI (桂水發)

Mr. Jianzhong LIU (劉建忠)

Headquarters and Registered

Office in the PRC:

401-420, 4th Floor

Biomedical Park

185 South Avenue

TEDA West District

Tianjin

PRC

Principal Place of Business

in Hong Kong:

Room 1901, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

March 28, 2023

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED ADOPTION OF
THE 2023 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN**

**(2) PROPOSED ADOPTION OF
THE ADMINISTRATIVE MEASURES FOR
THE 2023 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN**

**(3) PROPOSED AUTHORIZATION TO
THE BOARD TO DEAL WITH MATTERS RELATING TO
THE 2023 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN
AND**

NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated March 27, 2023 in relation to, among other things, (a) the proposed adoption of the Stock Ownership Plan; (b) the proposed adoption of the Administrative Measures; and (c) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the notice of the EGM and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

II. DETAILS OF THE ORDINARY RESOLUTIONS

(1) Proposed Adoption of the 2023 A Share Employee Stock Ownership Plan

1. Principal Terms of the Stock Ownership Plan

The principal terms of the Stock Ownership Plan are set out below:

Effectiveness	The Stock Ownership Plan shall not take effect unless it's approved by the Shareholders at the EGM.
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Duration	The term of the Stock Ownership Plan shall be 36 months commencing from the date on which the Company announces the transfer of the underlying Shares to the Stock Ownership Plan. If not extended, the Stock Ownership Plan will be terminated automatically upon the expiry of its term.
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Participants	The Participants of the Stock Ownership Plan shall be determined in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulation Guidance No. 1, the relevant laws, regulations and regulatory documents of the CSRC and the Shanghai Stock Exchange, and the Articles of Association while considering the actual situation.
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The Participants of the Stock Ownership Plan are the supervisor, senior management, core management and core business personnel of the Company. Each of the Participants shall take a position in the Company (including its controlled subsidiaries) and enter into labor contracts with the Company or its controlled subsidiaries or shall be employed by the Company.

The total Participants in the Stock Ownership Plan shall not exceed 359 persons, including a supervisor and senior management (3 persons in total). The specific number of Participants shall be determined based on the actual payment made by the employees.

LETTER FROM THE BOARD

The maximum total amount of funds under the Stock Ownership Plan shall not exceed RMB34.41 million, and the total amount of funds payable by participating employees shall be the maximum number of Shares subscribed by employees of 562,460 Shares, calculated according to RMB61.17 per share. The specific number of Shares held by the Holders shall be determined by the actual payment of employees. The Shares to be held by the Participants of the Stock Ownership Plan are as follows:

No.	Name	Position	The maximum number of Shares to be held	The proportion in the Stock Ownership Plan	The proportion in the total share capital of the Company on the announcement date of the Stock Ownership Plan
1	Xi LUO	Chief financial officer	30,530	5.43%	0.0123%
2	Jin CUI	Board Secretary	8,340	1.48%	0.0034%
3	Yuan ZHOU	Employee representative supervisor	2,460	0.44%	0.0010%
Core management personnel and core business backbones (356 persons)			521,130	92.65%	0.2106%
Total (359 persons)			562,460	100%	0.2273%

Notes:

1. The actual Participants and their respective Shares may be adjusted according to their subscription.
2. In case of abandonment of subscription by employees, the abandoned subscription portion may be subscribed by other eligible Participants and the final subscribed Share shall be determined by the Board.
3. After the implementation of the Stock Ownership Plan, the total number of Shares held by all effective employee share ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the total number of underlying Shares corresponding to the interests in Shares acquired by an individual employee shall not exceed 1% of the total share capital of the Company.
4. Any difference between the total of the above figures and the arithmetic sum of the breakdowns is due to rounding.

Source of the underlying Shares

The source of underlying Shares shall be the ordinary A Shares held in the Company's designated securities repurchase account.

LETTER FROM THE BOARD

Source of the funds

The source of funds for the Stock Ownership Plan shall be the legitimate remuneration of employees, self-raised funds and any fund obtained in any other method permitted by laws and regulations. The Company will not provide financial assistance such as advances, guarantees and loans for the Holders. The Stock Ownership Plan does not involve leveraged funds and there is no arrangement for third parties to provide incentives, grants, subsidies, and make up the balance for employees to participate in the Stock Ownership Plan.

Size of the underlying Shares

The total Shares to be granted under the Stock Ownership Plan shall not exceed 562,460 Shares, representing approximately 0.23% of the total share capital of the Company as at the date of the announcement.

After implementation of the Stock Ownership Plan, the cumulative number of all Shares held by all effective employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company, while the cumulative number of all Shares owned by an individual employee shall not exceed 1% of the total share capital of the Company (excluding the Shares acquired by the Holder before the initial public offering and listing of the Shares, the Shares acquired through the secondary market and the Shares acquired through share incentives).

Purchase price

The price at which the Stock Ownership Plan receives the shares repurchased by the Company shall be 50% of the average trading price of the A Shares on the last trading day preceding the date of the Board meeting, i.e. RMB61.17 per A Share.

LETTER FROM THE BOARD

Performance appraisal

The appraisal years for unlocking the underlying Shares shall be the two accounting years of 2023 and 2024, and the appraisal shall be conducted once each accounting year. The individual performance appraisal of the Holders shall be implemented according to the relevant internal performance appraisal system of the Company. The individual appraisal results of the Participants are divided into four levels, namely “A”, “B”, “C” and “D”. The final number of Holders’ underlying Shares that can be unlocked shall be determined on the basis of the individual appraisal results as follows:

Evaluation

Criteria	A	B	C	D
Unlocking ratio	100%	95%	80%	0%

Note:

Actual unlocking amount of a Holder for the year = Target unlocking amount ×
Unlocking ratio

If the number of underlying Shares of a Holder actually unlocked is less than the target number of unlocked Shares, the Management Committee shall recover the Shares that have not reached the unlocking conditions and have the right to decide whether to allocate such Shares to other employees, provided that such employees shall meet the criteria for Participants of the Stock Ownership Plan. If the distribution of such Shares is not completed during the term of the Stock Ownership Plan, the Company shall dispose of the undistributed portion at an appropriate time within the duration after the unlocking date, and the lower of the original capital contribution of the corresponding portion and the gain on disposal shall be returned to the Holders, and the gains shall belong to the Company.

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Lock-up Period

The underlying Shares acquired by the Holders under the Stock Ownership Plan through non-trading transfer or any other means permitted by laws and regulations shall be unlocked in batches after 12 months commencing from the date on which the underlying Shares granted in each batch of the Company are transferred to the Stock Ownership Plan. Details are as follows:

The first unlocking date shall be the expiry of 12 months from the date on which the underlying Shares granted by the Company are transferred to the Stock Ownership Plan, and the maximum number of Shares to be unlocked is 50% of the total number of underlying Shares granted in that batch.

The second unlocking date shall be the expiry of 24 months from the date on which the underlying Shares granted by the Company are transferred to the Stock Ownership Plan, and the maximum number of Shares to be unlocked is 50% of the total number of underlying Shares granted in that batch.

The underlying Shares obtained under the Stock Ownership Plan as a result of the distribution of share dividends, and capitalization of capital reserve by the listed company shall also be subject to the above lock-up arrangement.

Management

Subject to the approval of the general meeting, the Stock Ownership Plan shall be managed by the Company on its own. The highest internal management authority of the Stock Ownership Plan is the Holders' Meeting. The Company shall establish a Management Committee for the Stock Ownership Plan, which is responsible for establishing and managing relevant accounts under the Stock Ownership Plan, carrying out daily management, exercising the Shareholders' rights (except voting rights at general meetings) on behalf of the Stock Ownership Plan and performing other duties as stipulated in the Stock Ownership Plan and relevant laws and regulations. The Board is responsible for drafting and amending the Stock Ownership Plan and handling other relevant matters within the scope as authorized by the general meeting. The Company has adopted appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of the Holders.

LETTER FROM THE BOARD

Alternation

During the term of the Stock Ownership Plan, any alteration of the Stock Ownership Plan shall be subject to the approval of more than two-thirds of the Shares held by the Holders attending the Holders' Meeting, and shall be submitted by the Board to the general meeting for consideration and approval.

Termination

The Stock Ownership Plan shall be terminated automatically upon the expiry of its term.

Where all Shares held under the Stock Ownership Plan have been sold, the Stock Ownership Plan may be terminated earlier.

Termination of the Stock Ownership Plan shall be subject to the approval of more than two-thirds of the Shares held by the Holders attending the Holders' Meeting, and shall be submitted by the Board to the general meeting for consideration and approval.

Details of the Stock Ownership Plan are set out in Appendix I to this circular. The Stock Ownership Plan was prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the Stock Ownership Plan, the Chinese version shall prevail.

2. Approval of the Stock Ownership Plan by the Board and the Shareholders at the EGM

The resolution in relation to the adoption of the Stock Ownership Plan was considered and approved at the meeting of the Board held on March 27, 2023. On the same date, the Board has also resolved to propose the Stock Ownership Plan to be approved by the Shareholders at the EGM. An ordinary resolution will be proposed at the EGM to consider and, if thought fit, approve the adoption of the Stock Ownership Plan.

3. Purpose and Reasons for and Benefits of the Adoption of the Stock Ownership Plan

The purpose of the Stock Ownership Plan is to enhance the cohesion of employees and the competitiveness of the Company, and mobilize the enthusiasm and creativity of employees by holding the Shares, establishing and improving the benefit sharing mechanism for employees and Shareholders, and improving corporate governance, and ultimately to promote the long-term, sustainable and healthy development of the Company. The Stock Ownership Plan is formulated in accordance with the relevant rules and regulations and the Articles of Association.

The Company is of the view that the adoption and implementation of the Stock Ownership Plan is beneficial to the Company and its Shareholders as a whole, and the terms and conditions of the Stock Ownership Plan are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given the nature of the business of the Company and the highly competitive industry in which it operates, it is extremely important for the Company to recruit

LETTER FROM THE BOARD

and retain talents, and the Company's long-term development plan will highly depend on the loyalty and contribution of the Participants. The Stock Ownership Plan is considered a critical component of the Company's employee appraisal system and effectively aligns the employee's achievements at the individual level with the Company's overall performance. The Company is of the view that the adoption of the Stock Ownership Plan will help the Company to achieve the aforesaid goals.

4. *Hong Kong Listing Rules Implications*

Pursuant to the Stock Ownership Plan, the Participants of the Stock Ownership Plan will be granted certain A Shares. The Stock Ownership Plan does not involve the grant of new A Shares or options over new A Shares, or issue of A Shares by the Company (or any of its subsidiaries). As the Stock Ownership Plan involves existing Shares, it is subject to Rule 17.12 of Chapter 17 of the Hong Kong Listing Rules.

As the Holders involve a supervisor of the Company, the supervisor's participation in the Stock Ownership Plan constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules, and the relevant applicable percentage ratios (as defined in the Hong Kong Listing Rules) on an individual basis are less than 0.1%, thus they are fully exempt from the shareholders' approval, annual review and all disclosure requirements. Save for the above fully exempt connected transaction, participation in the Stock Ownership Plan by other Holders does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules. In circumstances of re-allocation of the granted Shares to any connected persons of the Company and such an allocation constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules, the Company will comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules. None of the Directors has a direct or indirect material interest in the Stock Ownership Plan.

(2) Proposed Adoption of the Administrative Measures for the 2023 A Share Employee Stock Ownership Plan

To ensure the smooth implementation of the Stock Ownership Plan, the Administrative Measures have been formulated in accordance with the provisions of the relevant laws, regulations and regulatory documents, including the Company Law, the Securities Law, the Guiding Opinions, the Self-regulation Guidance No. 1, the Hong Kong Listing Rules, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange STAR Market, the Articles of Association and the Stock Ownership Plan.

The full text of Administrative Measures is set out in Appendix II to this circular. The Administrative Measures were prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the Administrative Measures, the Chinese version shall prevail.

An ordinary resolution will be proposed at the EGM to consider and, if thought fit, approve the proposed adoption of the Administrative Measures.

LETTER FROM THE BOARD

(3) Proposed Authorization to the Board to deal with matters relating to the 2023 A Share Employee Stock Ownership Plan

To ensure the smooth implementation of the Stock Ownership Plan, it is proposed at the EGM that the Board shall be authorized to handle all matters relating to the Stock Ownership Plan within the scope stipulated by relevant laws, regulations and regulatory documents, including but not limited to the following:

- (a) to authorize the Board to handle the establishment of the Stock Ownership Plan;
- (b) to authorize the Board to decide on the extension of the term of the Stock Ownership Plan;
- (c) to authorize the Board to handle all matters in relation to the transfer, lock-up and unlocking of the Shares purchased under the Stock Ownership Plan;
- (d) to authorize the Board to make decisions on the refinancing matters such as participation in the placing of Shares during the term of the Stock Ownership Plan;
- (e) to authorize the Board to interpret the Stock Ownership Plan;
- (f) to authorize the Board to change the Participants of the Stock Ownership Plan and their determination criteria;
- (g) to authorize the Board to sign the contract, agreement and documents in relation to the Stock Ownership Plan;
- (h) to authorize the Board to adjust and improve the Stock Ownership Plan in response to any adjustment in the relevant laws, regulations and policies;
- (i) to propose to the general meeting to authorize the Board to deal with any announcements and circulars required to be disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) or the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>), and to deal with any compliance matters of the Shanghai Stock Exchange or the Hong Kong Stock Exchange in relation to the Stock Ownership Plan; and
- (j) to authorize the Board to handle other necessary matters required for the Stock Ownership Plan, except for the rights to be exercised by the general meeting as expressly stipulated in the relevant documents.

The above authorization shall be valid from the date of approval at the general meeting of the Company to the date of completion of the implementation of the Stock Ownership Plan.

An ordinary resolution will be proposed at the EGM to consider and, if thought fit, approve the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan.

LETTER FROM THE BOARD

III. THE EGM

The EGM will be held at Yuefu Hall, 1st Floor, Hyatt Regency Tianjin East, No. 126 Weiguo Road, Hedong District, Tianjin, the PRC, at 2:30 p.m. on Thursday, April 20, 2023.

The Notice of EGM is set out on pages N-1 to N-2 of this circular and has been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cansinotech.com).

The Notice of the EGM has been despatched to the Shareholders on March 28, 2023, and has also been separately published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.cansinotech.com).

IV. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The register of members of H Shares will be closed from Wednesday, April 19, 2023 to Thursday, April 20, 2023, both days inclusive, during which period no transfer of H Shares shall be registered, in order to determine the holders of the H Shares who are entitled to attend and vote at the forthcoming EGM to be held on Thursday, April 20, 2023.

To be eligible to attend and vote at the EGM, all properly completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, April 18, 2023 for registration.

V. PROXY ARRANGEMENT

The form of proxy of the EGM is enclosed and published on the websites of the Hong Kong Stock Exchange and the Company.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time fixed for holding the EGM (i.e. not later than 2:30 p.m. on Wednesday, April 19, 2023) or any adjourned meeting(s) thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting(s) should you so wish.

LETTER FROM THE BOARD

VI. VOTING BY POLL

Any vote of Shareholders at the EGM must be taken by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company shall publish the poll results announcement in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules. Accordingly, the chairman of the EGM will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the EGM.

To the best of the Directors' knowledge, information and belief, none of the Shareholders are required to abstain from voting on the proposed resolutions at the EGM.

VII. RECOMMENDATION

The Board considers that all the resolutions proposed at the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of these proposed resolutions.

VIII. RESPONSIBILITY STATEMENT

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

By order of the Board
CanSino Biologics Inc.
Xuefeng YU
Chairman

Security Abbreviation: CanSino

Security code: 688185

**CANSINO BIOLOGICS INC. 2023 A SHARE EMPLOYEE
STOCK OWNERSHIP PLAN
(DRAFT)**

March 2023

STATEMENT

The Company and all members of the Board of Directors warrant that there are no false representations, and misleading statements contained in, or material omissions from, the Stock Ownership Plan, and they severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of its contents.

RISK WARNING

1. The 2023 A Share Employee Stock Ownership Plan (the “Stock Ownership Plan”) of CanSino Biologics Inc. (“CanSino” or the “Company”) will be implemented upon approval by the general meeting of the Company. It is uncertain as to whether the Stock Ownership Plan can be approved by the general meeting of the Company.
2. The detailed implementation plan of the Stock Ownership Plan are preliminarily results. It is uncertain as to whether the implementation can be completed.
3. Employees shall abide by the principles of legal compliance, voluntary participation and voluntary risk undertaking. It is risky as to whether the Stock Ownership Plan will be established.
4. The Company will subsequently disclose relevant progress in accordance with regulations, and investors are advised to exercise caution when making decisions and pay attention to investment risks.

SPECIAL NOTICE

The abbreviated terms in this section shall have the same meaning as defined in the “Definitions”.

1. The Stock Ownership Plan is formulated in accordance with the requirements of relevant laws, regulations and rules such as the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange and Guideline No. 1 – Self-regulatory Rules for Companies Listed on the STAR Market of the Shanghai Stock Exchange – Standardised Operation, as well as other regulatory documents, and the Articles of Association.
2. The Stock Ownership Plan follows the principles of discretionary decision of the Company and voluntary participation of employees without apportionment, mandatory distribution or other circumstances in which employees are forced to participate in the Stock Ownership Plan.

3. The Participants of the Stock Ownership Plan shall include supervisor, senior management, core management, and key business personnel of the Company. The total Participants shall not exceed 359 person(s), including a supervisor and senior management personnel (3 persons in total) participating in the Stock Ownership Plan. The specific number of Participants shall be determined based on the actual payment made by the employees.
4. The source of funds for the Stock Ownership Plan shall be the legitimate remuneration of employees, self-raised funds and any fund obtained in any other method permitted by laws and regulations. The Company will not provide advances, guarantees, loans and other financial assistance for the Holders.
5. The total shares to be granted under the Stock Ownership Plan shall not exceed 562,460 share(s), representing approximately 0.23% of the total share capital of 247,449,899 shares of the total share capital of the Company as at the date of the announcement of the Draft.

The source of Underlying Shares of the Stock Ownership Plan shall be the ordinary A shares held in the Company's designated securities repurchase account. Upon consideration and approval of the Stock Ownership Plan at the general meeting of the Company, the designated securities account for the Stock Ownership Plan will receive ordinary A Shares held in the Company's designated securities repurchase account in tranches by non-trading transfer or any other means permitted by laws and regulations. The specific number of shares to be held shall be determined on the basis of the amount of actual contribution made by the employees, and the Company shall promptly fulfill its obligation of information disclosure as required.

6. After implementation of the Stock Ownership Plan, the cumulative number of all shares held by all employee share ownership plans of the Company shall not exceed 10% of the total share capital of the Company, while the cumulative number of all shares owned by an individual employee shall not exceed 1% of the total share capital of the Company. The total number of Underlying Shares shall not include the shares acquired by the Holder before the initial public offering and listing of shares of the Company, shares acquired through the secondary market and shares acquired through share incentives.
7. The price at which the Stock Ownership Plan receives the shares repurchased by the Company shall be 50% of the average trading price of the A Shares of the Company on the last trading day preceding the date of the Board of Directors meeting, i.e. 61.17 yuan per share.
8. The duration of the Stock Ownership Plan shall be 36 months commencing from the date on which the Company announces the transfer of the Underlying Shares to the Stock Ownership Plan.

The Underlying Shares acquired in each tranche under the Stock Ownership Plan shall be unlocked in two phases. The point of time for unlocking the Underlying Shares shall be respectively 12 months and 24 months from the date of transfer of the Underlying Shares granted by the Company in that tranche to the Stock Ownership Plan. The maximum lock-up period shall be 24 months, and the proportion of the Underlying Shares to be unlocked in each phase shall be 50% and 50%, respectively. The proportion and number of shares that are actually unlocked for each year shall be determined on the basis of results of assessment on the Holders.

9. After the establishment of the Stock Ownership Plan, the Company will manage the Stock Ownership Plan on its own. The Company will establish the Management Committee of the Stock Ownership Plan to exercise shareholders' rights on behalf of the Holders of the Stock Ownership Plan and carry out daily management of the Stock Ownership Plan.
10. Before implementing the Stock Ownership Plan, the Company shall seek opinions from employees through the employee representative meeting. After the Board of Directors considers and approves the Stock Ownership Plan, the Company will issue a notice of general meeting to consider the Stock Ownership Plan. If the Stock Ownership Plan involves relevant directors and shareholders, relevant directors, shareholders and their related parties shall abstain from voting. The Independent Directors and the Board of Supervisors shall express clear opinions on the Stock Ownership Plan. The implementation of the Stock Ownership Plan is subject to the consideration and approval at the general meeting of the Company. The general meeting of the Company to consider the Stock Ownership Plan will be convened by way of a combination of onsite voting and online voting. The Company will provide an online voting platform for the shareholders of the Company through the trading system of the Shanghai Stock Exchange and the online voting system. Shareholders may exercise their voting rights through the aforesaid systems during the online voting period.
11. Issues such as finance, accounting treatment and taxes related to the Company's implementation of the Stock Ownership Plan shall be subject to the relevant financial system, accounting standards and tax system. An employee shall bear his/her own relevant taxes that are payable due to the implementation of the Stock Ownership Plan.
12. The implementation of the Stock Ownership Plan will not result in the Company's shareholding structure not meeting the listing requirements.

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DEFINITIONS

In the Draft Plan, unless the context otherwise requires, the following abbreviations shall have the following meanings:

CanSino, the Company, or Company	CanSino Biologics Inc.
Stock Ownership Plan, or the Plan	the 2023 A Share Employee Stock Ownership Plan of CanSino Biologics Inc.
The Draft of the Stock Ownership Plan, or the Draft Plan	the 2023 A Share Employee Stock Ownership Plan of CanSino Biologics Inc. (Draft)
Holder, or the Participant	Employees who contributed funds to participate in the Stock Ownership Plan
Holders' Meeting	A meeting of holders of the Stock Ownership Plan
Management Committee	Management Committee of the Stock Ownership Plan
Underlying Share(s)	ordinary A shares of CanSino that are transferred to and held by the Stock Ownership Plan by legitimate means
Administrative Measures for the Stock Ownership Plan	Administrative Measures for the 2023 A Share Employee Stock Ownership Plan of CanSino Biologics Inc.
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
CSDCC	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Yuan, 10 thousand yuan, and 100 million yuan	Renminbi, Renminbi ten thousand, Renminbi one hundred million
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China

Guiding Opinions	the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies
Listing Rules	the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Self-regulation Guidelines No. 1	Guideline No. 1 – Self-regulatory Rules for Companies Listed on the STAR Market of the Shanghai Stock Exchange – Standardised Operation
Articles of Association	Articles of Association of CanSino Biologics Inc.

In the Draft Plan, rounding may result in discrepancy between certain total number and the aggregated amount of the corresponding sub-items.

CHAPTER I PURPOSE AND BASIC PRINCIPLES OF THE PLAN**I. Purpose of the Plan**

The Company has formulated the Draft Plan in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Listing Rules, the Self-Regulation Guidance No. 1 and other relevant laws, administrative regulations, rules, normative documents and the Articles of Association.

Employees of the Company shall participate in the Stock Ownership Plan on a voluntary, legitimate and compliant basis. The purpose of the Stock Ownership Plan is to enhance the cohesion of employees and the competitiveness of the Company, and mobilize the enthusiasm and creativity of employees by holding the Company's shares, establishing and improving the benefit sharing mechanism for employees and shareholders, and improving corporate governance, and ultimately to promote the long-term, sustainable and healthy development of the Company.

II. Basic Principles of the Plan**1. *Compliance with laws***

The Company shall implement the Stock Ownership Plan in strict compliance with the procedures stipulated by laws and administrative regulations, and shall make true, accurate, complete and timely information disclosure. No person is permitted to use the Stock Ownership Plan to engage in insider trading, securities market manipulation and other security-related frauds.

2. *Voluntary participation*

The implementation of the Stock Ownership Plan is subject to the discretionary decisions of the Company, and voluntary participation of the employees. The Company shall not force the employees to participate in the Stock Ownership Plan in such forms as apportionment and mandatory distribution.

3. *Assumption of risk*

Participants of the Stock Ownership Plan shall bear their own profits and losses, assume their own risks and will rank *pari passu* with other investors in respect to interests.

**CHAPTER II PARTICIPANTS OF THE PLAN AND
THEIR DETERMINATION CRITERIA****I. Participants of the Plan and their Determination Criteria**

The Participants of the Stock Ownership Plan shall be determined in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulation Guidance No. 1, and the relevant laws, regulations and regulatory documents of the CSRC and the SSE, and the Articles of Association while considering the actual situation.

The Participants of the Stock Ownership Plan are the supervisor, senior management, core management and core business personnel of the Company. Each of the Participants shall take a position in the Company (including its controlled subsidiaries) and enter into labor contracts with the Company or its controlled subsidiaries or shall be employed by the Company.

II. Verification of Participants

The Board of Supervisors shall verify the list of Participants and elaborate the verification results at the general meeting. The lawyer engaged by the Company shall issue legal opinions on whether the qualifications of the Participants and other conditions are in compliance with the relevant laws and regulations such as the Company Law, the Securities Law, the Guiding Opinions and the Self-Regulation Guidelines No. 1, the Articles of Association and the relevant provisions of the Stock Ownership Plan.

**CHAPTER III SIZE, SOURCE OF SHARES, PURCHASE PRICE AND
SOURCE OF FUNDING OF THE PLAN****I. Size of the Underlying Shares under the Plan**

The size of the Stock Ownership Plan shall not exceed 562,460 shares, representing approximately 0.23% of the total share capital of the Company of 247,449,899 shares as at the date of the announcement of the Draft. The specific number of shares to be held shall be determined on the basis of the amount of actual contribution of employees, and the Company shall promptly fulfill its obligation of information disclosure as required.

After implementation of the Stock Ownership Plan, the cumulative number of all shares held by all employee share ownership plans of the Company shall not exceed 10% of the total share capital of the Company, while the cumulative number of all shares owned by an individual employee shall not exceed 1% of the total share capital of the Company (excluding shares acquired by the Holder before the initial public offering and listing of shares of the Company, shares acquired through the secondary market and shares acquired through share incentives).

II. Source of the Underlying Shares under the Plan

Upon consideration and approval of the Stock Ownership Plan at the general meeting of the Company, the Stock Ownership Plan will receive no more than 562,460 ordinary A Shares of the Company held in the Company's designated securities repurchase account in tranches by non-trading transfer or any other means permitted by laws and regulations. At the seventh meeting of the second session of the Board of Directors held on January 23, 2022, the Company considered and approved the A Share Repurchase Plan of the Company (for details, please refer to the relevant announcement disclosed by the Company on the designated media for information disclosure), and disclosed the Report on the Repurchase of A Shares of the Company by Centralized Competitive Trading (No. 2022-009) on the Shanghai Stock Exchange website (www.sse.com.cn) on January 29, 2022. The Company has completed the repurchase on December 1, 2022, a total of 683,748 shares of the Company were actually repurchased, representing 0.2763% of the total share capital of the Company, with the highest repurchase price of RMB269.07 per share and the lowest repurchase price of RMB158.00 per share, and the average repurchase price of RMB219.40 per share, using total funds of RMB150,016,243.01 (excluding commission fees and other transaction costs).

III. Purchase Price and Pricing Basis under the Plan**1. Purchase price**

The price at which the Stock Ownership Plan receives the shares repurchased by the Company shall be 50% of the average trading price of the A Shares of the Company on the trading day preceding the date of the Board meeting, i.e. 61.17 yuan per share.

2. *Pricing basis*

The transfer price under the Stock Ownership Plan is determined by the Company with reference to relevant policies and cases of other listed companies, while taking into account factors such as the implementation effect of the Company's historical share incentive plans, the trend of the Company's secondary market share price in recent years, and the actual situation of the Company. The purpose of the above pricing methods is to ensure the effectiveness of the Company's Stock Ownership Plan, further stabilize and motivate the core team, fully and effectively mobilize the initiative, enthusiasm and creativity of core management and core technical personnel, attract and retain excellent core management/technical talents, and improve the cohesion of core personnel and the competitiveness of the Company in order to promote the stable, healthy and long-term development of the Company.

The pricing under the Stock Ownership Plan takes into account factors such as the effectiveness of the Plan and the impact of the Company's share-based payment expenses. On the basis of compliance with laws and regulations, the Company has reasonably determined the scope of the Participants, the unlocking arrangements and the number of interests to be granted under the Plan on the principle of "reciprocity of incentives and constraints", therefore the Plan will not exert negative impact on the Company's operation, and it reflects the actual incentive needs of the Company. The pricing is reasonable, and it is not detrimental to the interests of the Company and all shareholders.

During the period from the date of announcement of the resolution by the Board of Directors to the date on which the Stock Ownership Plan purchases the repurchased shares, the purchase price shall be adjusted accordingly in the event of any ex-right or ex-dividend events such as capitalization of capital reserve, bonus issue and dividend distribution.

IV. Source of Funds for the Plan

The source of funds for the Stock Ownership Plan shall be the legitimate remuneration of employees, self-raised funds and any fund obtained in any other method permitted by laws and regulations. The Company will not provide advances, guarantees, loans and other financial assistance for the Holders. The Stock Ownership Plan neither involves leveraging, nor any arrangement such as third-party rendering of incentives, subsidies, allowances and catch-all provision for employees participating in the Plan.

CHAPTER IV LIST OF HOLDERS OF THE PLAN AND SHARE DISTRIBUTION

The total number of employees of the Company participating in the Stock Ownership Plan shall not exceed 359, including a supervisor and senior managers (3 persons in total) participating in the Plan. The final number of Participants shall be determined according to the actual payment of employees.

The maximum total amount of funds under the Plan shall not exceed 34.41 million yuan, and the total amount of funds payable by participating employees shall be the maximum number of shares subscribed by employees of 562,460 shares, calculated according to 61.17 yuan per share. The specific number of shares held by the Holders of the Plan shall be determined by the actual payment of employees.

The shares to be held by the Participants of the Stock Ownership Plan are as follows:

No.	Name	Position	The maximum number of Shares to be held	The proportion in the Stock Ownership Plan	The proportion in the total share capital of the Company on the announcement date of the Stock Ownership Plan
1	Xi LUO	Chief financial officer	30,530	5.43%	0.0123%
2	Jin CUI	Board Secretary	8,340	1.48%	0.0034%
3	Yuan ZHOU	Employee representative supervisor	2,460	0.44%	0.0010%
	Core management personnel and core business backbones (356 persons)		521,130	92.65%	0.2106%
	Total (359 persons)		562,460	100%	0.2273%

Notes:

1. The actual Participants and their respective Shares may be adjusted according to their subscription.
2. In case of abandonment of subscription by employees, the abandoned subscription portion may be subscribed by other eligible Participants and the final subscribed Share shall be determined by the Board.
3. After the implementation of the Stock Ownership Plan, the total number of shares held by all effective employee share ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the total number of underlying shares corresponding to the interests in Shares acquired by an individual employee shall not exceed 1% of the total share capital of the Company.
4. Any difference between the total of the above figures and the arithmetic sum of the breakdowns is due to rounding.

If the above Participants fail to pay the subscription funds on time and in full, it shall be deemed that they automatically give up the subscription right of corresponding shares. The shares to be subscribed by them may be applied for subscription by other eligible Participants, and the Board of Directors of the Company may adjust the list of Participants and their subscription shares according to the actual payment of employees. After adjustment, the total number of shares held by a single employee under all effective employee share ownership plans shall not exceed 1% of the total share capital of the Company.

The lawyer employed by the Company gives legal opinions on whether the qualification of the Holder is in compliance with the Company Law, the Securities Law, the Guiding Opinions, the Articles of Association, the draft of the Stock Ownership Plan and other relevant laws and regulations.

**CHAPTER V DURATION, LOCK-UP PERIOD AND PERFORMANCE APPRAISAL
UNDER THE PLAN****I. Term of the Plan**

1. The term of the Stock Ownership Plan shall be 36 months commencing from the date on which the Company announces the transfer of the Underlying Shares to the Stock Ownership Plan. The Stock Ownership Plan will be terminated automatically upon the expiry of its term (if not extended).
2. If the shares of the Company held under the Plan have not been fully sold up to the expiry of the term of the Plan, the term of the Plan may be extended upon the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board.
3. If the shares of the Company held under the Stock Ownership Plan cannot be fully realized up to the expiry of the term limit due to suspension of trading of the shares of the Company or the short window period, the term of the Plan may be extended upon the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board.
4. The listed company shall disclose an indicative announcement six months prior to the expiry of the term of the Stock Ownership Plan, stating the number of Shares held by the Stock Ownership Plan which is about to expire and its percentage to the total share capital of the Company.

II. Lock-up period and unlocking arrangement of the Plan and its compliance

- I. The Underlying Shares acquired by the Stock Ownership Plan through non-trading transfer or any other means permitted by laws and regulations shall be unlocked in batches after 12 months commencing from the date on which the Underlying Shares granted in each batch of the Company are transferred to the Stock Ownership Plan, details of which are as follows:

The first point of time for unlocking: expiry of 12 months from the date on which the Underlying Shares granted by the Company are transferred to the Stock Ownership Plan, subject to a maximum of 50% of the total number of Underlying Shares granted in that batch;

The second point of time for unlocking: expiry of 24 months from the date on which the Underlying Shares granted by the Company are transferred to the Stock Ownership Plan, subject to a maximum of 50% of the total number of Underlying Shares granted in that batch.

The Shares derived from the Underlying Shares obtained under the Stock Ownership Plan as a result of the distribution of share dividends, and capitalization of capital reserve by the listed company shall also be subject to the above lock-up arrangement.

2. *Trading restrictions on the Plan*

The Stock Ownership Plan will strictly comply with the market trading rules and observe the relevant requirements of the CSRC, the SSE and the Hong Kong Stock Exchange on stock trading. Shares of the Company granted under the Stock Ownership Plan shall not be traded during the following periods:

- (1) 60 days prior to the publication of the annual report of the Company (inclusive of the date of publication of the annual report), or the period from the end of the relevant financial year to the date of publication of the annual report, whichever is shorter;
- (2) 30 days prior to the Company's consideration of the announcement of the interim report or quarterly report (including the date of publication of the interim report or quarterly report), or the period from the end of the relevant quarterly or interim period to the date of announcement of the periodic report, whichever is shorter;
- (3) Within 10 days prior to the announcement of results forecast and preliminary results;
- (4) From the date of occurrence of a major event that may have a significant impact on the trading price of the Company's Shares and derivatives or the date on which the decision-making process is commenced in relation to such event to 2 trading days after such event is disclosed in accordance with the law;
- (5) Such other period as stipulated by the CSRC and the stock exchanges.

If there is any change in the relevant laws, administrative regulations, departmental rules or regulatory documents in the future, the new requirements shall prevail.

3. *Explanation on the rationality and compliance of the lock-up period under the Stock Ownership Plan*

The lockup period under the Stock Ownership Plan is set on the principle of reciprocity of incentives and constraints. On the basis of compliance with laws and regulations, the lock-up period can be set to fully motivate employees while imposing corresponding constraints on them, so as to more effectively align the interests of the Holders, the Company and the Shareholders of the Company, thus achieving the purpose of the Stock Ownership Plan and promoting the further development of the Company.

III. Performance appraisal under the Plan

The assessment year for unlocking the Underlying Shares of the Stock Ownership Plan shall be the two accounting years of 2023 and 2024, and the assessment shall be conducted once every accounting year. The individual performance appraisal of the Holders shall be implemented according to the relevant internal performance appraisal system of the Company. The individual appraisal results of the Participants are divided into four levels, namely “A”, “B”, “C” and “D”. The final number of Holders’ Underlying Shares that can be unlocked shall be determined on the basis of the individual appraisal results as follows:

Evaluation Criteria	A	B	C	D
Unlocking ratio	100%	95%	80%	0%

Actual unlocking amount of a Holder for the year = target unlocking amount × unlocking ratio

If the number of Underlying Shares of a Holder actually unlocked is less than the target number of unlocked shares, the Management Committee shall recover the units that have not reached the unlocking conditions and have the right to decide whether to allocate such units to other employees, provided that such employees shall meet the criteria for Participants of the Stock Ownership Plan. If the distribution of such unit is not completed during the term of the Stock Ownership Plan, the Company shall dispose of the undistributed portion at an appropriate time within the duration after the unlocking date, and the lower of the original capital contribution of the corresponding portion and the gain on disposal shall be returned to the Holders, and the gains shall belong to the Company.

**CHAPTER VI SHAREHOLDERS' RIGHTS IN RESPECT OF SHARES HELD
UNDER THE PLAN AND THE METHOD OF PARTICIPATION OF THE PLAN IN
FINANCING OF THE COMPANY**

During the term of the Stock Ownership Plan, the Holders' Meeting authorizes the Management Committee to exercise the Shareholders' rights corresponding to the Shares held under the Stock Ownership Plan (except for the voting rights at the general meeting) on behalf of all Holders and the Stock Ownership Plan, including but not limited to the arrangements for participating in cash dividends, bonus issue and capitalization of the Company.

During the term of the Stock Ownership Plan, when the Company raises funds by way of placing of shares, issue of new shares, issue of convertible bonds or other financing methods, the Management Committee shall discuss whether to participate in such financing arrangements and the funding solutions and submit the same to the Holders' Meeting for consideration.

CHAPTER VII MANAGEMENT MODEL OF THE PLAN

The Stock Ownership Plan shall be managed by the Company on its own. The Holders' Meeting is the top internal management authority under the Stock Ownership Plan. The Stock Ownership Plan has a Management Committee. As the manager of the Stock Ownership Plan, the Management Committee is responsible for opening relevant accounts of the Stock Ownership Plan, carrying out daily management of the Stock Ownership Plan, exercising shareholder rights on behalf of the Stock Ownership Plan and undertaking other specific work. The Board of Directors of the Company is responsible for drafting and amending the Draft Plan and handling other relevant matters of the Stock Ownership Plan to the extent authorized by the general meeting. The Company has adopted appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of the Holders of the Stock Ownership Plan.

I. Holders' Meeting

Holders' Meeting is the top internal management authority of the Stock Ownership Plan. All Holders are entitled to attend the Holders' Meeting. A Holder may attend and vote at the Holders' Meeting either in person or by proxy. The travel and accommodation expenses incurred by a Holder and his/her proxy for attending the Holders' Meeting shall be borne by the Holder.

1. The following matters shall be subject to consideration at the Holders' Meeting:
 - (1) Appointment and removal of any members of the Management Committee;
 - (2) Alteration, termination and extension of the term of the Stock Ownership Plan;
 - (3) During the term of the Stock Ownership Plan, when the Company raises funds by way of placing of shares, issue of new shares, issue of convertible bonds or other financing methods, the Management Committee shall submit such fund-raising to the Holders' Meeting to consider whether the Plan participates in such financing and the funding solutions;
 - (4) To authorize the Management Committee to supervise the daily management of the Stock Ownership Plan;
 - (5) To authorize the Management Committee to exercise the shareholders' rights;
 - (6) To authorize the Management Committee to undertake the liquidation and property distribution of the Stock Ownership Plan;
 - (7) Other matters that are considered as necessary by the Management Committee for consideration at the Holders' Meeting.

2. The first Holders' Meeting shall be called and presided over by the secretary to the Board of Directors of the Company or a designated person, and subsequent Holders' Meetings shall be called by the Management Committee and presided over by the director of the Management Committee. When the director of the Management Committee is unable to perform his/her duties, he/she shall appoint a member of the Management Committee to preside over the meeting.
3. To convene a Holders' Meeting, the Management Committee shall deliver a notice of meeting in writing 5 days prior to the meeting to all Holders by personal service, post, facsimile, electronic mail or any other means. The written notice of the meeting shall at least include the following:

- (1) Time and venue of the meeting;
- (2) Way of convening the meeting;
- (3) Matters to be considered (proposals of the meeting);
- (4) Convener and chairman of the meeting and the proposer(s) of extraordinary Holder's Meeting and his/her (their) written proposals;
- (5) Meeting materials required for voting at the meeting;
- (6) Requirements for the Holders to attend the meeting in person or assign other Holders to attend the meeting on their behalf;
- (7) Contact person and contact information;
- (8) Date of issuance of the notice.

In case of any emergency, a verbal notice of Holders' Meeting can be given. The verbal notice of meeting shall at least include the above points (1) and (2) and an explanation on the emergency under which a Holders' Meeting has to be convened as soon as possible.

4. Procedures for voting at the Holders' Meeting
 - (1) After each proposal has been fully discussed, the chairman shall submit it to the Holders present at the meeting for voting. The chairman may also decide to submit all proposals to the Holders present for voting upon completion of discussion. Voting shall be conducted in writing and/or by correspondence.
 - (2) Holders of the Stock Ownership Plan shall be entitled to vote in proportion to their unitholdings.

- (3) Holders may vote for, against and abstain from voting. Holders present at the meeting shall choose one of the above options. Any Holder who fails to choose any of the options or chooses two or more of the options at the same time shall be deemed as having abstained from voting; and any Holder who leaves the meeting midway without coming back and fails to choose shall be deemed as having abstained from voting. If a Holder votes after the chairman of the meeting announces the voting results or after the end of the prescribed voting period, the voting results shall not be counted.
 - (4) The chairman of the meeting shall announce the onsite voting results at the site of the meeting. Each resolution shall be deemed to be passed and constitute an effective resolution of the Holder's Meeting if it is approved by more than 50% (exclusive of 50%) of the total units held by the Holders present at the Holders' Meeting (except that approval of more than two-thirds of the total units is required under the Stock Ownership Plan).
 - (5) In the event that a resolution of the Holders' Meeting must be submitted to the Board of Directors and the general meeting of the Company for consideration, it shall be submitted to the Board of Directors and the general meeting of the Company for consideration in accordance with the provisions of the Articles of Association.
 - (6) The chairman of the meeting shall arrange for keeping minutes for the Holders' Meeting.
- 5. Employees who individually or jointly hold over 30% of the Plan units may submit an interim proposal to the Holders' Meeting; and the interim proposal shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.
 - 6. Holders who individually or jointly hold over 30% of the Plan units may propose to convene an extraordinary Holders' Meeting.

II. Management Committee

- 1. The Management Committee shall be set up for the Stock Ownership Plan to conduct daily management of the Stock Ownership Plan and to exercise the Holders' rights (except voting rights at general meetings) on behalf of the Holders. When there is a change in the members of the Management Committee, they shall be re-elected by the Holders' meetings.
- 2. The Management Committee shall comprise three members, one of whom shall act as its director. The director of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of a member of the Management Committee shall be the term of the Stock Ownership Plan.

3. A member of the Management Committee shall have the following fiduciary duties to the Stock Ownership Plan in accordance with laws, administrative regulations and the Administrative Measures for Stock Ownership Plan:

- (1) Not to take advantage of his/her position and authority to accept bribes or other illegal income; and not to embezzle any property of the Stock Ownership Plan;
- (2) Not to misappropriate funds of the Stock Ownership Plan;
- (3) Without the consent of the Management Committee, not to deposit assets or funds of the Stock Ownership Plan into an account opened in his/her own name or in the name of other individuals;
- (4) Not to lend the funds of the Stock Ownership Plan to other persons or provide guarantee for other persons with the properties of the Stock Ownership Plan without the consent of the Holders' Meeting;
- (5) Not to take advantage of his/her position and authority to jeopardize the interests of the Stock Ownership Plan.

A member of the Management Committee shall be liable for any loss of the Stock Ownership Plan due to his or her breach of fiduciary duties.

4. The Management Committee shall perform the following duties:

- (1) To convene the Holders' Meeting and implement the resolutions of the Holders' Meeting;
- (2) To open and manage the securities account, capital account and other relevant accounts for the Stock Ownership Plan;
- (3) To carry out the daily management of the Stock Ownership Plan on behalf of the Holders as authorized by the Holders' Meeting;
- (4) To exercise shareholders' rights on behalf of the Holders according to the authorization of the Holders' Meeting;
- (5) To manage the distribution of the benefits of the Stock Ownership Plan as authorized by the Holders' Meeting;
- (6) To consider and determine the plan for allocation/re-allocation of the units recovered due to failure in the individual performance appraisal and personal changes in accordance with the provisions of the Stock Ownership Plan;

- (7) To determine the disqualification of the Holders in accordance with the provisions of the Stock Ownership Plan;
 - (8) To handle the book-building and registration for inheritance of the Plan units;
 - (9) To develop and implement the plan for participation in re-financing activities of the Company such as issue of new shares, placing of shares, and issue of convertible bonds during the term of the Stock Ownership Plan;
 - (10) To decide on the special matters of the Stock Ownership Plan during the term of the Stock Ownership Plan other than the abovementioned matters;
 - (11) To sign the related documents on behalf of the Holders as authorized by the Holders' Meeting;
 - (12) To perform other duties as delegated by the Holders' Meeting;
 - (13) To perform other duties that should be performed by the Management Committee as stipulated in the Draft Plan and relevant laws and regulations.
5. The director of the Management Committee shall exercise the following authorities:
- (1) To preside over the Holders' Meeting, and convene and preside over the meetings of the Management Committee;
 - (2) To supervise and inspect the implementation of resolutions of the Holders' Meeting and meetings of the Management Committee;
 - (3) To perform other authority as delegated by the Management Committee.
6. The Management Committee shall convene meetings from time to time, which shall be convened by the director of the Management Committee. A notice of the meeting shall be given to all members of the Management Committee 3 days prior to the meeting.
7. Any member of the Management Committee may propose an interim meeting of the Management Committee. The director of the Management Committee shall convene and preside over the meeting of the Management Committee within 5 days upon receipt of the proposal.
8. Meetings of the Management Committee shall be held only if more than half of the members of the Management Committee are present. Resolutions made by the Management Committee shall be subject to approval by more than half of all its members. A member of the Management Committee shall have one vote for each resolution of the Management Committee.

9. Resolutions of the Management Committee shall be voted by open ballot. Provided that the members of the Management Committee can fully express their views, the meetings of the Management Committee may be held and resolutions may be made by means of fax, communication and other means, which shall be signed by members of the Management Committee attending the meeting.
10. Members of the Management Committee shall attend the meetings of the Management Committee in person. If a member of the Management Committee is unable to attend a meeting for any reason, he/she may authorize in writing another member of the Management Committee to attend the meeting on his/her behalf. The power of attorney shall specify the name of the proxy, the matters for which the authorization is granted, the scope of authorization and the validity period, and shall be signed or sealed by the appointing member. The appointed member of the Management Committee who attends the meeting shall exercise the rights of the members of the Management Committee within the scope of authorization. For any member of the Management Committee who neither attends a meeting nor authorizes another member as his/her proxy, he/she shall be deemed to have abstained from voting at such meeting.
11. The Management Committee shall take minutes of the decisions on the matters discussed in the meeting, and all members attending the meeting shall sign on the minutes.

III. Matters authorized to the Board of Directors by the general meeting

The general meeting shall authorize the Board of Directors to handle all matters relating to the Stock Ownership Plan within the scope stipulated by relevant laws, regulations and regulatory documents, including but not limited to the following:

1. To authorize the Board of Directors to handle the establishment of the Stock Ownership Plan;
2. To authorize the Board of Directors to decide on the extension of the term of the Stock Ownership Plan;
3. To authorize the Board of Directors to handle all matters in relation to the transfer, lock-up and unlocking of the Shares purchased under the Stock Ownership Plan;
4. To authorize the Board of Directors to make decisions on the refinancing matters such as participation in the placing of shares of the Company during the term of the Stock Ownership Plan;
5. To authorize the Board of Directors to explain the Draft Plan;
6. To authorize the Board of Directors to change the Participants of the Stock Ownership Plan and their determination criteria;

7. To authorize the Board of Directors to sign the contract and agreement documents in relation to the Stock Ownership Plan;
8. To authorize the Board of Directors to accordingly adjust and perfect the Stock Ownership Plan in response to any adjustment in the relevant laws, regulations and policies;
9. To propose to the general meeting to authorize the Board of Directors to deal with any announcements and circulars required to be disclosed on the website of the SSE (www.sse.com.cn) or the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>), and to deal with any compliance matters of the SSE or the Hong Kong Stock Exchange in relation to the Stock Ownership Plan;
10. To authorize the Board of Directors to handle other necessary matters required for the Stock Ownership Plan, except for the rights to be exercised by the general meeting as expressly stipulated in the relevant documents.

The above authorization shall be valid from the date of approval at the general meeting of the Company to the date of completion of the implementation of the Stock Ownership Plan.

IV. Management institution

Subject to the approval of the general meeting, the Stock Ownership Plan shall be managed by the Company on its own. Depending on the implementation of the Stock Ownership Plan, professional institutions with relevant qualifications may be engaged to provide consultation, management and other services for the Stock Ownership Plan.

**CHAPTER VIII ALTERATION AND TERMINATION OF THE PLAN AND
DISPOSAL OF HOLDERS' INTERESTS**

I. The Plan shall not be changed where any of the following circumstances occur to the Company.

1. There is a change of control of the Company but no material asset reorganization is triggered;
2. The Company continues to exist in the event of its merger or division.

II. If any of the following circumstances occur to the Company, the general meeting of the Company shall determine whether to make corresponding changes or adjustments to the Plan.

1. There is a change of control of the Company and material asset reorganization is triggered;
2. The Company ceases to exist in the event of its merger or division.

III. Alteration of the Plan

During the term of the Stock Ownership Plan, any alteration of the Stock Ownership Plan shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' Meeting, and shall be submitted by the Board of Directors of the Company to the general meeting for consideration and approval.

IV. Termination of the Plan

1. The Stock Ownership Plan shall be terminated automatically upon the expiry of its term.
2. Where all the shares of the Company held under the Stock Ownership Plan have been sold, the Stock Ownership Plan may be terminated earlier.

Termination of the Stock Ownership Plan shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' Meeting, and shall be submitted by the Board of Directors of the Company to the general meeting for consideration and approval.

V. Liquidation and Distribution of the Plan

1. The Stock Ownership Plan shall be terminated automatically upon the expiry of its term. The Management Committee shall complete the liquidation within 30 working days from the date of expiration or termination, and distribute the property in proportion to the units held by the Holder after deducting relevant taxes and fees according to laws.
2. During the term of the Stock Ownership Plan, the Management Committee may allocate the cash held in the fund account of the Stock Ownership Plan to the Holders.
3. During the term of the Stock Ownership Plan, when the Underlying Shares held by the Stock Ownership Plan are sold for cash or other distributable gains, the Management Committee may distribute the cash or gain in proportion to the units sold by the Holder after deducting relevant taxes and fees and planned payables in accordance with laws.

VI. Rights Attached to the Shares Held under the Plan and the Arrangements for the Holders' Right of Possession, Use, Income and Disposal of the Shares

1. Holders of the Stock Ownership Plan are entitled to the asset income rights of the shares held by the Stock Ownership Plan according to their actual capital contribution. The corresponding shares obtained by the Holders through the Stock Ownership Plan shall be entitled to shareholders' rights (including dividend rights, rights issue, capitalization and other asset income rights).
2. During the term of the Stock Ownership Plan, unless otherwise provided by laws, administrative regulations, and departmental rules or with the consent of the Management Committee, the shares of the Stock Ownership Plan held by the Holders shall not be withdrawn or transferred or used for mortgage, pledge, guarantee, repayment of debt or subjected to other similar disposal without authorization.
3. During the lock-up period, the Holders shall not request for distribution of interests under the Stock Ownership Plan.
4. During the lock-up period, when the Company converts capital reserve into share capital and distributes bonus shares, the newly acquired shares of the Stock Ownership Plan due to the holding of shares of the Company shall be locked up together and shall not be sold in the secondary market or otherwise transferred. The unlocking period of such shares shall be the same as the corresponding shares.
5. After the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee shall sell the corresponding Underlying Shares at an appropriate time during the term of the Stock Ownership Plan after the unlocking date.

6. After the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee shall determine the distribution of the corresponding income of the Stock Ownership Plan.
7. During the term of the Stock Ownership Plan, when the Underlying Shares held by the Stock Ownership Plan are sold for cash or other distributable gains, the Management Committee may distribute the cash or gain in proportion to the units sold by the Holder after deducting relevant taxes and fees and plan payables in accordance with laws.
8. During the lock-up period, when the Company distributes dividends, the cash dividends received by the Stock Ownership Plan due to the holding of the shares of the Company shall be included in the monetary assets of the Stock Ownership Plan, and will not be distributed separately. After the expiry of the lock-up period and during the term of the Stock Ownership Plan, the Management Committee shall decide on distribution of such cash dividends. After the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, when the Company distributes dividends before selling the corresponding shares, the cash dividends received by the Stock Ownership Plan due to the holding of the shares of the Company shall be included in the monetary assets of the Stock Ownership Plan.
9. In the event of other unspecified events, the disposal method of the shares of the Stock Ownership Plan held by the Holders shall be determined by the Management Committee.
10. During the term of the Stock Ownership Plan, when the Company raises funds by way of placing of shares, issue of new shares, issue of convertible bonds or other financing methods, the Management Committee shall submit such fund-raising to the Holders' Meeting to consider whether the Plan participates in such financing and the specific participation scheme.

VII. Measures for the disposal of the equity interests held by the Holders of the Plan when they resign, retire, decease, or are no longer suitable for participating in the Plan

1. Where a Holder has a job position change but still holds a position in the Company or its subsidiaries, the unlocked the Plan units held by such Holder shall not be changed; the units under the Stock Ownership Plan subscribed for by such Holder but have not been unlocked may be disposed of in accordance with procedures required by the Stock Ownership Plan before the position changes except that:
 - (1) If a Holder changes his/her position due to incompetence for the position, violation of laws, violation of professional ethics, disclosure of confidential information of the Company, dereliction of duty or malfeasance, serious violation of the Company's system and other acts that damage the interests or reputation of the Company, or the Company or its subsidiaries terminates the labor relationship with the Participants

(2) If a Holder holds a position in a subsidiary controlled by the Company, and the Company loses control over such subsidiary and the Participant still retains a position in such subsidiary, the Plan units of such Holder that have been unlocked shall not be changed; and the Management Committee shall recover and determine how to deal with the Plan units that have been subscribed for by the Holder but have not been unlocked.

- Personal fault includes, but is not limited to, the following acts, for which the Company is entitled to recover from the Holder, depending on the gravity of the circumstances, with respect to the consequential losses in accordance with the provisions of the relevant law:

Violation of employment contracts, confidentiality agreements, non-competition agreements or any other similar agreements with the Company or its affiliates; violation of the laws of the country of residence, circumstances resulting in criminal offenses or other adverse circumstances affecting the performance of duties; and receipt of remuneration from companies or individuals other than the Company without prior disclosure to the Company.

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4. Where a Holder resigns due to incapacity, his/her Plan units shall be dealt with in the following two circumstances:
 - (1) Where the Holder resigns due to incapacity which is resulted from performance of his/her duties, the Plan units of such Holder that have been unlocked shall not be changed; and the Plan units that have been subscribed for by the Holder but not yet unlocked shall be dealt with in full accordance with the procedures stipulated in the Stock Ownership Plan that are in force up to the incapacity, and the individual performance appraisal conditions shall no longer be included in the unlocking conditions.
 - (2) If a Holder resigns due to incapacity which is not resulted from performance of his/her duties, the Plan units of such Holder that have been unlocked shall not be changed; and the Management Committee shall recover and determine how to deal with the Plan units that have been subscribed for by such Holder but not yet unlocked.
5. In case of death of a Holder, his/her Plan units shall be dealt with in two ways as follows:
 - (1) In case of death of a Holder due to performance of duties, the Plan units of such Holder that have been subscribed for by the Holder shall be inherited by his/her designated property successor or legal successor, and the Plan units of such Holder that have not been unlocked shall not be changed. The Plan units that have been subscribed for by such Holder but not yet unlocked shall be dealt with in full accordance with the procedures stipulated in the Stock Ownership Plan that are in force up to the death, and the individual performance appraisal conditions shall no longer be included in the unlocking conditions.
 - (2) In case of death of a Holder for any other reason, the Plan units that have been unlocked shall not be changed; and the Management Committee shall recover and determine how to deal with the Plan units that have been subscribed for by such Holder but not yet unlocked.
6. Where a Holder does not fall into any circumstance mentioned above, the Management Committee shall identify the fact and determine how to deal with the Plan units of such Holder.

The Management Committee has the right to decide whether to allocate the above-mentioned units to other employees, who shall meet the criteria for Participants of the Stock Ownership Plan. If the distribution of such units is not completed during the term of the Stock Ownership Plan, the Company shall dispose of the undistributed portion at an appropriate time within the term after the unlocking date, and the lower of the original capital contribution of the corresponding portion and the gain on disposal shall be returned to the Holders, and the gains shall belong to the Company.

CHAPTER IX RIGHTS AND OBLIGATIONS OF THE COMPANY AND HOLDERS**I. Rights and Obligations of the Company****1. *Rights of the Company***

- (1) To supervise the operation of the Plan and safeguard the interests of the Holders;
- (2) To dispose of the interests of the Holders in accordance with the relevant provisions of the Plan;
- (3) To withhold the relevant taxes payable under the Stock Ownership Plan in accordance with the national tax regulations;
- (4) Other rights stipulated by laws, administrative regulations and the Stock Ownership Plan.

2. *Obligations of the Company*

- (1) To fulfill the obligation of information disclosure in relation to the Stock Ownership Plan in a true, accurate, complete and timely manner;
- (2) To open and cancel securities accounts, and capital accounts and provide other corresponding support for the Stock Ownership Plan in accordance with relevant regulations;
- (3) Other obligations stipulated by laws, administrative regulations and the Stock Ownership Plan.

II. Rights and Obligations of Holders**1. *The rights of the Holders are as follows:***

- (1) To attend the Holders' Meeting in accordance with the Stock Ownership Plan, and exercise voting right for the matter under consideration based on the number of units held;
- (2) To be entitled to the interests of the Stock Ownership Plan on the basis of the number of units held under the Plan;
- (3) To supervise the management of the Stock Ownership Plan, and to make suggestions or inquiries;
- (4) Other rights provided by laws, administrative regulations and departmental rules.

2. *Obligations of Holders are as follows:*

- (1) To comply with the Stock Ownership Plan and the Administrative Measures;
- (2) To pay the subscription funds for Plan units subscribed for within the agreed period;
- (3) To bear investment risks based on the Plan units held;
- (4) To comply with the resolutions of the Holders' Meeting;
- (5) To keep all secrets during the implementation of the Stock Ownership Plan, unless otherwise announced by the Company in accordance with laws;
- (6) Not to transfer Plan units without the consent of the Management Committee during the term of the Stock Ownership Plan;
- (7) To pay individual income tax and other taxes according to the national tax regulations;
- (8) To assume other obligations stipulated by relevant laws, regulations, rules and the Stock Ownership Plan.

CHAPTER X ACCOUNTING TREATMENT UNDER THE PLAN

According to the Accounting Standards for Business Enterprises No. 11 – Share-based Payments, for equity-settled share-based payments that can be exercised in exchange for employee services until the services to be rendered within the vesting period is completed or until the specified performance conditions are satisfied, the services obtained in the current period shall be included in the relevant costs or expenses and capital reserve at the fair value of the equity instruments on the grant date at each balance sheet date falling within the vesting period based on the best estimate of the number of exercisable equity instruments.

Assuming that the 562,460 Underlying Shares granted under the Plan are transferred to the Stock Ownership Plan at the end of April 2023 and the lock-up period expires, and that the Stock Ownership Plan will sell those Underlying Shares held at the proportion agreed in the preceding paragraph, the estimated total expenses the Company should recognize would be 33.9276 million yuan on the basis of the closing data on March 24, 2023. Such expenses shall be amortized by the Company on a monthly basis before the unlocking conditions of each tranche of the Underlying Shares are fulfilled and included in the relevant expenses and capital reserve. The amount of amortization of the payments of the Stock Ownership Plan from 2023 to 2025 is calculated as follows:

Unit: 10 thousand yuan

Total share-based payment expenses	2023	2024	2025
3,392.76	1,696.38	1,413.65	282.73

Note: The final results of the above effects on the operating results of the Company shall be subject to the annual audit report issued by the accounting firm.

If the effect of the Stock Ownership Plan on the Company's results is not considered, the amortization of the expenses of the Stock Ownership Plan will have effects on the net profit of each year during the validity period, but the effect is immaterial. Taking into account the positive effect of the Stock Ownership Plan on the development of the Company, the Plan will effectively stimulate the enthusiasm of employees and improve operational efficiency.

CHAPTER XI IMPLEMENTATION PROCEDURES OF THE PLAN

1. The Board of Directors is responsible for drafting the Draft Plan.
2. Before the implementation of the Stock Ownership Plan, the Company shall fully solicit opinions from employees through the employee representative meeting and other organizations.
3. The Board of Directors shall consider the Draft Plan, and the independent directors shall express their independent opinions on whether the Plan is beneficial to the sustainable development of the Company, whether there is any prejudice to the interests of the Company and all Shareholders, and whether any employee is forced to participate in the Plan by way of apportionment, and mandatory distribution.
4. The Board of Supervisors of the Company shall express its opinions on whether the Plan is beneficial to the sustainable development of the Company, whether there is any prejudice to the interests of the Company and all Shareholders, and whether any employee is forced to participate in the Plan by way of apportionment, and mandatory distribution.
5. When the Board of Directors is considering the Plan, the directors associated with the Plan shall abstain from voting. Within 2 trading days after the Board of Directors and the employee representative meeting have considered and approved the Plan, the Board of Director shall announce the resolutions of the Board of Directors, the Draft Plan and its summary, the opinions of the independent directors and the resolutions of the Board of Supervisors.
6. The Company shall engage a law firm to issue legal opinions on the matters related to the Plan and publish the legal opinions before convening the general meeting.
7. The Company shall engage an independent financial adviser to issue an independent financial adviser's report on the Plan and publish the independent financial adviser's report before convening the general meeting at which the Plan is considered.
8. A general meeting shall be convened to consider the Plan. Voting at the general meeting will be conducted by a combination of on-site voting and online voting. If the Plan involves relevant directors and shareholders, the same directors and shareholders shall abstain from voting. The Plan can be implemented only if it is approved by more than half of the valid voting rights present at the general meeting (related shareholders involved shall abstain from voting).
9. The Company shall disclose the date on which the Underlying Shares are acquired, and the number and proportion of those Underlying Shares, within 2 trading days after the transfer of the Underlying Shares to the Plan.
10. Other procedures required to be performed by the CSRC and the stock exchanges shall be performed.

CHAPTER XII ADDITIONAL SIGNIFICANT EVENTS

1. The Company shall deal with the financial, accounting treatment and tax issues involved in its implementation of the Plan in accordance with the relevant national laws, regulations and relevant provisions of the Company. Each employee shall bear his/her own individual income tax that becomes payable due to the implementation of the Plan.
2. The consideration and approval of the Plan by the Board of Directors and the general meeting of the Company shall not constitute a commitment of the Company or its subsidiaries to the term of employment of employees. The labor relationship between the Company or its subsidiaries and the Holders shall still be subject to the labor contract signed between the Company or its subsidiaries and the Holders.
3. The Plan does not involve any arrangement such as third-party rendering of incentives, subsidies, allowances and catch-all provision for employees participating in the Plan.
4. The Board of Directors of the Company has the discretion of interpretation of the Plan, and the Plan is subject to consideration at the general meeting of the Company.
5. In case of any conflict between the relevant provisions of the Plan and the relevant national laws, regulations, administrative rules, normative documents, the Listing Rules and the Hong Kong Listing Rules, the relevant national laws, regulations and administrative rules, the Listing Rules and the Hong Kong Listing Rules shall prevail. Where there are no specific provisions in the Plan, the relevant national laws, regulations, administrative rules, normative documents, the Listing Rules and the Hong Kong Listing Rules shall prevail.

Board of Directors of CanSino Biologics Inc.

March 27, 2023

**CANSINO BIOLOGICS INC.
ADMINISTRATIVE MEASURES FOR
A SHARE EMPLOYEE STOCK OWNERSHIP**

CHAPTER I GENERAL PROVISIONS

Article 1

In order to regulate the implementation of the 2023 A Share Employee Stock Ownership Plan (hereinafter referred to as the “Stock Ownership Plan” or the “Plan”) of CanSino Biologics Inc. (hereinafter referred to as “CanSino” or the “Company”), in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Guiding Opinions on Pilot Implementation of Employee Stock Ownership Plan by Listed Companies (hereinafter referred to as the “Guiding Opinions”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules”), the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange (hereinafter referred to as “Listing Rules”) and Guideline No. 1 – Self-regulatory Rules for Companies Listed on the STAR Market of the Shanghai Stock Exchange – Standardised Operation (hereinafter referred to as “Self-regulation Guidelines No. 1”) and other relevant laws, administrative regulations, rules and normative documents as well as the requirements of the Articles of Association of CanSino Biologics Inc. (hereinafter referred to as the “Articles of Association”) and the 2023 A Share Employee Stock Ownership Plan of CanSino Biologics Inc. (Draft), the Company has hereby formulated the Administrative Measures for the 2023 A Share Employee Stock Ownership Plan of CanSino Biologics Inc. (hereinafter referred to as the “Administrative Measures”).

CHAPTER II ESTABLISHMENT OF THE STOCK OWNERSHIP PLAN**Article 2 Basic Principles of the Plan*****I. Compliance with laws***

The Company shall implement the Stock Ownership Plan in strict compliance with the procedures stipulated by laws and administrative regulations, and shall make true, accurate, complete and timely information disclosure. No person is permitted to use the Stock Ownership Plan to engage in insider trading, securities market manipulation and other security-related frauds.

II. Voluntary participation

The implementation of the Stock Ownership Plan is subject to the discretionary decisions of the Company, and voluntary participation of the employees. The Company shall not force the employees to participate in the Stock Ownership Plan in such forms as apportionment and mandatory distribution.

III. Assumption of risk

Participants of the Stock Ownership Plan shall bear their own profits and losses, assume their own risks and will rank *pari passu* with other investors in respect to interests.

Article 3 Holders of the Plan

The Participants of the Stock Ownership Plan shall be determined in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulation Guidance No. 1, and the relevant laws, regulations and regulatory documents of the CSRC and the SSE, and the Articles of Association while considering the actual situation.

The Participants of the Stock Ownership Plan are the supervisor, senior management, core management and core business personnel of the Company. Each of the Participants shall take a position in the Company (including its controlled subsidiaries) and enter into labor contracts with the Company or its controlled subsidiaries or shall be employed by the Company.

Article 4 Size of the Underlying Shares under the Plan

The size of the Stock Ownership Plan shall not exceed 562,460 shares, representing approximately 0.23% of the total share capital of the Company of 247,449,899 shares as at the date of the announcement of the Draft. The specific number of shares to be held shall be determined on the basis of the amount of actual contribution of employees, and the Company shall promptly fulfill its obligation of information disclosure as required.

After implementation of the Stock Ownership Plan, the cumulative number of all shares held by all employee share ownership plans of the Company shall not exceed 10% of the total share capital of the Company, while the cumulative number of all shares owned by an individual employee shall not exceed 1% of the total share capital of the Company (excluding shares acquired by the Holder before the initial public offering and listing of shares of the Company, shares acquired through the secondary market and shares acquired through share incentives).

Article 5 Source of the Underlying Shares under the Plan

Upon consideration and approval of the Stock Ownership Plan at the general meeting of the Company, the Stock Ownership Plan will receive no more than 562,460 ordinary A Shares of the Company held in the Company's designated securities repurchase account in tranches by non-trading transfer or any other means permitted by laws and regulations. At the seventh meeting of the second session of the Board of Directors held on January 23, 2022, the Company considered and approved the A Share Repurchase Plan of the Company (for details, please refer to the relevant announcement disclosed by the Company on the designated media for information disclosure), and disclosed the Report on the Repurchase of A Shares of the Company by Centralized Competitive Trading (No. 2022-009) on the Shanghai Stock Exchange website (www.sse.com.cn) on January 29, 2022. The Company has completed the repurchase on December 1, 2022, a total of 683,748 shares of the Company were actually repurchased, representing 0.2763% of the total share capital of the Company, with the highest repurchase price of RMB269.07 per share and the lowest repurchase price of RMB158.00 per share, and the average repurchase price of RMB219.40 per share, using total funds of RMB150,016,243.01 (excluding commission fees and other transaction costs).

Article 6 Source of Funds for the Plan

The source of funds for the Stock Ownership Plan shall be the legitimate remuneration of employees, self-raised funds and any fund obtained in any other method permitted by laws and regulations. The Company will not provide advances, guarantees, loans and other financial assistance for the Holders. The Stock Ownership Plan neither involves leveraging, nor any arrangement such as third-party rendering of incentives, subsidies, allowances and catch-all provision for employees participating in the Plan.

Article 7 Duration, Lock-up Period and Performance Appraisal under the Plan

I. Term of the Plan

1. The term of the Stock Ownership Plan shall be 36 months commencing from the date on which the Company announces the transfer of the Underlying Shares to the Stock Ownership Plan. The Stock Ownership Plan will be terminated automatically upon the expiry of its term (if not extended).

2. If the shares of the Company held under the Plan have not been fully sold up to the expiry of the term of the Plan, the term of the Plan may be extended upon the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board.
3. If the shares of the Company held under the Stock Ownership Plan cannot be fully realized up to the expiry of the term limit due to suspension of trading of the shares of the Company or the short window period, the term of the Plan may be extended upon the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board.
4. The listed company shall disclose an indicative announcement six months prior to the expiry of the term of the Stock Ownership Plan, stating the number of Shares held by the Stock Ownership Plan which is about to expire and its percentage to the total share capital of the Company.

II. Lock-up period and unlocking arrangement of the Plan and its compliance

1. The Underlying Shares acquired by the Stock Ownership Plan through non-trading transfer or any other means permitted by laws and regulations shall be unlocked in batches after 12 months commencing from the date on which the Underlying Shares granted in each batch of the Company are transferred to the Stock Ownership Plan, details of which are as follows:

The first point of time for unlocking: expiry of 12 months from the date on which the Underlying Shares granted by the Company are transferred to the Stock Ownership Plan, subject to a maximum of 50% of the total number of Underlying Shares granted in that batch;

The second point of time for unlocking: expiry of 24 months from the date on which the Underlying Shares granted by the Company are transferred to the Stock Ownership Plan, subject to a maximum of 50% of the total number of Underlying Shares granted in that batch.

The Shares derived from the Underlying Shares obtained under the Stock Ownership Plan as a result of the distribution of share dividends, and capitalization of capital reserve by the listed company shall also be subject to the above lock-up arrangement.

2. *Trading restrictions on the Plan*

The Stock Ownership Plan will strictly comply with the market trading rules and observe the relevant requirements of the CSRC, the SSE and the Hong Kong Stock Exchange on stock trading. Shares of the Company granted under the Stock Ownership Plan shall not be traded during the following periods:

- (1) 60 days prior to the publication of the annual report of the Company (inclusive of the date of publication of the annual report), or the period from the end of the relevant financial year to the date of publication of the annual report, whichever is shorter;
- (2) 30 days prior to the Company's consideration of the announcement of the interim report or quarterly report (including the date of publication of the interim report or quarterly report), or the period from the end of the relevant quarterly or interim period to the date of announcement of the periodic report, whichever is shorter;
- (3) Within 10 days prior to the announcement of results forecast and preliminary results;
- (4) From the date of occurrence of a major event that may have a significant impact on the trading price of the Company's Shares and derivatives or the date on which the decision-making process is commenced in relation to such event to 2 trading days after such event is disclosed in accordance with the law;
- (5) Such other period as stipulated by the CSRC and the stock exchanges.

If there is any change in the relevant laws, administrative regulations, departmental rules or regulatory documents in the future, the new requirements shall prevail.

3. *Explanation on the rationality and compliance of the lock-up period under the Stock Ownership Plan*

The lockup period under the Stock Ownership Plan is set on the principle of reciprocity of incentives and constraints. On the basis of compliance with laws and regulations, the lock-up period can be set to fully motivate employees while imposing corresponding constraints on them, so as to more effectively align the interests of the Holders, the Company and the Shareholders of the Company, thus achieving the purpose of the Stock Ownership Plan and promoting the further development of the Company.

III. Performance appraisal under the Plan

The assessment year for unlocking the Underlying Shares of the Stock Ownership Plan shall be the two accounting years of 2023 and 2024, and the assessment shall be conducted once every accounting year. The individual performance appraisal of the Holders shall be implemented according to the relevant internal performance appraisal system of the Company. The individual appraisal results of the Participants are divided into four levels, namely “A”, “B”, “C” and “D”. The final number of Holders’ Underlying Shares that can be unlocked shall be determined on the basis of the individual appraisal results as follows:

Evaluation Criteria	A	B	C	D
Unlocking ratio	100%	95%	80%	0%

Actual unlocking amount of a Holder for the year = target unlocking amount × unlocking ratio

If the number of Underlying Shares of a Holder actually unlocked is less than the target number of unlocked shares, the Management Committee shall recover the units that have not reached the unlocking conditions and have the right to decide whether to allocate such units to other employees, provided that such employees shall meet the criteria for Participants of the Stock Ownership Plan. If the distribution of such unit is not completed during the term of the Stock Ownership Plan, the Company shall dispose of the undistributed portion at an appropriate time within the duration after the unlocking date, and the lower of the original capital contribution of the corresponding portion and the gain on disposal shall be returned to the Holders, and the gains shall belong to the Company.

Article 8 Implementation Procedures of the Plan

- I. The Board of Directors is responsible for drafting the Draft Plan.
- II. Before the implementation of the Stock Ownership Plan, the Company shall fully solicit opinions from employees through the employee representative meeting and other organizations.
- III. The Board of Directors shall consider the Draft Plan, and the independent directors shall express their independent opinions on whether the Plan is beneficial to the sustainable development of the Company, whether there is any prejudice to the interests of the Company and all Shareholders, and whether any employee is forced to participate in the Plan by way of apportionment, and mandatory distribution.

- IV. The Board of Supervisors of the Company shall express its opinions on whether the Plan is beneficial to the sustainable development of the Company, whether there is any prejudice to the interests of the Company and all Shareholders, and whether any employee is forced to participate in the Plan by way of apportionment, and mandatory distribution.
- V. When the Board of Directors is considering the Plan, the directors associated with the Plan shall abstain from voting. Within 2 trading days after the Board of Directors and the employee representative meeting have considered and approved the Plan, the Board of Director shall announce the resolutions of the Board of Directors, the Draft Plan and its summary, the opinions of the independent directors and the resolutions of the Board of Supervisors.
- VI. The Company shall engage a law firm to issue legal opinions on the matters related to the Plan and publish the legal opinions before convening the general meeting.
- VII. The Company shall engage an independent financial adviser to issue an independent financial adviser's report on the Plan and publish the independent financial adviser's report before convening the general meeting at which the Plan is considered.
- VIII. A general meeting shall be convened to consider the Plan. Voting at the general meeting will be conducted by a combination of on-site voting and online voting. If the Plan involves relevant directors and shareholders, the same directors and shareholders shall abstain from voting. The Plan can be implemented only if it is approved by more than half of the valid voting rights present at the general meeting (related shareholders involved shall abstain from voting).
- IX. The Company shall disclose the date on which the Underlying Shares are acquired, and the number and proportion of those Underlying Shares, within 2 trading days after the transfer of the Underlying Shares to the Plan.
- X. Other procedures required to be performed by the CSRC and the stock exchanges shall be performed.

CHAPTER III THE MANAGEMENT OF THE PLAN**Article 9 Management Model of the Plan**

The Stock Ownership Plan shall be managed by the Company on its own. The Holders' Meeting is the top internal management authority under the Stock Ownership Plan. The Stock Ownership Plan has a Management Committee. As the manager of the Stock Ownership Plan, the Management Committee is responsible for opening relevant accounts of the Stock Ownership Plan, carrying out daily management of the Stock Ownership Plan, exercising shareholder rights on behalf of the Stock Ownership Plan and undertaking other specific work. The Board of Directors of the Company is responsible for drafting and amending the Draft Plan and handling other relevant matters of the Stock Ownership Plan to the extent authorized by the general meeting. The Company has adopted appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of the Holders of the Stock Ownership Plan.

Article 10 Holders' Meeting

Holders' Meeting is the top internal management authority of the Stock Ownership Plan. All Holders are entitled to attend the Holders' Meeting. A Holder may attend and vote at the Holders' Meeting either in person or by proxy. The travel and accommodation expenses incurred by a Holder and his/her proxy for attending the Holders' Meeting shall be borne by the Holder.

- I. The following matters shall be subject to consideration at the Holders' Meeting:
1. Appointment and removal of any members of the Management Committee;
 2. Alteration, termination and extension of the term of the Stock Ownership Plan;
 3. During the term of the Stock Ownership Plan, when the Company raises funds by way of placing of shares, issue of new shares, issue of convertible bonds or other financing methods, the Management Committee shall submit such fund-raising to the Holders' Meeting to consider whether the Plan participates in such financing and the funding solutions;
 4. To authorize the Management Committee to supervise the daily management of the Stock Ownership Plan;
 5. To authorize the Management Committee to exercise the shareholders' rights;
 6. To authorize the Management Committee to undertake the liquidation and property distribution of the Stock Ownership Plan;
 7. Other matters that are considered as necessary by the Management Committee for consideration at the Holders' Meeting.

- II. The first Holders' Meeting shall be called and presided over by the secretary to the Board of Directors of the Company or a designated person, and subsequent Holders' Meetings shall be called by the Management Committee and presided over by the director of the Management Committee. When the director of the Management Committee is unable to perform his/her duties, he/she shall appoint a member of the Management Committee to preside over the meeting.
- III. To convene a Holders' Meeting, the Management Committee shall deliver a notice of meeting in writing 5 days prior to the meeting to all Holders by personal service, post, facsimile, electronic mail or any other means. The written notice of the meeting shall at least include the following:
1. Time and venue of the meeting;
 2. Way of convening the meeting;
 3. Matters to be considered (proposals of the meeting);
 4. Convener and chairman of the meeting and the proposer(s) of extraordinary Holder's Meeting and his/her (their) written proposals;
 5. Meeting materials required for voting at the meeting;
 6. Requirements for the Holders to attend the meeting in person or assign other Holders to attend the meeting on their behalf;
 7. Contact person and contact information;
 8. Date of issuance of the notice.

In case of any emergency, a verbal notice of Holders' Meeting can be given. The verbal notice of meeting shall at least include the above points (1) and (2) and an explanation on the emergency under which a Holders' Meeting has to be convened as soon as possible.

IV. Procedures for voting at the Holders' Meeting

1. After each proposal has been fully discussed, the chairman shall submit it to the Holders present at the meeting for voting. The chairman may also decide to submit all proposals to the Holders present for voting upon completion of discussion. Voting shall be conducted in writing and/or by correspondence.
2. Holders of the Stock Ownership Plan shall be entitled to vote in proportion to their unitholdings.

3. Holders may vote for, against and abstain from voting. Holders present at the meeting shall choose one of the above options. Any Holder who fails to choose any of the options or chooses two or more of the options at the same time shall be deemed as having abstained from voting; and any Holder who leaves the meeting midway without coming back and fails to choose shall be deemed as having abstained from voting. If a Holder votes after the chairman of the meeting announces the voting results or after the end of the prescribed voting period, the voting results shall not be counted.
 4. The chairman of the meeting shall announce the onsite voting results at the site of the meeting. Each resolution shall be deemed to be passed and constitute an effective resolution of the Holder's Meeting if it is approved by more than 50% (exclusive of 50%) of the total units held by the Holders present at the Holders' Meeting (except that approval of more than two-thirds of the total units is required under the Stock Ownership Plan).
 5. In the event that a resolution of the Holders' Meeting must be submitted to the Board of Directors and the general meeting of the Company for consideration, it shall be submitted to the Board of Directors and the general meeting of the Company for consideration in accordance with the provisions of the Articles of Association.
 6. The chairman of the meeting shall arrange for keeping minutes for the Holders' Meeting.
- V. Employees who individually or jointly hold over 30% of the Plan units may submit an interim proposal to the Holders' Meeting; and the interim proposal shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.
- VI. Holders who individually or jointly hold over 30% of the Plan units may propose to convene an extraordinary Holders' Meeting.

Article 11 Management Committee

- I. The Management Committee shall be set up for the Stock Ownership Plan to conduct daily management of the Stock Ownership Plan and to exercise the Holders' rights (except voting rights at general meetings) on behalf of the Holders. When there is a change in the members of the Management Committee, they shall be re-elected by the Holders' meetings.
- II. The Management Committee shall comprise three members, one of whom shall act as its director. The director of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of a member of the Management Committee shall be the term of the Stock Ownership Plan.

III. A member of the Management Committee shall have the following fiduciary duties to the Stock Ownership Plan in accordance with laws, administrative regulations and the Administrative Measures for Stock Ownership Plan:

1. Not to take advantage of his/her position and authority to accept bribes or other illegal income; and not to embezzle any property of the Stock Ownership Plan;
2. Not to misappropriate funds of the Stock Ownership Plan;
3. Without the consent of the Management Committee, not to deposit assets or funds of the Stock Ownership Plan into an account opened in his/her own name or in the name of other individuals;
4. Not to lend the funds of the Stock Ownership Plan to other persons or provide guarantee for other persons with the properties of the Stock Ownership Plan without the consent of the Holders' Meeting;
5. Not to take advantage of his/her position and authority to jeopardize the interests of the Stock Ownership Plan.

A member of the Management Committee shall be liable for any loss of the Stock Ownership Plan due to his or her breach of fiduciary duties.

IV. The Management Committee shall perform the following duties:

1. To convene the Holders' Meeting and implement the resolutions of the Holders' Meeting;
2. To open and manage the securities account, capital account and other relevant accounts for the Stock Ownership Plan;
3. To carry out the daily management of the Stock Ownership Plan on behalf of the Holders as authorized by the Holders' Meeting;
4. To exercise shareholders' rights on behalf of the Holders according to the authorization of the Holders' Meeting;
5. To manage the distribution of the benefits of the Stock Ownership Plan as authorized by the Holders' Meeting;
6. To consider and determine the plan for allocation/re-allocation of the units recovered due to failure in the individual performance appraisal and personal changes in accordance with the provisions of the Stock Ownership Plan;

7. To determine the disqualification of the Holders in accordance with the provisions of the Stock Ownership Plan;
 8. To handle the book-building and registration for inheritance of the Plan units;
 9. To develop and implement the plan for participation in re-financing activities of the Company such as issue of new shares, placing of shares, and issue of convertible bonds during the term of the Stock Ownership Plan;
 10. To decide on the special matters of the Stock Ownership Plan during the term of the Stock Ownership Plan other than the abovementioned matters;
 11. To sign the related documents on behalf of the Holders as authorized by the Holders' Meeting;
 12. To perform other duties as delegated by the Holders' Meeting;
 13. To perform other duties that should be performed by the Management Committee as stipulated in the Draft Plan and relevant laws and regulations.
- V. The director of the Management Committee shall exercise the following authorities:
1. To preside over the Holders' Meeting, and convene and preside over the meetings of the Management Committee;
 2. To supervise and inspect the implementation of resolutions of the Holders' Meeting and meetings of the Management Committee;
 3. To perform other authority as delegated by the Management Committee.
- VI. The Management Committee shall convene meetings from time to time, which shall be convened by the director of the Management Committee. A notice of the meeting shall be given to all members of the Management Committee 3 days prior to the meeting.
- VII. Any member of the Management Committee may propose an interim meeting of the Management Committee. The director of the Management Committee shall convene and preside over the meeting of the Management Committee within 5 days upon receipt of the proposal.
- VIII. Meetings of the Management Committee shall be held only if more than half of the members of the Management Committee are present. Resolutions made by the Management Committee shall be subject to approval by more than half of all its members. A member of the Management Committee shall have one vote for each resolution of the Management Committee.

- IX. Resolutions of the Management Committee shall be voted by open ballot. Provided that the members of the Management Committee can fully express their views, the meetings of the Management Committee may be held and resolutions may be made by means of fax, communication and other means, which shall be signed by members of the Management Committee attending the meeting.
- X. Members of the Management Committee shall attend the meetings of the Management Committee in person. If a member of the Management Committee is unable to attend a meeting for any reason, he/she may authorize in writing another member of the Management Committee to attend the meeting on his/her behalf. The power of attorney shall specify the name of the proxy, the matters for which the authorization is granted, the scope of authorization and the validity period, and shall be signed or sealed by the appointing member. The appointed member of the Management Committee who attends the meeting shall exercise the rights of the members of the Management Committee within the scope of authorization. For any member of the Management Committee who neither attends a meeting nor authorizes another member as his/her proxy, he/she shall be deemed to have abstained from voting at such meeting.
- XI. The Management Committee shall take minutes of the decisions on the matters discussed in the meeting, and all members attending the meeting shall sign on the minutes.

Article 12 Matters authorized to the Board of Directors by the general meeting

The general meeting shall authorize the Board of Directors to handle all matters relating to the Stock Ownership Plan within the scope stipulated by relevant laws, regulations and regulatory documents, including but not limited to the following:

- I. To authorize the Board of Directors to handle the establishment of the Stock Ownership Plan;
- II. To authorize the Board of Directors to decide on the extension of the term of the Stock Ownership Plan;
- III. To authorize the Board of Directors to handle all matters in relation to the transfer, lock-up and unlocking of the Shares purchased under the Stock Ownership Plan;
- IV. To authorize the Board of Directors to make decisions on the refinancing matters such as participation in the placing of shares of the Company during the term of the Stock Ownership Plan;
- V. To authorize the Board of Directors to explain the Draft Plan;
- VI. To authorize the Board of Directors to change the Participants of the Stock Ownership Plan and their determination criteria;

- VII. To authorize the Board of Directors to sign the contract and agreement documents in relation to the Stock Ownership Plan;
- VIII. To authorize the Board of Directors to accordingly adjust and perfect the Stock Ownership Plan in response to any adjustment in the relevant laws, regulations and policies;
- IX. To propose to the general meeting to authorize the Board of Directors to deal with any announcements and circulars required to be disclosed on the website of the SSE (www.sse.com.cn) or the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>), and to deal with any compliance matters of the SSE or the Hong Kong Stock Exchange in relation to the Stock Ownership Plan;
- X. To authorize the Board of Directors to handle other necessary matters required for the Stock Ownership Plan, except for the rights to be exercised by the general meeting as expressly stipulated in the relevant documents.

The above authorization shall be valid from the date of approval at the general meeting of the Company to the date of completion of the implementation of the Stock Ownership Plan.

Article 13 Management institution

Subject to the approval of the general meeting, the Stock Ownership Plan shall be managed by the Company on its own. Depending on the implementation of the Stock Ownership Plan, professional institutions with relevant qualifications may be engaged to provide consultation, management and other services for the Stock Ownership Plan.

**CHAPTER IV ALTERATION AND TERMINATION OF THE PLAN AND
DISPOSAL OF HOLDERS' INTERESTS**

Article 14 The Plan shall not be changed where any of the following circumstances occur to the Company.

- I. There is a change of control of the Company but no material asset reorganization is triggered;
- II. The Company continues to exist in the event of its merger or division.

Article 15 If any of the following circumstances occur to the Company, the general meeting of the Company shall determine whether to make corresponding changes or adjustments to the Plan.

- I. There is a change of control of the Company and material asset reorganization is triggered;
- II. The Company ceases to exist in the event of its merger or division.

Article 16 Alteration of the Plan

During the term of the Stock Ownership Plan, any alteration of the Stock Ownership Plan shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' Meeting, and shall be submitted by the Board of Directors of the Company to the general meeting for consideration and approval.

Article 17 Termination of the Plan

- I. The Stock Ownership Plan shall be terminated automatically upon the expiry of its term.
- II. Where all the shares of the Company held under the Stock Ownership Plan have been sold, the Stock Ownership Plan may be terminated earlier.

Termination of the Stock Ownership Plan shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' Meeting, and shall be submitted by the Board of Directors of the Company to the general meeting for consideration and approval.

Article 18 Liquidation and Distribution of the Plan

- I. The Stock Ownership Plan shall be terminated automatically upon the expiry of its term. The Management Committee shall complete the liquidation within 30 working days from the date of expiration or termination, and distribute the property in proportion to the units held by the Holder after deducting relevant taxes and fees according to laws.
- II. During the term of the Stock Ownership Plan, the Management Committee may allocate the cash held in the fund account of the Stock Ownership Plan to the Holders.
- III. During the term of the Stock Ownership Plan, when the Underlying Shares held by the Stock Ownership Plan are sold for cash or other distributable gains, the Management Committee may distribute the cash or gain in proportion to the units sold by the Holder after deducting relevant taxes and fees and planned payables in accordance with laws.

Article 19 Rights Attached to the Shares Held under the Plan and the Arrangements for the Holders' Right of Possession, Use, Income and Disposal of the Shares

- I. Holders of the Stock Ownership Plan are entitled to the asset income rights of the shares held by the Stock Ownership Plan according to their actual capital contribution. The corresponding shares obtained by the Holders through the Stock Ownership Plan shall be entitled to shareholders' rights (including dividend rights, rights issue, capitalization and other asset income rights).
- II. During the term of the Stock Ownership Plan, unless otherwise provided by laws, administrative regulations, and departmental rules or with the consent of the Management Committee, the shares of the Stock Ownership Plan held by the Holders shall not be withdrawn or transferred or used for mortgage, pledge, guarantee, repayment of debt or subjected to other similar disposal without authorization.
- III. During the lock-up period, the Holders shall not request for distribution of interests under the Stock Ownership Plan.
- IV. During the lock-up period, when the Company converts capital reserve into share capital and distributes bonus shares, the newly acquired shares of the Stock Ownership Plan due to the holding of shares of the Company shall be locked up together and shall not be sold in the secondary market or otherwise transferred. The unlocking period of such shares shall be the same as the corresponding shares.
- V. After the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee shall sell the corresponding Underlying Shares at an appropriate time during the term of the Stock Ownership Plan after the unlocking date.

- VI. After the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee shall determine the distribution of the corresponding income of the Stock Ownership Plan.
- VII. During the term of the Stock Ownership Plan, when the Underlying Shares held by the Stock Ownership Plan are sold for cash or other distributable gains, the Management Committee may distribute the cash or gain in proportion to the units sold by the Holder after deducting relevant taxes and fees and plan payables in accordance with laws.
- VIII. During the lock-up period, when the Company distributes dividends, the cash dividends received by the Stock Ownership Plan due to the holding of the shares of the Company shall be included in the monetary assets of the Stock Ownership Plan, and will not be distributed separately. After the expiry of the lock-up period and during the term of the Stock Ownership Plan, the Management Committee shall decide on distribution of such cash dividends. After the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, when the Company distributes dividends before selling the corresponding shares, the cash dividends received by the Stock Ownership Plan due to the holding of the shares of the Company shall be included in the monetary assets of the Stock Ownership Plan.
- IX. In the event of other unspecified events, the disposal method of the shares of the Stock Ownership Plan held by the Holders shall be determined by the Management Committee.
- X. During the term of the Stock Ownership Plan, when the Company raises funds by way of placing of shares, issue of new shares, issue of convertible bonds or other financing methods, the Management Committee shall submit such fund-raising to the Holders' Meeting to consider whether the Plan participates in such financing and the specific participation scheme.

Article 20 Measures for the disposal of the equity interests held by the Holders of the Plan when they resign, retire, decease, or are no longer suitable for participating in the Plan

- I. Where a Holder has a job position change but still holds a position in the Company or its subsidiaries, the unlocked the Plan units held by such Holder shall not be changed; the units under the Stock Ownership Plan subscribed for by such Holder but have not been unlocked may be disposed of in accordance with procedures required by the Stock Ownership Plan before the position changes except that:
1. If a Holder changes his/her position due to incompetence for the position, violation of laws, violation of professional ethics, disclosure of confidential information of the Company, dereliction of duty or malfeasance, serious violation of the Company's system and other acts that damage the interests or reputation of the Company, or the Company or its subsidiaries terminates the labor relationship with the Participants

for any of the above reasons, the Plan units of such Holder that have not been locked shall not be changed; and the Management Committee shall recover and determine how to deal with the Plan units that have been subscribed for by such Holder but have not been unlocked.

2. If a Holder holds a position in a subsidiary controlled by the Company, and the Company loses control over such subsidiary and the Participant still retains a position in such subsidiary, the Plan units of such Holder that have been unlocked shall not be changed; and the Management Committee shall recover and determine how to deal with the Plan units that have been subscribed for by the Holder but have not been unlocked.
- II. Where a Holder resigns, including voluntary resignation, resignation due to layoff of the Company, non-renewal of labor contract/engagement agreement upon expiration, dismissal due to personal fault, negotiation for termination of labor contract or engagement agreement, etc., the Plan units of such Holder that have not been unlocked from the date of resignation shall not be changed; and the Management Committee shall recover and determine how to deal with the Plan units that have been subscribed for by such Holder but not yet unlocked.

Personal fault includes, but is not limited to, the following acts, for which the Company is entitled to recover from the Holder, depending on the gravity of the circumstances, with respect to the consequential losses in accordance with the provisions of the relevant law:

Violation of employment contracts, confidentiality agreements, non-competition agreements or any other similar agreements with the Company or its affiliates; violation of the laws of the country of residence, circumstances resulting in criminal offenses or other adverse circumstances affecting the performance of duties; and receipt of remuneration from companies or individuals other than the Company without prior disclosure to the Company.

- III. If a Holder retires normally in accordance with national regulations and the Company's regulations (including returning to work for the Company after the retirement or continuing to provide labor services for the Company in other forms), complies with the confidentiality obligations and does not commit any act that is detrimental to the interests of the Company, the Plan units of such Holder that have not been locked shall not be changed; and the Plan units that have been subscribed for by such Holder but not yet unlocked may be dealt with in accordance with the procedures stipulated in the Stock Ownership Plan that are in force up to the retirement. If the Holder is not subject to individual performance appraisal, the individual performance appraisal conditions shall no longer be included in the unlocking conditions; and otherwise, the unlocking conditions for individual performance appraisal shall remain a part of the unlocking conditions for such Holder.

- IV. Where a Holder resigns due to incapacity, his/her Plan units shall be dealt with in the following two circumstances:
1. Where the Holder resigns due to incapacity which is resulted from performance of his/her duties, the Plan units of such Holder that have been unlocked shall not be changed; and the Plan units that have been subscribed for by the Holder but not yet unlocked shall be dealt with in full accordance with the procedures stipulated in the Stock Ownership Plan that are in force up to the incapacity, and the individual performance appraisal conditions shall no longer be included in the unlocking conditions.
 2. If a Holder resigns due to incapacity which is not resulted from performance of his/her duties, the Plan units of such Holder that have been unlocked shall not be changed; and the Management Committee shall recover and determine how to deal with the Plan units that have been subscribed for by such Holder but not yet unlocked.
- V. In case of death of a Holder, his/her Plan units shall be dealt with in two ways as follows:
1. In case of death of a Holder due to performance of duties, the Plan units of such Holder that have been subscribed for by the Holder shall be inherited by his/her designated property successor or legal successor, and the Plan units of such Holder that have not been unlocked shall not be changed. The Plan units that have been subscribed for by such Holder but not yet unlocked shall be dealt with in full accordance with the procedures stipulated in the Stock Ownership Plan that are in force up to the death, and the individual performance appraisal conditions shall no longer be included in the unlocking conditions.
 2. In case of death of a Holder for any other reason, the Plan units that have been unlocked shall not be changed; and the Management Committee shall recover and determine how to deal with the Plan units that have been subscribed for by such Holder but not yet unlocked.
- VI. Where a Holder does not fall into any circumstance mentioned above, the Management Committee shall identify the fact and determine how to deal with the Plan units of such Holder.

The Management Committee has the right to decide whether to allocate the above-mentioned units to other employees, who shall meet the criteria for Participants of the Stock Ownership Plan. If the distribution of such units is not completed during the term of the Stock Ownership Plan, the Company shall dispose of the undistributed portion at an appropriate time within the term after the unlocking date, and the lower of the original capital contribution of the corresponding portion and the gain on disposal shall be returned to the Holders, and the gains shall belong to the Company.

CHAPTER V SUPPLEMENTARY PROVISIONS**Article 21 Rights and Obligations of the Company and Holders*****I. Rights and Obligations of the Company******1. Rights of the Company***

- (1) To supervise the operation of the Plan and safeguard the interests of the Holders;
- (2) To dispose of the interests of the Holders in accordance with the relevant provisions of the Plan;
- (3) To withhold the relevant taxes payable under the Stock Ownership Plan in accordance with the national tax regulations;
- (4) Other rights stipulated by laws, administrative regulations and the Stock Ownership Plan.

2. Obligations of the Company

- (1) To fulfill the obligation of information disclosure in relation to the Stock Ownership Plan in a true, accurate, complete and timely manner;
- (2) To open and cancel securities accounts, and capital accounts and provide other corresponding support for the Stock Ownership Plan in accordance with relevant regulations;
- (3) Other obligations stipulated by laws, administrative regulations and the Stock Ownership Plan.

II. Rights and Obligations of Holders***1. The rights of the Holders are as follows:***

- (1) To attend the Holders' Meeting in accordance with the Stock Ownership Plan, and exercise voting right for the matter under consideration based on the number of units held;
- (2) To be entitled to the interests of the Stock Ownership Plan on the basis of the number of units held under the Plan;

- (3) To supervise the management of the Stock Ownership Plan, and to make suggestions or inquiries;
 - (4) Other rights provided by laws, administrative regulations and departmental rules.
2. Obligations of Holders are as follows:
- (1) To comply with the Stock Ownership Plan and the Administrative Measures;
 - (2) To pay the subscription funds for Plan units subscribed for within the agreed period;
 - (3) To bear investment risks based on the Plan units held;
 - (4) To comply with the resolutions of the Holders' Meeting;
 - (5) To keep all secrets during the implementation of the Stock Ownership Plan, unless otherwise announced by the Company in accordance with laws;
 - (6) Not to transfer Plan units without the consent of the Management Committee during the term of the Stock Ownership Plan;
 - (7) To pay individual income tax and other taxes according to the national tax regulations;
 - (8) To assume other obligations stipulated by relevant laws, regulations, rules and the Stock Ownership Plan.

Article 22 The Company shall deal with the financial, accounting treatment and tax issues involved in its implementation of the Plan in accordance with the relevant national laws, regulations and relevant provisions of the Company. Each employee shall bear his/her own individual income tax that becomes payable due to the implementation of the Plan.

Article 23 The consideration and approval of the Plan by the Board of Directors and the general meeting of the Company shall not constitute a commitment of the Company or its subsidiaries to the term of employment of employees. The labor relationship between the Company or its subsidiaries and the Holders shall still be subject to the labor contract signed between the Company or its subsidiaries and the Holders.

Article 24 The Plan does not involve any arrangement such as third-party rendering of incentives, subsidies, allowances and catch-all provision for employees participating in the Plan.

Article 25 The Board of Directors of the Company has the discretion of interpretation of the Plan, and the Plan is subject to consideration at the general meeting of the Company.

Article 26 In case of any conflict between the relevant provisions of the Plan and the relevant national laws, regulations, administrative rules, normative documents, the Listing Rules and the Hong Kong Listing Rules, the relevant national laws, regulations and administrative rules, the Listing Rules and the Hong Kong Listing Rules shall prevail. Where there are no specific provisions in the Plan, the relevant national laws, regulations, administrative rules, normative documents, the Listing Rules and the Hong Kong Listing Rules shall prevail.

Board of Directors of CanSino Biologics Inc.

March 27, 2023

NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

CanSino Biologics Inc. **康希諾生物股份公司**

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 6185)

NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2023 first extraordinary general meeting (the “**EGM**”) of CanSino Biologics Inc. (the “**Company**”) will be held at Yuefu Hall, 1st Floor, Hyatt Regency Tianjin East, No. 126 Weiguo Road, Hedong District, Tianjin, the PRC on Thursday, April 20, 2023 at 2:30 p.m. for the following purposes:

ORDINARY RESOLUTIONS

- 1 To consider and approve the proposed adoption of the 2023 A Share Employee Stock Ownership Plan;
- 2 To consider and approve the proposed adoption of the Administrative Measures for the 2023 A Share Employee Stock Ownership Plan;
- 3 To consider and approve the proposed authorization to the board of directors of the Company to deal with matters relating to the 2023 A Share Employee Stock Ownership Plan.

For and on behalf of the Board
CanSino Biologics Inc.
Xuefeng YU
Chairman

Hong Kong, March 28, 2023

NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

1. Unless otherwise specified, the terms used in this notice should have the same meanings as those defined in the circular of the Company dated March 28, 2023.
2. All resolutions at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Hong Kong Listing Rules. The results of the poll will be published on the websites of the Company at www.cansinotech.com and the Hong Kong Stock Exchange at www.hkexnews.hk after the EGM.
3. Any shareholder entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
4. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and returned to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), at least 24 hours before the EGM (i.e. not later than 2:30 p.m. on Wednesday, April 19, 2023) or any adjourned meeting(s) thereof. Completion and return of the form of proxy will not preclude a shareholder from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish.
5. For the purpose of determining the list of holders of H Shares who are entitled to attend the EGM, the H share register of members of the Company will be closed from Wednesday, April 19, 2023 to Thursday, April 20, 2023, both days inclusive, during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of the shares shall ensure all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, April 18, 2023 for registration.
6. In case of joint shareholders, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
7. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
8. A shareholder or his/her proxy should produce proof of identity when attending the EGM.
9. References to date and time in this notice are to Hong Kong dates and time.

As of the date of this notice, the Board comprises Dr. Xuefeng YU, Dr. Shou Bai CHAO, Dr. Tao ZHU, Dr. Dongxu QIU and Ms. Jing WANG as executive Directors, Mr. Liang LIN, Ms. Nisa Bernice Wing-Yu LEUNG and Mr. Zhi XIAO as non-executive Directors, and Mr. Shiu Kwan Danny WAI, Ms. Zhu XIN, Mr. Shuifa GUI and Mr. Jianzhong LIU as independent non-executive Directors.