
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Innovent

信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

**PROPOSED GRANTING OF GENERAL MANDATES TO BUY BACK
SHARES AND TO ISSUE NEW SHARES,
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED RE-APPOINTMENT OF THE EXTERNAL AUDITOR,
PROPOSED GRANTS OF RESTRICTED SHARES TO DIRECTORS
UNDER THE 2020 RS PLAN,
PROPOSED ADOPTION OF
THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

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



A notice convening the Annual General Meeting of Innovent Biologics, Inc. to be held on Wednesday, June 21, 2023 at 9:00 a.m. at Yale meeting room, 5F, Administration Building, Innovent Biologics, 168 Dongping Street, Suzhou Industrial Park, China is set out on pages 166 to 174 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://innoventbio.com/>) respectively.

Whether or not you intend to attend the Annual General Meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting (i.e. not later than 9:00 a.m. on Monday, June 19, 2023) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting if you so wish and in such event the form of proxy shall be deemed to be revoked.

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

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

May 30, 2023

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DEFINITIONS

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

“2018 RS Plan”	the restricted share plan adopted by the Company on October 15, 2018
“2020 RS Plan”	the restricted share plan adopted by the Company on June 12, 2020
“2022 Proposed Grant to Mr. Zieziula”	the proposed grant of 14,631 Restricted Shares to Mr. Zieziula on June 1, 2022
“2023 Proposed Grant to Dr. Chen”	the proposed grant of 1,798 Restricted Shares to Dr. Chen on March 30, 2023
“2023 Proposed Grant to Dr. Cooney”	the proposed grant of 4,496 Restricted Shares to Dr. Cooney on March 30, 2023
“2023 Proposed Grant to Dr. Yu”	the proposed grant of 2,430,000 Restricted Shares to Dr. Yu on March 30, 2023
“2023 Proposed Grant to Mr. Ede”	the proposed grant of up to a total of 670,000 Restricted Shares to Mr. Ede on March 30, 2023
“2023 Proposed Grant to Ms. Hsu”	the proposed grant of 4,496 Restricted Shares to Ms. Hsu on March 30, 2023
“2023 Proposed Grant to Mr. Zieziula”	the proposed grant of 19,482 Restricted Shares to Mr. Zieziula on March 30, 2023
“2023 Proposed Grants to EDs”	the 2023 Proposed Grant to Dr. Yu and the 2023 Proposed Grant to Mr. Ede
“2023 Proposed Grants to INEDs”	the 2023 Proposed Grant to Dr. Cooney, the 2023 Proposed Grant to Ms. Hsu, the 2023 Proposed Grant to Dr. Chen and the 2023 Proposed Grants to Mr. Zieziula
“ADC”	Antibody-drug conjugate

DEFINITIONS

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held on Wednesday, June 21, 2023, at 9:00 a.m. at Yale meeting room, 5F, Administration Building, Innovent Biologics, 168 Dongping Street, Suzhou Industrial Park, China, to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 166 to 174 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	Innovent Biologics, Inc., an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1801)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Chen”	Dr. Kaixian Chen, an independent non-executive Director
“Dr. Cooney”	Dr. Charles Leland Cooney, an independent non-executive Director
“Dr. Yu”	Dr. De-Chao Michael Yu, an executive Director, the chairman of the Board, the chief executive officer and a substantial shareholder of the Company
“ED(s)”	executive Director(s)
“ESCC”	esophageal squamous cell carcinoma

DEFINITIONS

“GC”	gastric or gastroesophageal junction adenocarcinoma
“Group”	the Company and its subsidiaries
“HCC”	hepatocellular carcinomas
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INED(s)”	independent non-executive Director(s)
“Independent Board Committees”	Independent Board Committee A, Independent Board Committee B, Independent Board Committee C, Independent Board Committee D and Independent Board Committee E
“Independent Board Committee A”	an independent committee of the Board comprising Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula, established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the 2023 Proposed Grants to EDs
“Independent Board Committee B”	an independent committee of the Board comprising Dr. Cooney, Dr. Chen and Mr. Zieziula established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the 2023 Proposed Grant to Ms. Hsu
“Independent Board Committee C”	an independent committee of the Board comprising Ms. Hsu, Dr. Chen and Mr. Zieziula established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the 2023 Proposed Grant to Dr. Cooney
“Independent Board Committee D”	an independent committee of the Board comprising Dr. Cooney, Ms. Hsu and Mr. Zieziula established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the 2023 Proposed Grant to Dr. Chen

DEFINITIONS

“Independent Board Committee E”	an independent committee of the Board comprising Dr. Cooney, Ms. Hsu and Dr. Chen, established to advise the Independent Shareholders in respect of the non-exempt connected transactions relating to the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committees and the Independent Shareholders on the terms of the non-exempt connected transaction(s) relating to the Proposed Grants
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the Annual General Meeting to approve the Proposed Grants
“Issue Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal in additional Shares not exceeding 20% of the total number of the issued Shares as at the date of passing of the relevant resolution granting such mandate
“June Announcement”	the announcement of the Company dated June 1, 2022
“Latest Practicable Date”	May 25, 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing”	the listing of Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“March Announcement”	the announcement of the Company dated March 30, 2023
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules

DEFINITIONS

“Mr. Ronald Hao Xi Ede” or “Mr. Ede”	an executive Director and the chief financial officer of the Company
“Mr. Zieziula”	Mr. Gary Zieziula, an independent non-executive Director
“Ms. Hsu”	Ms. Joyce I-Yin Hsu, an independent non-executive Director
“New M&A”	the fourteenth Amended and Restated Memorandum and Articles of Association as proposed to be adopted at the AGM
“NDA”	new drug application
“NMPA”	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
“Nomination Committee”	the nomination committee of the Company
“NRDL”	National Reimbursement Drug List
“nsq NSCLC”	non-squamous non-small cell lung cancer
“PD-1”	programmed cell death protein 1
“Post-IPO ESOP”	the post-IPO share option scheme adopted by the Company on June 12, 2018
“PRC” or “China”	the People’s Republic of China, but for the purpose of this circular and unless otherwise indicated, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Grants”	the 2022 Proposed Grant to Mr. Zieziula, the 2023 Proposed Grants to EDs and the 2023 Proposed Grants to INEDs
“Remuneration Committee”	the remuneration committee of the Company
“Restricted Share(s)”	restricted share(s), each representing a contingent right to receive one Share, which is awarded under the 2018 RS Plan or the 2020 RS Plan, as the case may be

DEFINITIONS

“RMB”	Renminbi, the lawful currency of China
“r/r cHL”	relapsed or refractory classic Hodgkin’s lymphoma
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of nominal or par value of US\$0.00001 each in the issued share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Share Buy-back Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to buy back Shares not exceeding 10% of the total number of the issued Shares as at the date of passing of the relevant resolution granting such mandate
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“sq NSCLC”	squamous non-small cell lung cancer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Company
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“substantial shareholder”	has the meaning ascribed to it by the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-Backs issued by the Securities and Futures Commission in Hong Kong, as amended from time to time
“USA”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the USA
“%”	per cent

LETTER FROM THE BOARD

Innovent

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

Executive Directors:

Dr. De-Chao Michael Yu
*(Chairman of the Board and
Chief Executive Officer)*

Mr. Ronald Hao Xi Ede

Independent non-executive Directors:

Dr. Charles Leland Cooney
Ms. Joyce I-yin Hsu
Dr. Kaixian Chen
Mr. Gary Zieziula

Registered office:

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

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

168 Dongping Street
Suzhou Industrial Park
China 215123

*Principal place of business in
Hong Kong:*

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

May 30, 2023

To the Shareholders

Dear Sir/Madam,

**PROPOSED GRANTING OF GENERAL MANDATES TO BUY BACK
SHARES AND TO ISSUE NEW SHARES,
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED RE-APPOINTMENT OF THE EXTERNAL AUDITOR,
PROPOSED GRANTS OF RESTRICTED SHARES TO DIRECTORS
UNDER THE 2020 RS PLAN,
PROPOSED ADOPTION OF THE
NEW MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide Shareholders with the notice of Annual General Meeting and further information in relation to, amongst others, the resolutions to be proposed at the Annual General Meeting relating to the granting of the Share Buy-back Mandate and the Issue Mandate to the Directors, the proposed re-election of the retiring Directors, the proposed re-appointment of the external auditor, the Proposed Grants, the recommendations of the Independent Board Committees in relation to the Proposed Grants, the recommendation of Gram Capital in relation to the Proposed Grants, the proposed adoption of the New M&A, and to seek your approval of the resolutions relating to these matters at the AGM.

LETTER FROM THE BOARD

PROPOSED GRANTING OF GENERAL MANDATE TO BUY BACK SHARES

At the annual general meeting of the Company held on June 22, 2022, an ordinary resolution was passed by the Shareholders to grant a general mandate to the Directors to exercise the powers of the Company to buy back Shares of the Company. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting. In order to give the Company the flexibility to buy back Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of a general mandate to the Directors to exercise all powers of the Company to buy back Shares not exceeding 10% of the total number of issued Shares as at the date of passing of the relevant resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,540,604,450 Shares. Assuming that the total number of issued shares of the Company remains unchanged as at the date of Annual General Meeting, the maximum number of Shares which may be bought back pursuant to the Share Buy-Back Mandate will be 154,060,445 Shares.

With reference to the Share Buy-back Mandate, the Directors wish to state that they have no immediate plan to buy back any Shares pursuant thereto.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Share Buy-back Mandate is set out in Appendix I to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution proposed at the Annual General Meeting.

PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE NEW SHARES

At the annual general meeting of the Company held on June 22, 2022, an ordinary resolution was passed by the Shareholders to grant a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with Shares of the Company. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting. In order to ensure flexibility and give discretion to the Directors in the event that it becomes desirable for the Company to issue any new Shares, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of a general mandate to the Directors to exercise all powers of the Company to allot, issue and deal with additional Shares not exceeding 20% of the total number of the issued Shares as at the date of passing of the relevant resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,540,604,450 Shares. Assuming that the total number of issued shares of the Company remains unchanged as at the date of Annual General Meeting, the maximum number of Shares which may be issued pursuant to the Issue Mandate will be 308,120,890 Shares.

LETTER FROM THE BOARD

In addition, an ordinary resolution to extend the Issue Mandate by adding the number of Shares bought back by the Company pursuant to the Share Buy-back Mandate will also be proposed at the Annual General Meeting.

With reference to the Issue Mandate, the Directors wish to state that they have no immediate plans to issue any new Shares pursuant thereto.

The Share Buy-back Mandate and the Issue Mandate, if approved at the Annual General Meeting, will remain in effect until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held pursuant to the applicable laws or the Articles of Association; or (iii) the date on which such an authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

PROPOSED RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 16.19 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

Accordingly, the following Directors, namely, Mr. Ronald Hao Xi Ede and Dr. Cooney shall retire at the Annual General Meeting and, being eligible, will offer themselves for re-election.

Recommendation of the Nomination Committee

The Nomination Committee has evaluated the performance of each of the retiring Directors and found their performance satisfactory. Also, the Nomination Committee has assessed and received an annual independence confirmation pursuant to Rule 3.13 of the Listing Rules from Dr. Cooney, the retiring independent non-executive Director, and confirmed that he remains independent. In addition, the Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's board diversity policy and director nomination policy including but not limited to his/her reputation for integrity, accomplishment and experience in the pharmaceutical and biologics markets, and the Company's corporate strategy, and the independence of all independent non-executive Directors.

LETTER FROM THE BOARD

Therefore, the Nomination Committee has recommended to the Board on re-election of all the retiring Directors, including the aforesaid independent non-executive Director, who is due to retire at the Annual General Meeting. On this basis, the Board considers that Dr. Cooney, the retiring independent non-executive Director, is independent in accordance with the independence guidelines set out in the Listing Rules and will continue to and will bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity. Accordingly, upon the recommendation of the Nomination Committee, the Board has proposed the re-election of all the retiring Directors at the forthcoming Annual General Meeting.

Details of the above retiring Directors who are standing for re-election at the Annual General Meeting are set out in Appendix II to this circular in accordance with the relevant requirements of the Listing Rules.

PROPOSED RE-APPOINTMENT OF THE EXTERNAL AUDITOR

Deloitte Touche Tohmatsu will retire as the auditor of the Company at the AGM and, being eligible, offer themselves for re-appointment.

The Board, upon the recommendation of the Audit Committee, proposed to re-appoint Deloitte Touche Tohmatsu as the external auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company and to authorize the Board to fix its remuneration for the year ending December 31, 2023.

THE PROPOSED GRANTS

Reference is made to the March Announcement and the June Announcement. The 2020 RS Plan was adopted before the effective date of the new Chapter 17 of the Listing Rules (effective on January 1, 2023). The Company will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

As disclosed in the March Announcement, subject to the acceptance of the grantees and the Independent Shareholders' approval at the AGM, on March 30, 2023, the Board resolved to grant:

- 2,430,000 Restricted Shares to Dr. Yu, entitling Dr. Yu to receive 2,430,000 Shares upon full vesting, representing approximately 0.15% of the total number of issued Shares as at the Latest Practicable Date;
- 670,000 Restricted Shares to Mr. Ede, entitling Mr. Ede to receive 670,000 Shares upon full vesting, representing approximately 0.04% of the total number of issued Shares as at the Latest Practicable Date;
- 4,496 Restricted Shares to Dr. Cooney, entitling Dr. Cooney to receive 4,496 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date;

LETTER FROM THE BOARD

- 4,496 Restricted Shares to Ms. Hsu, entitling Ms. Hsu to receive 4,496 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date;
- 1,798 Restricted Shares to Dr. Chen, entitling Dr. Chen to receive 1,798 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date; and
- 19,482 Restricted Shares to Mr. Zieziula, entitling Mr. Zieziula to receive 19,482 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date.

As disclosed in the June Announcement, subject to the acceptance of the grantee and Independent Shareholders' approval at the AGM, on June 1, 2022, the Board resolved to grant 14,631 Restricted Shares to Mr. Zieziula, entitling Mr. Zieziula to receive 14,631 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date.

The 2023 Proposed Grants to EDs

Details of the 2023 Proposed Grants to EDs are as follows:

Date of grant:	March 30, 2023
Name of grantee, the position held in the Company and the number of Restricted Shares proposed to be granted:	<ul style="list-style-type: none">• 2,430,000 Restricted Shares to Dr. Yu, executive Director, Chairman of the Board and Chief Executive Officer of the Company• 670,000 Restricted Shares to Mr. Ede, executive Director and Chief Financial Officer of the Company

Each of the Restricted Shares represents the right to receive one Share on the date it vests.

Consideration:	Nil
Market price of the Shares on the date of grant:	HK\$35.05 per Share
Vesting period:	The Restricted Shares shall vest in Dr. Yu and Mr. Ede as follows: <ul style="list-style-type: none">• 75% shall vest on March 30, 2026; and• 25% shall vest on March 30, 2027.

LETTER FROM THE BOARD

Performance targets:

Each vesting of the 2023 Proposed Grants to EDs is subject to the individual annual performance targets as stipulated in the award letters entered into by the Company and each of Dr. Yu and Mr. Ede. The vesting percentage of the Restricted Shares at each vesting date (i.e. March 30, 2026 and March 30, 2027) may be adjusted based on Dr. Yu's/Mr. Ede's annual performance appraisal. Specifically, the Group will conduct an annual performance appraisal of Dr. Yu and Mr. Ede, respectively, based on performance appraisal criteria which shall be determined at the discretion of the Board with reference to their contribution to the Company and the overall pipeline progress, financial position and operating conditions of the Group and upon the meeting the performance targets, the final vesting percentage of the Proposed RS Grants to EDs would be dependent on each of Dr. Yu and Mr. Ede achieving a stipulated grade in their respective annual performance appraisal for the years 2023 to 2026. If the final vesting percentage is reduced, such portion of the Restricted Shares would be cancelled.

For the 2023 Proposed Grant to Dr. Yu, these performance result requirements relate to and include the overall performance of the Company, marketing and sales of commercialized products, progress of the Group's portfolio development plans and achievement of the business plans of the Group.

For the 2023 Proposed Grant to Mr. Ede, these performance result requirements relate to and include the overall performance of the Company, and achievement of targets in areas of finance, investor relations, information technology, and channel management of the Group.

LETTER FROM THE BOARD

Clawback mechanisms: If Dr. Yu or Mr. Ede (i) fails to achieve the stipulated grade in his annual performance appraisal, the Company may cancel or reduce the Restricted Shares granted; and/or (ii) terminates his employment with the Group, the Restricted Shares granted shall automatically lapse according to the relevant schedule of the Company.

Based on the closing price of HK\$35.05 per Share as quoted on the Stock Exchange on the date of grant (i.e. March 30, 2023), the market value of the Restricted Shares under the 2023 Proposed RS Grant to Dr. Yu amounts to approximately HK\$85,171,500, and the market value of the Restricted Shares under the 2023 Proposed RS Grant to Mr. Ede amounts to approximately HK\$23,483,500.

The 2023 Proposed Grants to INEDs

Details of the 2023 Proposed Grants to INEDs are as follows:

Date of grant:	March 30, 2023
Name of grantee, the position held in the Company and the number of Restricted Shares proposed to be granted:	<ul style="list-style-type: none">• 4,496 Restricted Shares to Ms. Hsu, independent non-executive Director• 4,496 Restricted Shares to Dr. Cooney, independent non-executive Director• 1,798 Restricted Shares to Dr. Chen, independent non-executive Director• 19,482 Restricted Shares to Mr. Zieziula, independent non-executive Director

Each of the Restricted Shares represents the right to receive one Share on the date it vests.

Consideration: Nil

Market price of the Shares on the date of grant: HK\$35.05 per Share

LETTER FROM THE BOARD

Vesting period:

The Restricted Shares shall vest in the independent non-executive Directors as follows:

- 33.33% shall vest on March 30, 2024;
- 33.33% shall vest on March 30, 2025; and
- 33.33% shall vest on March 30, 2026

Performance targets:

There are no performance targets attached to the Restricted Shares proposed to be granted to independent non-executive Directors. Having considered that the main duties of the independent non-executive Directors to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the independent non-executive Directors and to preserve their objectivity and independence, the proposed grant of Restricted Shares to independent non-executive Directors without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the 2020 RS Plan.

Clawback mechanisms:

If an independent non-executive Director resigns from his/her position, all unvested Restricted Shares shall automatically lapse.

Based on the closing price of HK\$35.05 per Share as quoted on the Stock Exchange on the date of grant (i.e. March 30, 2023), the market value of the Restricted Shares under the 2023 Proposed Grants to INEDs amounts to approximately HK\$1,061,033.60.

LETTER FROM THE BOARD

The 2022 Proposed Grant to Mr. Zieziula

Details of the 2022 Proposed Grant to Mr. Zieziula are as follows:

Date of grant:	June 1, 2022
Name of grantee:	Mr. Zieziula
Number of Restricted Shares proposed to be granted:	14,631 Each of the Restricted Shares represents the right to receive one Share on the date it vests.
Consideration:	Nil
Vesting period:	The Restricted Shares shall vest as follows: <ul style="list-style-type: none">• 33.33% shall vest on June 1, 2023;• 33.33% shall vest on June 1, 2024; and• 33.33% shall vest on June 1, 2025. For the avoidance of doubt, the Company has not and will not allot and issue any Shares unless and until Independent Shareholders' approval is obtained at the AGM.
Performance targets:	There are no performance targets attached to the Restricted Shares proposed to be granted to the independent non-executive Directors. Having considered that the main duties of the independent non-executive Directors to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the independent non-executive Directors and to preserve their objectivity and independence, the proposed grant of Restricted Shares to the independent non-executive Directors without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the 2020 RS Plan.

LETTER FROM THE BOARD

Clawback mechanisms:

If an independent non-executive Director resigns from his/her position, all unvested Restricted Shares shall automatically lapse.

Based on the closing price of HK\$24.30 per Share as quoted on the Stock Exchange on the date of grant (i.e. June 1, 2022), the market value of the Restricted Shares under the 2022 Proposed Grant to Mr. Zieziula amounts to approximately HK\$355,533.30.

LISTING RULES IMPLICATIONS

Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu, Dr. Chen and Dr. Zieziula are the Directors. Therefore, they are connected persons of the Company, and each of the Proposed Grants and transactions contemplated therein constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

Dr. Yu

Pursuant to Chapter 14A of the Listing Rules, each of Dr. Yu and his associates is required to abstain from voting on the resolutions at the AGM to approve the 2023 Proposed Grant to Dr. Yu and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Yu and his associates is not interested in any Shares except Dr. Yu's interest in a total of 126,903,209⁽¹⁾ Shares or underlying Shares (and 371,747 short position Shares), representing approximately 8.23% (and 0.02% short position) of the total number of issued Shares of the Company as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the 2023 Proposed Grant to Dr. Yu and transactions contemplated therein. Accordingly, save for Dr. Yu and Gloria Bingqinzi Yu (as trustee of the Yu Tong Family Irrevocable Trust), no Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the 2023 Proposed Grant to Dr. Yu and transactions contemplated therein.

Save for Dr. Yu, no other Director is considered to have a material interest in the 2023 Proposed Grant to Dr. Yu and therefore none of them other than Dr. Yu abstained from voting on the relevant Board resolutions.

Mr. Ede

Pursuant to Chapter 14A of the Listing Rules, each of Mr. Ede and his associates is required to abstain from voting on the resolutions at the AGM to approve the 2023 Proposed Grant to Mr. Ede and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Mr. Ede and his associates is not interested in any Shares except Mr. Ede's interest in a total of 8,270,975⁽²⁾ Shares or underlying Shares, representing approximately 0.53% of the total number of issued Shares of the Company as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any

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material interest in the 2023 Proposed Grant to Mr. Ede and transactions contemplated therein. Accordingly, save for Mr. Ede, no Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the 2023 Proposed Grant to Mr. Ede and transactions contemplated therein.

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

Ms. Hsu

Pursuant to Chapter 14A of the Listing Rules, each of Ms. Hsu and her associates is required to abstain from voting on the resolutions at the AGM to approve the 2023 Proposed Grant to Ms. Hsu and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Ms. Hsu and her associates is not interested in any Shares or underlying Shares except Ms. Hsu's interest in a total of 88,620⁽³⁾ Shares or underlying Shares, representing approximately 0.00% of the total issued Shares of the Company as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the 2023 Proposed Grant to Ms. Hsu and transactions contemplated therein.

Save for Ms. Hsu, no other Director is considered to have a material interest in the 2023 Proposed Grant to Ms. Hsu and therefore none of them other than Ms. Hsu abstained from voting on the relevant Board resolutions.

Dr. Cooney

Pursuant to Chapter 14A of the Listing Rules, each of Dr. Cooney and his associates is required to abstain from voting on the resolutions at the AGM to approve the 2023 Proposed Grant to Dr. Cooney and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Cooney and his associates is not interested in any Shares except Dr. Cooney's interest in a total of 127,710⁽⁴⁾ Shares or underlying Shares, representing approximately 0.00% of the total issued Shares of the Company as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the 2023 Proposed Grant to Dr. Cooney and transactions contemplated therein.

Save for Dr. Cooney, no other Director is considered to have a material interest in the 2023 Proposed Grant to Dr. Cooney and therefore none of them other than Dr. Cooney abstained from voting on the relevant Board resolutions.

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Dr. Chen

Pursuant to Chapter 14A of the Listing Rules, each of Dr. Chen and his associates is required to abstain from voting on the resolutions at the AGM to approve the 2023 Proposed Grant to Dr. Chen and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Chen and his associates is not interested in any Shares or underlying Shares except Dr. Chen's interest in a total of 38,268⁽⁵⁾ Shares or underlying Shares, representing approximately 0.00% of the total issued Shares of the Company as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the 2023 Proposed Grant to Dr. Chen and transactions contemplated therein.

Save for Dr. Chen, no other Director is considered to have a material interest in the 2023 Proposed Grant to Dr. Chen and therefore none of them other than Dr. Chen abstained from voting on the relevant Board resolutions.

Mr. Zieziula

Pursuant to Chapter 14A of the Listing Rules, each of Mr. Zieziula and his associates is required to abstain from voting on the resolutions at the AGM to approve the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Mr. Zieziula and his associates is not interested in any Shares or underlying Shares except Mr. Zieziula's interest in a total of 307,012⁽⁶⁾ Shares or underlying Shares, representing approximately 0.01% of the total issued Shares of the Company as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula and transactions contemplated therein.

Save for Mr. Zieziula, no other Director is considered to have a material interest in the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula and therefore none of them other than Mr. Zieziula abstained from voting on the relevant Board resolutions.

Notes:

- (1) Among which, 2,430,000 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 30, 2023. The aforementioned grant remains subject to Independent Shareholders' approval at the AGM.
- (2) Among which, 670,000 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 30, 2023. The aforementioned grant remains subject to Independent Shareholders' approval at the AGM.
- (3) Among which, 4,496 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 30, 2023. The aforementioned grant remains subject to Independent Shareholders' approval at the AGM.

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- (4) Among which, 4,496 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 30, 2023. The aforementioned grant remains subject to Independent Shareholders' approval at the AGM.
- (5) Among which, 1,798 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 30, 2023. The aforementioned grant remains subject to Independent Shareholders' approval at the AGM.
- (6) Among which, 14,631 and 19,482 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on June 1, 2022 and March 30, 2023, respectively. The aforementioned grants remain subject to Independent Shareholders' approval at the AGM.

REASONS AND RATIONALE FOR GRANTS

Purpose of the 2020 RS Plan and the Proposed Grants

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

The 2023 Proposed Grants to EDs are part of the Company's remuneration policy. The purpose of such grants is to closely align the interests and benefits of the Company and its employees in order to maximize the motivation of the executive Directors. Dr. Yu and Mr. Ede have been invaluable to and instrumental in the Group's continued success and development. The number of Restricted Shares proposed to be granted to each of Dr. Yu and Mr. Ede was determined by the Remuneration Committee and the Directors having taken into account (i) where possible, the level of remuneration paid by comparable companies to their directors (in particular where such directors are also chief executive officers or chief financial officers); (ii) the time commitment and contribution of each of Dr. Yu and Mr. Ede; (iii) the market practice regarding executive remuneration package structures of comparable companies; and (iv) based on their experience and knowledge of the industry, the importance of a biopharmaceutical company like the Group, which depends significantly highly educated and skilled individuals with the requisite business and industry knowledge, to retain, motivate and incentivize the Directors and senior management to run the Company successfully for the long term benefit of the Group. The 2023 Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognize their contribution to the growth of the Company.

In this regard, the Directors (including the independent non-executive Directors but excluding Dr. Yu) and the Remuneration Committee (excluding Dr. Yu) consider that the terms of the 2023 Proposed Grant to Dr. Yu are fair and reasonable and in the best interests of the Company and the Shareholders as a whole, and the Directors (including independent non-executive Directors but excluding Mr. Ede) and the Remuneration Committee consider that the terms of the 2023 Proposed Grant to Mr. Ede are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

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The 2023 Proposed Grants to INEDs and the 2022 Proposed Grant to Mr. Zieziula form part of the remuneration to the independent non-executive Directors and have been approved by the Directors (excluding the Directors who were required to abstain from voting in the relevant resolutions in which he/she has a material interest in) and the Remuneration Committee. The 2023 Proposed Grants to INEDs and the 2022 Proposed Grant to Mr. Zieziula are granted in light of the continued progress and performance of the Company and aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company. The number of Restricted Shares proposed to be granted to each of Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula was determined by the Remuneration Committee and the Directors having taken into account (i) where possible, the level of remuneration paid by comparable companies to their independent non-executive directors; (ii) the time commitment and contribution of independent opinion and judgment to the Board of each of the independent non-executive Directors; (iii) the market practice regarding non-executive remuneration package structures of comparable companies; and (iv) based on their experience and knowledge of the industry, the importance of a biopharmaceutical company like the Group, which depends significantly highly educated and skilled individuals with the requisite business and industry knowledge, to retain, motivate and incentivize the Directors.

In this regard, (i) the Directors (including the independent non-executive Directors but excluding Ms. Hsu) and the Remuneration Committee (excluding Ms. Hsu) consider that the terms of the 2023 Proposed Grant to Ms. Hsu are fair and reasonable and in the best interests of the Company and the Shareholders as a whole; (ii) the Directors (including the independent non-executive Directors but excluding Dr. Cooney) and the Remuneration Committee consider that the terms of the 2023 Proposed Grant to Dr. Cooney are fair and reasonable and in the best interests of the Company and the Shareholders as a whole; (iii) the Directors (including the independent non-executive Directors but excluding Dr. Chen) and the Remuneration Committee (excluding Dr. Chen) consider that the terms of the 2023 Proposed Grant to Dr. Chen are fair and reasonable and in the best interests of the Company and the Shareholders as a whole; and (iv) the Directors (including the independent non-executive Directors but excluding Mr. Zieziula) and the Remuneration Committee consider that the terms of the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Shares available for grant under the 2020 RS Plan

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

The total number of Shares issued and may be issued by the Company within five years of June 12, 2020 for distribution of Shares corresponding to the restricted shares granted under the 2020 RS Plan shall not exceed 67,152,410 Shares. As of the Latest Practicable Date (after taking into account of the above Proposed Grants), 23,478,449 Shares are available for future grant under the aforementioned scheme mandate limit.

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Rationale of the Proposed Grants

The 2023 Proposed Grants to EDs

Background and contribution of Dr. Yu

The Board proposed to remunerate Dr. Yu with the 2023 Proposed Grant to Dr. Yu after considering Dr. Yu's integral role as founder and Chief Executive Officer of the Group, his extensive background and experience in the biopharmaceutical industry, his unparalleled contributions to the growth of the Group and the continued development of the Group since the Listing.

Dr. Yu is the founder, an executive Director, the chairman of the Board, the chief executive officer of the Company, the chairman of each of the Nomination Committee and Strategy Committee and a member of the Remuneration Committee. He founded the Group on April 28, 2011 and is responsible for the overall strategic planning and business direction of our Group and management of the Company. Dr. Yu received his doctoral degree in molecular genetics from the Chinese Academy of Sciences (Shanghai, China) and completed his postdoctoral training at the University of California San Francisco (San Francisco, USA). Prior to founding the Company, Dr. Yu was the president, chief executive officer and a member of the board of directors of Chengdu Kanghong Biotech Co. Ltd. from 2006 to 2010. Previously, Dr. Yu was the vice president of research and development at Applied Genetic Technology Corporation (a company subsequently listed on the NASDAQ with ticker symbol: AGTC) in 2005. Between 1997 and 2001, Dr. Yu was the vice president of Calydon, Inc. which was later acquired by Cell Genesys, Inc. (a company subsequently listed on the NASDAQ with ticker symbol: CEGE), and worked there till 2005 mainly responsible for a significant part of the company's early research and development.

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

Dr. Yu is an inventor of over 60 issued patents and patent applications, and has published more than 50 SCI scientific articles and book chapters. Dr. Yu has been an independent non-executive director of Cheerwin Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 6601) from February 2021 to October 2022, an independent non-executive director of BabyTree Group (a company listed on Main Board of the Stock Exchange with stock code: 1761) from June 2018 to May 2023 and served as an independent director at PharmaBlock Sciences (Nanjing), Inc. (a company listed on the Shenzhen Stock Exchange with stock code: 300725) from December 2015 to May 2018.

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In addition to Dr. Yu's numerous achievements, he has also been indispensable to the growth of the Group. A highly accomplished scientist, innovator and entrepreneur, Dr. Yu has spearheaded the Group's mission to create a world-class biopharmaceutical company that develops, manufactures and commercializes high quality drugs that are affordable to ordinary people. The Group's success in the past years serve as testament to Dr. Yu's contribution and leadership. For further details in relation to Dr. Yu's background, please refer to the section headed "Directors and Senior Management" in the 2022 annual report of the Company.

Background and contribution of Mr. Ede

The Board proposed to remunerate Mr. Ede with the 2023 Proposed Grant to Mr. Ede after considering Mr. Ede's contribution to the Group in terms of strategy development, financial matters and investor relations etc., and his background and experience as chief financial officer of companies in the biotechnology and biopharmaceutical industry.

Mr. Ede is an executive Director, the chief financial officer and a member of the Strategy Committee of the Company. Mr. Ede joined the Group on January 1, 2018 and is responsible for finance, investor relations, information technology and channel management of our Group. Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Ltd. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited. Mr. Ede is a fellow member of the Institute of Singapore Chartered Accountants and an A-Share independent director certified by the Shenzhen Stock Exchange. Mr. Ede received his bachelor of business administration degree from the University of Hawaii in December 1984 and a master of business administration degree from the University of Washington in December 1988. Mr. Ede has held directorships in the following listed companies outside of the Group:

- Mindray Medical International Limited (a company previously listed on the New York Stock Exchange (the "NYSE") and is currently listed on the Shenzhen Stock Exchange with stock code: 300760) as an independent non-executive director since 2006; and resigned as an independent non-executive director in 2016 after the company was privatized from the NYSE. In 2017, he rejoined the board as an independent non-executive director for Mindray; and
- Dawnrays Pharmaceutical (Holding) Ltd. (a company listed on the Stock Exchange with stock code: 2348) as a non-executive director since 2015. In 2017, Mr. Ede was re-designated as an independent non-executive director.

Mr. Ede has been instrumental to the Group's development and success in his role as chief financial officer, bringing his extensive experience to managing the overall financial matters and investor relations of the Group. For further details in relation to Mr. Ede's background, please refer to the section headed "Directors and Senior Management" in the 2022 annual report of the Company.

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Listing and future development

Since the Listing, the Company has made significant progress with respect to its drug pipeline and business operations, and has successfully transformed from a biotech company to a leading biopharmaceutical company in China. The Company is committed to developing and commercializing high-quality innovative therapeutics that are affordable to ordinary people, and has instituted global quality standards in every aspect of the business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of research, chemistry, manufacturing and controls (“CMC”), clinical development and commercialization capabilities.

Leveraging the platform, we have developed a rich pipeline covering a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, multi-specific antibodies, immuno-cytokine, cell engagers, ADCs, cell therapy and small molecules etc.), spanning multiple major therapeutic areas including oncology, cardiovascular and metabolism, autoimmune and ophthalmology diseases, that have promising clinical and commercial potential to address unmet medical needs.

In the past year, despite challenges from macro headwinds and COVID, we have been taking the lead in the industry to strengthen the foundation for more sustainable growth by putting increased emphasis on technological innovation and efficiency improvements. By leveraging our integrated platform, we have achieved remarkable results in upgrading our commercial model, further developing our pipeline, enhancing the innovation of our R&D platform, as well as deepening our strategic collaborations.

Commercialization: New Products Will Drive Continuous Growth; Improved Operational Efficiency under Upgraded Commercial System

In 2022, we expanded our commercial portfolio to a total of 8 products on market with the approval for marketing of Cyramza[®] (ramucirumab) and Retsevmo[®] (selpercatinib). Labels of the other marketed drugs were also further expanded with new indications and new territories: TYVYT[®] (sintilimab injection) was approved for two new indications (1L ESCC and 1L GC) and became the only PD-1 inhibitor approved for the 1L treatment of five high-incidence cancer types; Pemazyre[®] (pemigatinib) was approved for the 2L treatment of mCCA in mainland China and Hong Kong; BYVASDA[®] (bevacizumab injection) was approved for marketing in Indonesia, becoming the first Chinese antibody drug commercialized that will be produced locally in Southeast Asia markets.

During the year ended 31 December 2022, the Company recorded product sales revenue of RMB4,139.1 million, representing an increase of 3.4% compared with the prior year. During the year, the product sales growth was affected to some extent by the complex and changing condition of the pandemic in mainland China and the price reduction of TYVYT[®] (sintilimab injection) under the 2021 updated NRDL. However, the continuous ramp-up of product sales

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volume, along with higher revenue contribution from multiple new products, and improved operational efficiency and portfolio synergy, helped offset some of such impact and laid a good foundation for future growth of the commercial portfolio.

In the four years since the Company established its commercial function, we have established a leading position and brand franchise in the innovative biopharma industry, with a professional team of nearly 3,000 people, a commercial portfolio of eight high-quality drugs and a nationwide marketing access coverage. Meanwhile, as an industry pioneer, in 2022, we have proactively developed a more sustainable and healthier commercial management system, which will further improve operational efficiency and expand the scale of the business. In the past year, preliminary positive results were observed: the ratio of sales and marketing expenses (to total product revenue, under IFRS measure) was brought down from 65.5% in 2021 to 62.6% in 2022, and from 68.5% in the first half of 2022 to 56.9% in the second half of 2022, in particular. We believe that owning a strong and efficient commercial operation is crucial to support the Company's commercialization objectives and facilitate our long-term sustainable business growth.

Looking ahead, we believe 2023 will be a milestone year for continuous expansion and visible growth in the commercial portfolio. Two additional indications of TYVYT[®] (sintilimab injection), olverembatinib, and multiple additional indications of BYVASDA[®] (bevacizumab injection), HALPRYZA[®] (rituximab injection), and SULINNO[®] (adalimumab injection) were included in the updated NRDL, which will further expand the reimbursement coverage. Meanwhile, we expect three new assets/therapies, including equhecabtagene autoleucel injection (BCMA CAR-T), tafolecimab injection (PCSK9) and pascalisib (PI3K δ) to be approved in 2023, bringing a more diversified commercial portfolio of over ten products.

Pipeline Development: Expand the Boundary of Novel Oncology Therapies, Roll out Non-oncology High-potential Products

The Company has built a strong pipeline with over 30 innovative drug candidates, including over 20 in the oncology area and 10 in the non-oncology area. Of which, 8 products were approved, 3 assets are currently under review by the NMPA, 5 assets are in Phase 3 or pivotal clinical studies, and approximately 20 assets are in early Phase 1/2 clinical stage.

The Company has kept up with the progress of clinical development and associated pipeline data readouts were on track, particularly:

Introduced novel modalities and therapies to expand the oncology pipeline: we have further expanded the extensive oncology pipeline through pursuit of novel targets and modalities, innovative mechanisms of action and combination therapy strategies.

- We submitted NDAs of two product candidates for the treatment of hematological malignancies. Equhecabtagene autoleucel injection (BCMA CAR-T) will potentially be the first BCMA-targeted cell therapy to be approved in China, and the NDA of pascalisib (PI3K δ) was accepted and granted with priority review by the NMPA.

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- We are pioneering the development of two targeted small molecule drugs for treatment of lung cancer, including IBI-351 (KRAS^{G12C}) and IBI-344 (ROS1/TRK), both in pivotal clinical studies and planned for NDA submissions by the end of 2023, which will further strengthen our franchise and portfolio synergy in lung cancer.
- We are actively exploring multiple high potential IO molecules in Proof-of-Concept (“PoC”) or early-stage clinical trials, such as IBI-110 (LAG3), IBI-939 (TIGIT) and IBI-363 (PD-1/IL-2), with preliminary positive efficacy and safety data observed.
- We have established a fully-integrated and differentiated ADC proprietary technology platform, with IBI-343 (CLDN18.2 ADC) being the first to advance into a Phase 1 clinical trial in Australia in 2022 and a series of differentiated ADC molecules being advanced to clinical stage development going forward.

Strategically positioned in three major chronic diseases to accelerate the development of high potential assets: in addition to oncology, we strategically focus our R&D effort towards several high-potential fields such as cardiovascular and metabolism (“CVM”) diseases, autoimmune diseases and ophthalmology diseases, aiming to bring innovative medicines to address unmet patient needs, and improve quality of life for a wide range of patient populations.

- High-potential innovative assets for multiple high-prevalence chronic diseases in CVM field: We submitted the NDA for tafolecimab injection (PCSK-9) for the treatment of hyperlipidemia, which could potentially be the first domestic PCSK-9 monoclonal antibody to launch with a longer dosing interval advantage. We have achieved a robust data readout in Phase 2 clinical trials of IBI-362 (GLP-1R/GCGR) for the treatment of both obesity and diabetes, demonstrating its best-in-class potential in weight loss and glucose lowering, with favorable safety and metabolic benefits. IBI-362 (GLP-1R/GCGR) Phase 3 registrational clinical studies have been initiated for both obesity and diabetes. IBI-128 (XOI) global Phase 3 multi-regional clinical study for the treatment of hyperuricemia in gout patients has been initiated by our partner LG Chem at the end of 2022. We are responsible for the clinical development of IBI-128 in China and plan to start a Phase 3 clinical study by the end of 2023. IBI-311 (IGF-1R) for the treatment of thyroid associated ophthalmopathy (“TAO”) has rapidly advanced to a Phase 2 clinical study and is planned to start a Phase 3 registrational clinical study in 2023.
- Capture differentiated clinical value in the field of autoimmune by fulfilling substantial unmet medical needs: The Phase 2 data for IBI-112 (IL23p19) demonstrated its potential long-lasting efficacy advantage and convenient extended dosing intervals for psoriasis. The Phase 3 registrational clinical study started in early 2023. The multi-regional Phase 2b clinical study (led by UNION) of IBI-353 (PDE4), the oral therapy for treating psoriasis, reached positive topline results and we will enter a Phase 2 study in China in 2023. Furthermore, additional innovative

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autoimmune molecules such as IBI-355 (CD40L) and IBI-356 (OX40L) will enter first-in-human clinical studies in 2023 to explore other unmet medical needs in various types of autoimmune diseases.

- Multiple differentiated bispecific antibodies in the field of ophthalmology: IBI-302 (VEGF/C) for the treatment of nAMD is currently in the Phase 2 clinical studies, and IBI-324 (VEGF-A/ANG-2) and IBI-333 (VEGF-C/VEGF-A) are in the Phase 1 stage. We will explore the potential differentiation of our ophthalmology candidates versus existing therapy brought by their innovative mechanisms and molecule designs as bispecific antibodies.

R&D Platform: Strategic Collaborations Deepen Overall Strength of Innovation; Global Innovation Continues as Core Long-Term Strategy

- **Explore creative in-depth strategic cooperation models:** In 2022, we entered into an expanded strategic collaboration with Lilly to obtain the sole commercialization right of Cyramza[®] (ramucirumab) and Retsevmo[®] (selpercatinib) in mainland China, and the right of first negotiation for future commercialization of pirtobrutinib (BTK inhibitor) in mainland China. We also in-licensed Tigulixostat from LG Chem, which is a potential best-in-class late-stage non-purine XOI for the treatment of gout disease. Furthermore, we and Sanofi entered into a strategic collaboration to accelerate the development and potential access of innovative oncology medicines in China. In addition to the collaboration and license agreement, we received EUR300.0 million strategic equity investment from Sanofi through its subscription of new ordinary shares of the Company at 20.0% price premium.
- **Continue to build Innovent Academy as an engine of innovation power:** In 2022, Innovent Academy has successfully delivered six high-quality novel molecules into IND enabling stage, to fulfill our mid to long term growth objectives. In particular, Innovent Academy has built a fully-integrated and differentiated ADC proprietary technology platform, which will gradually deliver next-generation ADC candidates into the clinical development stage to further enrich our long-term pipeline. We endeavor to enhance our R&D platform to support our world-class R&D center by leveraging profound know-how in immunology, cancer biology and antibody engineering, with a focus on global innovation and cutting-edge technology extension.
- **Deploy scientific and efficient approaches to early stage innovative pipeline development:** With adherence to the long-term strategy of global innovation and to ensure reasonable investment returns, we are exploring our early-to-mid stage pipeline with global potential in ongoing PoC studies, with several molecules in the IO and ophthalmology fields. In addition, we will further explore the early clinical development of other novel molecules with global potential, such as PD-1/IL-2,

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ADC clusters, etc. Our strong product development team of over 1,000 professionals will gradually progress more innovative molecules into global clinical development to generate attractive pipeline development return.

In 2022, our production capacity of 60,000L guaranteed sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions. Our manufacturing capacity consisted of eighteen 3,000L stainless steel bioreactors and six 1,000L disposable bioreactors. In particular, the large-scale stainless-steel bioreactors have provided market competitive cost advantage for the production antibody drugs.

Healthy financial position

As at 31 December 2022, the Company had approximately RMB9,166.0 million (equivalent to over US\$1.3 billion) cash on hand and short-term financial assets. Our healthy financial position and consistently efficient capital allocation will enable us to focus on long-term sustainable strategic goals amid an especially challenging macro and capital market environment.

Looking ahead, we will continue to strive to achieve our strategic goals of sustainable growth and global innovation over the next decade. To do this, the Company will further expand the scale of the commercial portfolio, further improve operational efficiency, and bring forward novel medicines through our advanced R&D platform for the global market. We endeavor to establish ourselves as a distinctive biopharmaceutical firm with significant potential for growth and innovation, and ultimately ascend to become the leading biopharmaceutical enterprise in China as well as a premier biopharmaceutical company globally.

2022 is the first year of the Company's second decade for development. We have established a fully-integrated platform possessing comprehensive capabilities in R&D, CMC and commercialization, supported by a healthy financial position. In 2023, we will continue to make significant progress in commercial operations and key pipeline development as disclosed above. In the next decade, with the strategic vision of sustainable development and innovation, along with strong execution capabilities and an integrated platform, we are confident that we are on track to further expand and develop to become a global premier biopharmaceutical company, creating sustainable value for our patients, employees, society and shareholders of the Company.

Retention and recognition of Dr. Yu and Mr. Ede

The Board considered the retention and motivation of Dr. Yu and Mr. Ede as an indispensable part of the senior management of the Group and in light of the Group's progress since the Listing is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of

LETTER FROM THE BOARD

continuity of leadership. The 2023 Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognize their contribution to the growth of the Company.

The Board proposed to remunerate Dr. Yu and Mr. Ede with the 2023 Proposed Grants to EDs after considering the benefits of granting Restricted Shares. The grant of the Restricted Shares will provide Dr. Yu and Mr. Ede with certainty of monetary benefits. Such grant that can be realized and is readily available at the end of the vesting period is akin to payment of a deferred bonus and hence an effective incentive. In addition, the Proposed Grants to EDs will further align the interests of Dr. Yu and Mr. Ede and the long-term interests of the Shareholders, ensuring a better linkage between the Company's long-term strategic and financial goals and executive compensation.

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

The Proposed Grants to INEDs

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

In June 2022, the Board proposed to remunerate Mr. Zieziula with the 2022 Proposed Grant to Mr. Zieziula to attract, incentivize and remunerate Mr. Zieziula in joining the Group, and aims to encourage Mr. Zieziula to work towards enhancing the value of the Company and the Shares for the benefits of the Company and Shareholders as a whole and in providing guidance and supervision on the Company's development strategy making and implementation. In particular, after taking into account Mr. Zieziula's rich experience in leading the successful global commercialization of drugs in many large pharmaceutical companies and biotechnology companies prior to joining the Group, and has deep insight into the global layout, evaluation and promotion of pipelines in the pharmaceutical industry.

In March 2023, the Board proposed to remunerate the independent non-executive Directors with the 2023 Proposed Grants to INEDs in light of the continued progress of the Company and after considering each of Ms. Hsu's, Dr. Cooney's, Dr. Chen's and Mr. Zieziula's contribution to the Group via providing their independent opinion and judgment to the Board, as well as the background and experience of each of the independent non-executive Directors, and the guidance and supervise on the Company's development strategy making and implementation.

Dr. Cooney, Dr. Chen, Mr. Zieziula and Ms. Hsu are highly esteemed in their respective fields.

LETTER FROM THE BOARD

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

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

Mr. Zieziula has over 40 years of sales and operations experience in the pharmaceutical industry and had worked for industry leaders across Europe and North America. He has been the president of Kyowa Kirin USA Holdings, Inc. since from April 2020 to April 2023 and the non-executive director from June 2019 to April 2020. Mr. Zieziula previously was the chief commercial officer of EMD Serono from January 2014 to January 2016, and the president and managing director from January 2016 to January 2019. He has been an independent provider of executive advisory services to pharmaceutical and biotech companies from December 2012 to January 2014. Mr. Zieziula served as the chief commercial officer and the executive vice president of AMAG Pharmaceuticals, Inc. from April 2010 to December 2012. Prior to that, he worked for Roche Laboratories Inc. from October 2001 to June 2008. From June 1998 to October 2001, he served as the vice president in managed healthcare sales and marketing for Bristol Myers Squibb. Prior to that, Mr. Zieziula spent 16 years at Merck & Co. where he had positions of increasing responsibility in sales and marketing.

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

LETTER FROM THE BOARD

For further details in relation to the biography and background of the independent non-executive Directors, please refer to the section headed “Directors and Senior Management” in the 2022 annual report of the Company.

Rationale of the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grants to INEDs

The 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grants to INEDs form part of the remuneration to the independent non-executive Directors and has been approved by the Remuneration Committee. The 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grants to INEDs are granted in light of the continued progress and performance of the Company and aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

The Board proposed to remunerate the independent non-executive Directors with the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grants to INEDs after considering the benefits of granting the Restricted Shares. The 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grants to INEDs were determined by the Company and each of Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula upon arm’s length negotiations with each of them taking into account all of the aforementioned factors and the value of stocks granted to independent non-executive directors of other companies in the industry with comparable size.

LETTER FROM THE BOARD

The historical grants of Restricted Shares under the 2018 RS Plan and the 2020 RS Plan to each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula

Details of the movements of the Restricted Shares granted under the 2018 RS Plan (which was terminated in its entirety on June 12, 2020, the adoption date of the 2020 RS Plan) to each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney and Dr. Chen are as follows:

Name of director	Date of grant	Unvested as at January 1, 2022	Vested during the	Unvested as at the Latest Practicable Date	Vesting Period
			year ended December 31, 2022 up to the Latest Practicable Date		
Dr. Yu	May 2, 2019	4,141,078	2,760,718	1,380,360	5 years from the date of grant, 20% shall vest each year
	Apr 15, 2020	1,450,000	1,087,500	362,500	75% shall vest on April 15, 2023; 25% shall vest on April 15, 2024
Mr. Ede	Apr 15, 2020	320,000	240,000	80,000	75% shall vest on April 15, 2023; 25% shall vest on April 15, 2024

Details of the movements of the Restricted Shares granted under the 2020 RS Plan to each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney and Dr. Chen are as follows:

Name of director	Date of grant	Unvested as at January 1, 2022	Vested during the	Unvested as at the Latest Practicable Date	Vesting Period
			year ended December 31, 2022 up to the Latest Practicable Date		
Dr. Yu	Mar 30, 2021	725,000	–	725,000	75% shall vest on March 30, 2024; 25% shall vest on March 30, 2025
	Mar 30, 2022	2,032,334	–	2,032,334	75% shall vest on March 30, 2025; 25% shall vest on March 30, 2026

LETTER FROM THE BOARD

Name of director	Date of grant	Unvested as at January 1, 2022	Vested during the year ended December 31, 2022 up to the Latest Practicable Date	Unvested as at the Latest Practicable Date	
				Date	Vesting Period
Mr. Ede	Mar 30, 2021	160,000	–	160,000	75% shall vest on March 30, 2024; 25% shall vest on March 30, 2025
	Mar 30, 2022	560,644	–	560,644	75% shall vest on March 30, 2025; 25% shall vest on March 30, 2026
Ms. Hsu	Mar 30, 2021	1,817 (<i>Note</i>)	1,845	–	January 1, 2022
	Mar 30, 2022	4,828	1,609	3,219	33.33% shall vest on March 30, 2023; 33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025.
Dr. Cooney	Mar 30, 2021	1,817 (<i>Note</i>)	1,845	–	January 1, 2022
	Mar 30, 2022	4,828	1,609	3,219	33.33% shall vest on March 30, 2023; 33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025.
Dr. Chen	Mar 30, 2021	1,817 (<i>Note</i>)	1,845	–	January 1, 2022
	Mar 30, 2022	1,931	644	1,287	33.33% shall vest on March 30, 2023; 33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025.

Note: The grant was vested on January 1, 2022 and the final number of granted and vested shares is 1,845, calculated by dividing the value of the grant (being RMB120,000) by the average closing price of the Shares on the Stock Exchange, as stated in the daily quotation sheets issued by the Stock Exchange, for all trading days in the year 2021 from January 4, 2021 up to and including the trading day immediately preceding the vesting date of the restricted Shares granted to Ms. Hsu, Dr. Cooney and Dr. Chen (i.e., December 31, 2021).

No Restricted Shares have been granted to Mr. Zieziula under the 2018 RS Plan (which was terminated in its entirety on June 12, 2020) and the 2020 RS Plan prior to the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula.

LETTER FROM THE BOARD

Dilution effect

Assuming Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula become fully entitled to all Shares underlying the Restricted Shares granted under the Proposed Grants, the total number of such underlying Shares would amount to 3,144,903 Shares, or approximately 0.20% of the total number of issued Shares as at the Latest Practicable Date. Assuming such underlying Shares will be newly issued, such Shares will represent 0.20% of the total number of issued Shares upon completion of issue. The shareholding structure of the Company before and after Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula become fully entitled to all Shares underlying the Restricted Shares granted under the Proposed Grants is summarized as follows:

	As at the Latest Practicable Date ⁽¹⁾		As at the Latest Practicable Date and excluding the Proposed Grants		As at the Latest Practicable Date and excluding the 2023 Proposed Grants to EDs and 2023 Proposed Grants to INEDs		Assuming full vesting and issuance of the Proposed Grants	
			No. of Shares and underlying Shares as notified pursuant to the SFO ⁽²⁾		No. of Shares and underlying Shares as notified pursuant to the SFO ⁽³⁾		No. of Shares and underlying Shares as notified pursuant to the SFO ⁽⁴⁾	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dr. Yu	109,748,126 ⁽⁵⁾	7.12	124,473,209	8.07	124,473,209	8.07	126,903,209	8.22
Mr. Ede	4,055,616 ⁽⁶⁾	0.26	7,600,975	0.49	7,600,975	0.49	8,270,975	0.53
Ms. Hsu	4,702 ⁽⁷⁾	0.00	84,124	0.00	84,124	0.00	88,620	0.00
Dr. Cooney	43,792 ⁽⁸⁾	0.00	123,214	0.00	123,214	0.00	127,710	0.00
Dr. Chen	4,702 ⁽⁹⁾	0.00	36,470	0.00	36,470	0.00	38,268	0.00
Mr. Zieziula	Nil	0.00	272,899 ⁽¹⁰⁾	0.01	287,530 ⁽¹¹⁾	0.01	307,012	0.01
Other Shareholders ⁽¹⁴⁾	1,429,455,371	92.78	1,429,455,371	92.78	1,429,455,371	92.78	1,429,455,371	92.59
Total	1,540,604,450	100.00	1,540,604,450⁽¹²⁾	100.00	1,540,604,450⁽¹²⁾	100.00	1,543,749,353⁽¹³⁾	100.00

Notes:

- Assuming that no Shares are issued pursuant to the Proposed Grants and excluding (i) any options granted pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted pursuant to the 2018 RS Plan and the 2020 RS Plan.
- As notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, which would include holding in Shares and underlying Shares of (i) any options granted to the Directors pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted to the Directors pursuant to the 2018 RS Plan and the 2020 RS Plan and assuming full vesting of these grants. This column excludes the underlying Shares of the Proposed Grants.
- As notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, which would include holding in Shares and underlying Shares of (i) any options granted to the Directors pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted to the Directors pursuant to the RS Plan and the 2020 RS Plan and assuming full vesting of these grants. This column excludes the underlying Shares of the 2023 Proposed Grants to EDs and 2023 Proposed Grants to INEDs.

LETTER FROM THE BOARD

4. As notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, which would include holding in Shares and underlying Shares of (i) any options granted to the Directors pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted to the Directors pursuant to the 2018 RS Plan and the 2020 RS Plan, and assuming full vesting of these grants. This column includes the underlying Shares of the Proposed Grants.
5. Includes (i) 88,325,531 Shares held directly by Dr. Yu, (ii) 9,000,000 Shares held by Gloria Bingqinzi Yu as trustee of Yu Tong Family Irrevocable Trust, of which Dr. Yu and his spouse are the grantors, and (iii) 12,422,595 Shares held by The Bryn Mawr Trust Company of Delaware as trustee of (a) Madrone Grove Dynasty Trust, and (b) Jenelope Dynasty Trust, of which Dr. Yu and his spouse are the grantors.
6. These Shares are held directly by Mr. Ede.
7. These Shares are directly held by Ms. Hsu.
8. These Shares are held directly by Dr. Cooney.
9. These Shares are directly held by Dr. Chen.
10. This figure excludes the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula.
11. This figure excludes the 2023 Proposed Grant to Mr. Zieziula but includes the 2022 Proposed Grant to Mr. Zieziula.
12. This figure is calculated based on the total number of issued Shares of the Company as at the Latest Practicable Date, being 1,540,604,450 Shares, and is not the arithmetic total of the figures in this column.
13. This figure is based on the total number of issued Shares as at the Latest Practicable Date and assuming full issuance of all Shares underlying the Restricted Shares granted under the Proposed Grants, and without taking into account Shares which may be repurchased or issued by the Company (except for the Proposed Grants). It is not the arithmetic total of the figures in this column.
14. None of the other Shareholders are core connected persons of the Company.

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

Directors' views

Given that the Directors believe that the Proposed Grants will retain, motivate and incentivize Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula and will benefit the long term development of the Group, the Directors consider that the terms of the Proposed Grants are fair and reasonable and in the interests of the Shareholders as a whole.

Independent Board Committees and Independent Financial Adviser

Independent Board Committee A, comprising Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2023 Proposed Grants to EDs.

LETTER FROM THE BOARD

Independent Board Committee B, comprising Dr. Cooney, Dr. Chen and Mr. Zieziula, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2023 Proposed Grant to Ms. Hsu.

Independent Board Committee C, comprising Ms. Hsu, Dr. Chen and Mr. Zieziula, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2023 Proposed Grant to Dr. Cooney.

Independent Board Committee D, comprising Dr. Cooney, Ms. Hsu and Mr. Zieziula, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2023 Proposed Grant to Dr. Chen.

Independent Board Committee E, comprising Dr. Cooney, Ms. Hsu and Dr. Chen, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula.

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

Listing Approval

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

Information about the Company

The Company is a biopharmaceutical company committed to developing and commercializing high-quality innovative therapeutics that are affordable to ordinary people. Founded in 2011 by Dr. Yu, the Company has instituted global quality standards in every aspect of our business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of research, CMC, clinical development and commercialization capabilities.

PROPOSED ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

As disclosed in the announcement of the Company dated May 29, 2023, the Board proposed to amend certain provisions of its Articles of Association by way of adoption of the New M&A to (i) bring the Articles of Association in line with amendments made to Appendix 3 to the Listing Rules which came into effect on January 1, 2022; (ii) provide flexibility to the Company in relation to the conduct of general meetings; and (iii) make other consequential and housekeeping changes.

LETTER FROM THE BOARD

The proposed adoption of the New M&A is subject to the approval of the Shareholders by way of a special resolution at the AGM.

The full text of the New M&A shown as a comparison against the Articles of Association is set out in Appendix III to this circular. The Chinese translation of the New M&A is for reference only. In case of any discrepancy or inconsistency between the English and Chinese versions, the English version shall prevail. Prior to the passing of the special resolution at the AGM, the Articles of Association shall remain valid.

The Company has been advised by its legal advisers that the proposed New M&A conform with the relevant parts of Appendix 3 to the Listing Rules and on the whole, are not inconsistent with the laws of the Cayman Islands and the Listing Rules, respectively. The Company also confirms that there is nothing unusual about the proposed amendments to the Articles of Association for a company listed on the Stock Exchange.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

Approval from the Independent Shareholders will be sought at the AGM for the Proposed Grants. The notice of the Annual General Meeting is set out on pages 166 to 174 of this circular.

For determining the eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, June 16, 2023 to Wednesday, June 21, 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of Shares are required to lodge all transfer documents accompanied by the relevant share certificates and properly completed transfer forms with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, June 15, 2023.

PROXY ARRANGEMENT

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://innoventbio.com/>). Whether or not you intend to attend the Annual General Meeting, you are required to complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting (i.e. not later than 9:00 a.m. on Monday, June 19, 2023) or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting if you so wish and in such event the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors consider that the proposed resolutions including the granting of the Share Buy-back Mandate, the granting/extension of the Issue Mandate and the re-election of retiring Directors, the re-appointment of external auditor, the granting of the Proposed Grants and the adoption of the New M&A are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

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

Independent Board Committee A, having taken the advice of Gram Capital into account, considers the terms of the 2023 Proposed Grants to EDs fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee A recommends the Independent Shareholders to vote in favor of the resolution relating to the 2023 Proposed Grants to EDs. The full text of the letter from Independent Board Committee A is set out in this circular.

Independent Board Committee B, having taken the advice of Gram Capital into account, considers the terms of the 2023 Proposed Grant to Ms. Hsu fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee B recommends the Independent Shareholders to vote in favor of the resolution relating to the 2023 Proposed Grant to Ms. Hsu. The full text of the letter from Independent Board Committee B is set out in this circular.

Independent Board Committee C, having taken the advice of Gram Capital into account, considers the terms of the 2023 Proposed Grant to Dr. Cooney fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee C recommends the Independent Shareholders to vote in favor of the resolution relating to the 2023 Proposed Grants to Dr. Cooney. The full text of the letter from Independent Board Committee C is set out in this circular.

LETTER FROM THE BOARD

Independent Board Committee D, having taken the advice of Gram Capital into account, considers the terms of the 2023 Proposed Grant to Dr. Chen fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee D recommends the Independent Shareholders to vote in favor of the resolution relating to the 2023 Proposed Grants to Dr. Chen. The full text of the letter from Independent Board Committee D is set out in this circular.

Independent Board Committee E, having taken the advice of Gram Capital into account, considers the terms of the 2022 Proposed Grant to Mr. Zieziula and 2023 Proposed Grant to Mr. Zieziula fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee E recommends the Independent Shareholders to vote in favor of the resolution relating to the 2022 Proposed Grant to Mr. Zieziula and 2023 Proposed Grant to Mr. Zieziula. The full text of the letter from Independent Board Committee E is set out in this circular.

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

RESPONSIBILITY STATEMENT

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

Yours faithfully,

By order of the Board

Innovent Biologics, Inc.

Dr. De-Chao Michael Yu

Chairman of the Board and Executive Director

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

May 30, 2023

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the 2023 Proposed Grants to EDs, details of which are set out in the circular of the Company to the Shareholders dated May 30, 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Gram Capital, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Yu and Mr. Ede’s respective contributions to the Group and the terms of the 2023 Proposed Grants to EDs, we are of the view that the terms of the 2023 Proposed Grants to EDs are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the 2023 Proposed Grants to EDs are made on normal commercial terms and in the ordinary and usual course of the Group’s business, and are in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the AGM to approve the 2023 Proposed Grants to EDs.

Yours faithfully,

Charles Leland Cooney
*Independent
non-executive
Director*

Joyce I-Yin Hsu
*Independent
non-executive
Director*

Kaixian Chen
*Independent
non-executive
Director*

Gary Zieziula
*Independent
non-executive
Director*

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

May 30, 2023

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the 2023 Proposed Grant to Ms. Hsu, details of which are set out in the circular of the Company to the Shareholders dated May 30, 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Gram Capital, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Ms. Hsu’s contributions to the Group and the terms of the 2023 Proposed Grant to Ms. Hsu, we are of the view that the terms of the 2023 Proposed Grant to Ms. Hsu are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the 2023 Proposed Grant to Ms. Hsu is made on normal commercial terms and in the ordinary and usual course of the Group’s business, and is in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the AGM to approve the 2023 Proposed Grant to Ms. Hsu.

Yours faithfully,

Charles Leland Cooney
Independent non-executive
Director

Kaixian Chen
Independent non-executive
Director

Gary Zieziula
Independent non-executive
Director

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

May 30, 2023

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the 2023 Proposed Grant to Dr. Cooney, details of which are set out in the circular of the Company to the Shareholders dated May 30, 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Gram Capital, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Cooney’s contributions to the Group and the terms of the 2023 Proposed Grant to Dr. Cooney, we are of the view that the terms of the 2023 Proposed Grant to Dr. Cooney are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the 2023 Proposed Grant to Dr. Cooney is made on normal commercial terms and in the ordinary and usual course of the Group’s business, and is in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the AGM to approve the 2023 Proposed Grant to Dr. Cooney.

Yours faithfully,

Joyce I-Yin Hsu
*Independent non-executive
Director*

Kaixian Chen
*Independent non-executive
Director*

Gary Zieziula
*Independent non-executive
Director*

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(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 1801)

May 30, 2023

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the 2023 Proposed Grant to Dr. Chen, details of which are set out in the circular of the Company to the Shareholders dated May 30, 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Gram Capital, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Chen’s contributions to the Group and the terms of the 2023 Proposed Grant to Dr. Chen, we are of the view that the terms of the Proposed Grant to Dr. Chen are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the 2023 Proposed Grant to Dr. Chen is made on normal commercial terms and in the ordinary and usual course of the Group’s business, and is in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the AGM to approve the 2023 Proposed Grant to Dr. Chen.

Yours faithfully,

Joyce I-Yin Hsu
*Independent non-executive
Director*

Charles Leland Cooney
*Independent non-executive
Director*

Gary Zieziula
*Independent non-executive
Director*

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

May 30, 2023

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula, details of which are set out in the circular of the Company to the Shareholders dated May 30, 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Gram Capital, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Mr. Zieziula’s respective contributions to the Group and the terms of the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula, we are of the view that the terms of the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula are made on normal commercial terms and in the ordinary and usual course of the Group’s business, and are in the interests of the Company and its shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the AGM to approve the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula.

Yours faithfully,

Charles Leland Cooney
*Independent non-executive
Director*

Joyce I-Yin Hsu
*Independent non-executive
Director*

Kaixian Chen
*Independent non-executive
Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders in respect of the Proposed Grants for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

30 May 2023

*To: The independent board committees and independent shareholders
of Innovent Biologics, Inc.*

Dear Sir/Madam,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in respect of the Proposed Grants, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 30 May 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 1 June 2022, the Company granted 117,045 options and 14,631 Restricted Shares to Mr. Zieziula under the 2020 RS Plan, representing approximately 0.0080% and 0.0010% of the total number of issued Shares as at the date of grant, subject to acceptance and the Independent Shareholders’ approval at the general meeting of the Company to be held to consider such grant (as the case may be).

On 30 March 2023 (the “**Grant Date**”), the Company granted 2,430,000 Restricted Shares to Dr. Yu and 670,000 Restricted Shares to Mr. Ede under the 2020 RS Plan, representing approximately 0.1583% and 0.0436% of the total number of issued Shares as at the Grant Date respectively, subject to acceptance and the Independent Shareholders’ approval at the AGM.

On the same date, the Company also granted 4,496 Restricted Shares to Ms. Hsu, 4,496 Restricted Shares to Dr. Cooney, 1,798 Restricted Shares to Dr. Chen, and 19,482 Restricted Shares to Mr. Zieziula under the 2020 RS Plan on the Grant Date, each representing less than 0.01% of the total number of issued Shares as at the Grant Date respectively, subject to acceptance and the Independent Shareholders’ approval at the AGM.

LETTER FROM GRAM CAPITAL

In addition to the Proposed Grants, the Company also granted 1,620,000 options to Dr. Yu, 440,000 options to Mr. Ede, 35,966 options to Ms. Hsu, 35,966 options to Dr. Cooney, 14,386 options to Dr. Chen and 155,854 options to Mr. Zieziula.

With reference to the Board Letter, the Proposed Grants constitute connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committees have been established to advise the Independent Shareholders on (i) whether the terms of the Proposed Grants are on normal commercial terms and are fair and reasonable; (ii) whether the Proposed Grants are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Proposed Grants at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committees and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Proposed Grants. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the 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 therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Directors or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Grants. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposed Grants, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

With reference to the Board Letter, the Company is a biopharmaceutical company committed to developing and commercializing high-quality innovative therapeutics that are affordable to ordinary people. The Company has instituted global quality standards in every aspect of its business operations, and has built a fully-integrated multi-functional biopharmaceutical platform consisting of research, CMC (chemistry, manufacturing and control), clinical development and commercialization capabilities.

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

LETTER FROM GRAM CAPITAL

2. Information on the grantees of the Proposed Grants

The grantees of the Proposed Grants are all members of the Board. Set out below is the grantees' summarized information based on the Company's annual report for the year ended 31 December 2022 (the "2022 Annual Report") and the Board Letter. Please refer to the 2022 Annual Report and the Board Letter for their detailed background and biography.

Dr. Yu

Dr. Yu is the founder, an executive Director, the chairman of the Board, the chief executive officer of the Company, the chairman of each of the Nomination Committee and Strategy Committee and a member of the Remuneration Committee.

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

Dr. Yu is an inventor of over 60 issued patents and patent applications, and has published more than 50 SCI scientific articles and book chapters. Dr. Yu has been an independent non-executive director of Cheerwin Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 6601) from February 2021 to October 2022, an independent non-executive director of BabyTree Group (a company listed on Main Board of the Stock Exchange with stock code: 1761) from June 2018 to May 2023 and served as an independent director at PharmaBlock Sciences (Nanjing), Inc. (a company listed on the Shenzhen Stock Exchange with stock code: 300725) from December 2015 to May 2018.

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

LETTER FROM GRAM CAPITAL

Mr. Ede

Mr. Ede is an executive Director, the chief financial officer of the Company and a member of the Strategy Committee. Mr. Ede joined the Group on 1 January 2018 and is responsible for finance, investor relations, information technology and channel management of the Group. Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Ltd. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited. Mr. Ede is a fellow member of the Institute of Singapore Chartered Accountants and an A-Share independent director certified by the Shenzhen Stock Exchange. Mr. Ede has held directorships in the following listed companies outside of the Group:

- Mindray Medical International Limited (a company previously listed on the New York Stock Exchange (the “NYSE”) and is currently listed on the Shenzhen Stock Exchange with stock code: 300760) as an independent non-executive director since 2006; and resigned as an independent non-executive director in 2016 after the company was privatized from the NYSE. In 2017, he rejoined the board as an independent non-executive director for Mindray; and
- Dawnrays Pharmaceutical (Holding) Ltd. (a company listed on the Stock Exchange with stock code: 2348) as a non-executive director since 2015. In 2017, Mr. Ede was re-designated as an independent non-executive director.

Dr. Cooney

Dr. Cooney is an independent non-executive Director, a member of each of the Nomination Committee, Audit Committee and Strategy Committee. Dr. Cooney was appointed to the Board of the Company on 18 October 2015 and is responsible for providing independent opinion and judgment to the Board.

Dr. Cooney joined the faculty of the Massachusetts Institute of Technology as an assistant professor in 1970, becoming full professor in 1982. His teaching focuses on the bioprocess development and manufacturing and technological innovation, and his research interests include biochemical engineering and pharmaceutical manufacturing.

Dr. Cooney is a consultant to multiple biotech and pharmaceutical companies and sits on the boards of Codiak BioScience (a company listed on the NASDAQ with the symbol CDAK) and GreenLight Bioscience (a company listed on the NASDAQ with the symbol GRNA) and also on the boards of private companies such as Hovione and LayerBio, and is an adviser to the Singapore MIT Alliance for Research and Technology (SMART) Innovation Center.

LETTER FROM GRAM CAPITAL

Dr. Chen

Dr. Chen is an independent non-executive Director, the member of each of the Nomination Committee, Audit Committee and Remuneration Committee of the Company. Dr. Chen was appointed to the Board of the Company on 18 October 2018 and is responsible for providing independent opinion and judgment to the Board.

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

Ms. Hsu

Ms. Hsu is an independent non-executive Director, the chairwoman of each of the Audit Committee and Remuneration Committee of the Company. Ms. Hsu was appointed to the Board of the Company on 18 October 2018 and is responsible for providing independent opinion and judgment to the Board.

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

Mr. Zieziula

Mr. Zieziula is an independent non-executive Director, a member of each of the Audit Committee and the Strategy Committee of the Company. Mr. Zieziula was appointed to the Board of the Company on 1 June 2022.

Mr. Zieziula has over 40 years of sales and operations experience in the pharmaceutical industry and had worked for industry leaders across Europe and North America. He had been the president of Kyowa Kirin USA Holdings, Inc. from April 2020 to April 2023 and the non-executive director from June 2019 to April 2020. Mr. Zieziula previously was the chief commercial officer of EMD Serono from January 2014 to January 2016, and the president and managing director from January 2016 to January 2019. He had been an independent provider of executive advisory services to pharmaceutical and biotech companies from December 2012 to January 2014. Mr. Zieziula served as the chief commercial officer and the executive vice president of AMAG Pharmaceuticals, Inc. from April 2010 to December 2012. Prior to that, he worked for Roche Laboratories Inc. from October 2001 to June 2008. From June 1998 to October 2001, he served as the vice president in managed healthcare sales and marketing for Bristol Myers Squibb. Prior to that, Mr. Zieziula spent 16 years at Merck & Co. where he had positions of increasing responsibility in sales and marketing.

LETTER FROM GRAM CAPITAL

3. Reasons for and benefits of the Proposed Grants

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

We noted from the website of the Stock Exchange that it is common practice among biotech companies listed on the Stock Exchange under Chapter 18A of the Listing Rules to grant restricted shares to their personnel and employees (in particular their executive directors and chief executive officers).

As also advised by the Directors, the Proposed Grants will preserve the cash resources for the Group's operations, after considering the loss-making performance and negative cash flow from operating activities of the Group since the Listing.

2023 Proposed Grants to EDs

With reference to the Board Letter, the 2023 Proposed Grants to EDs are part of the Company's remuneration policy. The purpose of such grants is to closely align the interests and benefits of the Company and its employees in order to maximize the motivation of the EDs. The 2023 Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognize their contribution to the growth of the Company.

As discussed with the Directors, the Board considered that the retention and motivation of Dr. Yu and Mr. Ede as an indispensable part of the senior management of the Group and in light of the Group's progress since the Listing is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of leadership. The 2023 Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Group and to recognise their contribution to the growth of the Group.

The Board proposed to remunerate Dr. Yu and Mr. Ede with the 2023 Proposed Grants to EDs after considering the benefits of granting the Restricted Shares. The grant of the Restricted Shares will provide Dr. Yu and Mr. Ede with certainty of monetary benefits. Such grant that can be realised and is readily available at the end of the vesting period is akin to payment of a deferred bonus and hence an effective incentive. In addition, the 2023 Proposed Grants to EDs will further align the interests of Dr. Yu and Mr. Ede and the long-term interests of the Shareholders, ensuring a better linkage between the Group's long-term strategic and financial goals and executive compensation.

LETTER FROM GRAM CAPITAL

The 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grants to INEDs

The 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grants to INEDs form part of the remuneration to the independent non-executive Directors and has been approved by the Remuneration Committee of the Company. The 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grants to INEDs are granted in light of the continued progress and performance of the Company and aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

Having considered the factors as abovementioned, we concur with the Directors that the Proposed Grants are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Proposed Grants

4.1 The 2023 Proposed Grants to EDs

Set out below are the key terms of the 2023 Proposed Grants to EDs, details of which are set out in the section headed “The 2023 Proposed Grants to EDs” of the Board Letter.

4.1.1 Date of grant

30 March 2023

4.1.2 Number of Restricted Shares granted

Table 1: Number of Restricted Shares granted to Dr. Yu and Mr. Ede

Name	Relationship with the Group	Number of Restricted Shares (% to the total share capital of the Company as at the Grant Date)
Dr. Yu	Chairman, Executive Director and Chief Executive Officer	2,430,000 (0.1583%)
Mr. Ede	Executive Director and Chief Financial Officer	670,000 (0.0436%)

LETTER FROM GRAM CAPITAL

To assess the fairness and reasonableness of the number of Restricted Shares granted to Dr. Yu and Mr. Ede, we conducted the following analyses:

Dr. Yu

The remuneration of Dr. Yu

Set out below is a breakdown of the remuneration of Dr. Yu for the year ended 31 December 2022 (“FY2022”) as provided by the Company:

Table 2: Breakdown of the remuneration of Dr. Yu for FY2022

	Salaries and other allowances	Performance related bonus	Share-based payment expenses	Total	Notes
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	
Cash	2,899	30,061	–	32,960	1
Options					
– granted in 2019	–	–	16,100	16,100	2 and 6
– granted in 2020	–	–	10,100	10,100	3 and 6
– granted in 2021	–	–	11,000	11,000	4 and 6
– granted in 2022	–	–	5,600	5,600	5 and 6
Restricted shares					
– granted in 2019	–	–	29,800	29,800	2 and 6
– granted in 2020	–	–	11,200	11,200	3 and 6
– granted in 2021	–	–	12,000	12,000	4 and 6
– granted in 2022	–	–	12,600	12,600	5 and 6
Total	2,899	30,061	108,400	141,360	

Notes:

- The figures were extracted from the 2022 Annual Report.
- The Company announced grants of the Restricted Shares and the options to Dr. Yu on 2 May 2019 and 15 March 2019 respectively. The total average economic value of these grants to Dr. Yu for FY2022 was approximately RMB45.9 million, comprising (i) the Restricted Shares of approximately RMB29.8 million (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of 5 years); and (ii) the options of approximately RMB16.1 million (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 4 years).
- The Company announced grants of the Restricted Shares and the options to Dr. Yu on 15 April 2020. The total average economic value of these grants to Dr. Yu for FY2022 was approximately RMB21.3 million, comprising (i) the Restricted Shares of approximately RMB11.2 million (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of up to 4 years); and (ii) the options of approximately RMB10.1 million (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 4 years).

LETTER FROM GRAM CAPITAL

4. The Company announced grants of the Restricted Shares and the options to Dr. Yu on 30 March 2021. The total average economic value of these grants to Dr. Yu for FY2022 was approximately RMB23.0 million, comprising (i) the Restricted Shares of approximately RMB12.0 million (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of up to 4 years); and (ii) the options of approximately RMB11.0 million (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 4 years).
5. The Company announced grants of the Restricted Shares and the options to Dr. Yu on 30 March 2022. The total average economic value of these grants to Dr. Yu for FY2022 was approximately RMB18.2 million, comprising (i) the Restricted Shares of approximately RMB12.6 million (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of up to 4 years); and (ii) the options of approximately RMB5.6 million (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 4 years).
6. The economic values as mentioned in notes 2, 3, 4 and 5 in Table 2 are different from the reported share-based payment expenses as shown in the financial statements of the Company in the annual reports for the years ended 31 December 2019, 2020, 2021 and 2022. Given the remuneration of Dr. Yu in relation to the share-based payment expenses was determined at the time when the Restricted Shares and the options were granted and, for the purpose of assessing the remuneration of Dr. Yu, we are of the view that the average economic values as at the date of granting of the Restricted Shares and the options, but not the value as shown in the financial statements, are more appropriate.
7. The exchange rates of HK\$ to RMB as at the respective date of grants (or its previous date) as published by The People's Bank of China have been used for currency conversion.

As shown in Table 2, the total remuneration of Dr. Yu for FY2022 was approximately RMB141.4 million.

Based on the maximum 2,430,000 Restricted Shares granted to Dr. Yu and the closing price of the Shares of HK\$35.05 (equivalent to approximately RMB30.76) per Share as at the Grant Date, the maximum total value of the Proposed Grants to Dr. Yu will be approximately RMB74.7 million. With a vesting period of the Restricted Shares of up to 4 years, the average economic value of the Restricted Shares to Dr. Yu will be up to approximately RMB18.7 million per year.

In addition to the above, on 30 March 2023, the Company granted 1,620,000 options of the Company to Dr. Yu with an exercise price of HK\$38.39 (equivalent to approximately RMB33.69) per Share. 75% of the options shall vest on 30 March 2026 and 25% of the options shall vest on 30 March 2027. Each vesting of the options granted to Dr. Yu will be subject to the individual annual performance targets as stipulated in the respective grant letters entered into by the Company and Dr. Yu. According to a valuation report on the aforesaid options (the “**Options Valuation Report**”) prepared by an independent professional valuer, the fair value of the options granted to Dr. Yu as at the Grant Date was approximately RMB24.4 million. We obtained the Options Valuation Report and noted that the independent professional valuer adopted binominal tree valuation approach in the valuation of the options granted to Dr. Yu with parameters such as exercise price, risk-free rate, time to maturity, volatility, etc.. Assuming the options granted to Dr. Yu are fully vested, the average economic value of these options will be approximately RMB6.1 million per annum over the four-year vesting period.

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Based on (i) the current remuneration of Dr. Yu of approximately RMB141.4 million for FY2022; (ii) the average economic value of the Restricted Shares under the Proposed Grants to Dr. Yu of up to approximately RMB18.7 million per annum; and (iii) the average economic value of the options granted to Dr. Yu on the Grant Date of up to approximately RMB6.1 million per annum, the hypothetical annual total remuneration of Dr. Yu amounted to approximately RMB166.2 million.

Comparison of number of Restricted Shares previously granted to Dr. Yu

The Shares of the Company was listed on the Stock Exchange on 31 October 2018. Upon the Listing, the Company granted share options and Restricted Shares to Dr. Yu each year during 2019 to 2022. We summarized number of Restricted Shares previously granted to Dr. Yu as follows:

Table 3: Number of Restricted Shares previously granted to Dr. Yu

Year	Dr. Yu	Market value as at the date of grant (approximately HK\$'million)
2019	6,901,796	173.58
2020	1,450,000	49.23
2021	725,000	56.70
2022	2,032,334	62.19
2023	2,430,000	85.17

According to Table 3, the value of Restricted Shares (based on the closing price as at the date of grant) previously granted to Dr. Yu moved in an increasing trend (save as and except for the value of grant in 2019).

In addition, the increase in value of Restricted Shares (based on the closing price as at the date of grant) for Dr. Yu under the 2023 Proposed Grants to EDs as compared to the grant of Restricted Shares to Dr. Yu in 2022 (i.e. approximately 37.0%) was not deviated from the average increase in Dr. Yu's cash compensation (the summation of salaries and other allowances; and performance related bonus) of approximately 36.8% from 2020 to 2022.

Comparison with other share awards/restricted share units granted to directors and chief executives of listed issuers

For the purpose of comparing the Proposed Grants with other connected transactions undertaken by companies listed on the Stock Exchange involving share awards granted/restricted share units to directors (i.e. executive director(s) (“ED(s)”), non-executive director(s) (“NED(s)”) and independent non-executive director(s) (“INED(s)”) and chief executives (i.e. chief executive officer (“CEO”), chief financial officer (“CFO”) and other

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chief executives (“**CXO(s)**”)) by issuance of new shares (issuance of A shares are excluded), we searched for connected transactions involving share awards/restricted share units granted to directors and chief executives which were announced by companies listed on the Main Board of the Stock Exchange (the “**Comparable Transactions**”) during the period from 1 January 2023 up to the Grant Date (being an approximate three-month period up to and including the Grant Date) and with available information in respect of at least (i) number of share awards/restricted share units to be granted to such persons; and (ii) information on vesting period. We consider the three-month period reflect the recent market practice for share incentives and the number of Comparable Transactions is sufficient for us to form our view.

To the best of our knowledge and as far as we are aware of, we found 9 Comparable Transactions which met the said criteria and they are exhaustive, fair and representative. Although the business nature and market capitalisation of the Comparable Transactions may be different from that of the Company, the analysis below, in our view, demonstrates the recent market practice in relation to grants of restricted share units and/or awarded shares to connected person(s) and therefore an appropriate basis in assessing the fairness and reasonableness of the certain terms of the Proposed Grants.

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Table 4: Comparable Transactions

Date of announcement	Company name (stock code)	Vesting period	Percentage of the shares to be granted to individual connected person(s) to the total share capital of the listed company (Note 1)	Minimum percentage of the shares to be granted in any vesting period to individual connected person(s) to the total share capital of the listed company (Note 2)	Grant price
10 January 2023	Century Sage Scientific Holdings Limited (1450)	(i) 34% of the award shares will be vested by 30 April 2024/31 July 2023;	EDs: 3.0000% and 0.0763%	EDs: 0.9900% and 0.02520%	Nil
		(ii) 33% of the award shares will be vested by 30 April 2025/31 July 2024; and			
		(iii) 33% of the award shares will be vested by 30 April 2026/31 July 2025			
12 January 2023	Sino-Entertainment Technology Holdings Limited (6933)	(i) 20% of the awarded shares shall be vested on 28 December 2023;	ED & CEO: 0.1430% Other ED: 0.9776% NED: 0.6843%	ED & CEO: 0.0286% Other ED: 0.1955% NED: 0.1369%	US\$0.0001 per award share
		(ii) 30% of the awarded shares shall be vested on 28 December 2023; and			

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Date of announcement	Company name (stock code)	Vesting period	Percentage of the shares to be granted to individual connected person(s) to the total share capital of the listed company <i>(Note 1)</i>	Minimum percentage of the shares to be granted in any vesting period to individual connected person(s) to the total share capital of the listed company <i>(Note 2)</i>	Grant price
		(iii) 50% of the awarded shares shall be vested on 28 December 2025 subject to the terms of the share award plan and upon satisfaction of the vesting conditions/ performance targets			
18 January 2023	Genscript Biotech Corporation (1548)	The shares will be vested in three batches and the last batch will be vested on 17 December 2025	NEDs: 0.0007% INEDs: 0.0007%	NEDs: 0.0002% INEDs: 0.0002%	Nil
19 January 2023	Fosun Tourism Group (1992)	(i) 33% on 1 February 2024; (ii) 33% on 1 February 2025; and (iii) 34% on 1 February 2026.	ED & Co-CEO: 0.0266% ED & CFO: 0.0097% Other EDs: 0.0201% to 0.0403% NEDs: 0.0081%	ED & Co-CEO: 0.0088% ED & CFO: 0.0032% Other EDs: 0.0066% to 0.0133% NEDs: 0.0027%	Nil

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Date of announcement	Company name (stock code)	Vesting period	Percentage of the shares to be granted to individual connected person(s) to the total share capital of the listed company <i>(Note 1)</i>	Minimum percentage of the shares to be granted in any vesting period to individual connected person(s) to the total share capital of the listed company <i>(Note 2)</i>	Grant price
16 February 2023	Yum China Holdings, Inc. (9987 & NYSE:YUMC)	<p>For restricted share units:</p> <p>Contingent on continuing service, the restricted share units shall either vest in equal installments on each of the first three anniversaries of the date of grant, or 50% on each of the second and third anniversaries of the date of the grant.</p> <p>For performance share units:</p> <p>Contingent on continuing service, the performance share units shall vest if performance goals relating to relative total shareholder return and select strategic imperatives are achieved during the performance period, commencing on January 1, 2023 and ending on December 31, 2025. Based on performance, vesting may range from 0% to 200% of the number of performance share units granted to such Grantee.</p>	Director & CEO: 0.0346%	Director & CEO: 0.0064%	Nil

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Date of announcement	Company name (stock code)	Vesting period	Percentage of the shares to be granted to individual connected person(s) to the total share capital of the listed company <i>(Note 1)</i>	Minimum percentage of the shares to be granted in any vesting period to individual connected person(s) to the total share capital of the listed company <i>(Note 2)</i>	Grant price
7 March 2023	IMAX China Holding, Inc. (1970)	For restricted share units: (i) 33.33% on 7 March 2024; (ii) 33.33% on 7 March 2025; and (iii) 33.34% on 7 March 2026. For performance share units:	ED & CXO: 0.0615% CEO: 0.1785%	ED & CXO: 0.0205% CEO: 0.0595%	Nil
28 March 2023	KANZHUN LIMITED (2076)	Information not available Subject to grantee's continued employment relationship with the company, (i) 25% of the award shares will be vested on 27 March 2024; (ii) 25% of the award shares will be vested on 27 March 2025; (iii) 25% of the award shares will be vested on 27 March 2026; and (iv) 25% of the award shares will be vested on 27 March 2027	ED & CXO: 0.0111%	ED & CXO: 0.0028%	Nil

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Date of announcement	Company name (stock code)	Vesting period	Percentage of the shares to be granted to individual connected person(s) to the total share capital of the listed company <i>(Note 1)</i>	Minimum percentage of the shares to be granted in any vesting period to individual connected person(s) to the total share capital of the listed company <i>(Note 2)</i>	Grant price
30 March 2023	ManpowerGroup Greater China Limited (2180)	Scheme I: 30 March 2026, subject to the relevant 2023 grantee remaining as a director or employee of the company or its subsidiaries as at the vesting date. Scheme II: The aggregate restricted share units shall be vested in two tranches, among which, 50% of restricted share units granted shall vest on 30 March 2024 and another 50% granted shall vest on 30 March 2025 subject to certain vesting conditions.	ED & CEO: 0.2699% INEDs: 0.0173% Other directors: 0.0173%	Scheme I: ED & CEO: 0.1349% INEDs: 0.0087% Other directors: 0.0087% Scheme II: ED and CEO: 0.0675% INEDs: 0.0043% Other directors: 0.0043%	Nil
30 March 2023	ASMPT Limited (522)	The vesting period of the awarded shares for the selected employees is shorter than 12 months.	ED & CXO: 0.0163% ED & CEO: 0.0280%	Information not available	Nil
		Minimum (ED & CEO and/or CEO)	0.0266%	0.0088%	
		Maximum (ED & CEO and/or CEO)	0.2699%	0.1349%	
		Minimum (CFO & CXO and other ED)	0.0097%	0.0028%	
		Maximum (CFO & CXO and other ED)	3.0000%	0.9900%	

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Date of announcement	Company name (stock code)	Vesting period	Percentage of	Minimum	Grant price
			the shares to be granted to individual connected person(s) to the total share capital of the listed company (Note 1)	percentage of the shares to be granted in any vesting period to individual connected person(s) to the total share capital of the listed company (Note 2)	
		Minimum (INEDs)	0.0007%	0.0002%	
		Maximum (INEDs)	0.0173%	0.0087%	
30 March 2023	Dr. Yu	Detailed in the section headed "Vesting period"	0.1583%	0.0396%	Nil
	Mr. Ede		0.0436%	0.0109%	Nil
	Ms. Hsu		0.0003%	0.0001%	Nil
	Dr. Cooney		0.0003%	0.0001%	Nil
	Dr. Chen		0.0001%	0.00004%	Nil
	Mr. Zieziula		0.0013%	0.0004%	Nil

Source: the Stock Exchange's website

Notes:

1. The percentage of the shares to be granted to individual connected person(s) to the total share capital of the listed company was calculated based on the value of ordinary shares to be granted to each individual connected persons, the value of the ordinary shares and the number of ordinary shares of the list company as at the date of announcement (or the latest public information prior to the announcement).
2. The minimum percentage of the shares to be granted in any vesting period to individual connected person(s) to the total share capital of the listed company was calculated based on the value of ordinary shares to be granted to each individual connected persons, the value of the ordinary shares and the number of ordinary shares of the list company as at the date of announcement (or the latest public information prior to the announcement).

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As depicted in Table 4, (i) the percentage of restricted share units or award shares granted to ED & CEO and/or CEO to total issued shares ranged from approximately 0.0266% to 0.2699% (or approximately 0.0088% to 0.1349% after taking into account of the vesting period) (the “**ED&CEO RSU Range**”); (ii) the percentage of restricted share units or award shares granted to CFO & CXO and other ED to total issued shares ranged from approximately 0.0097% to 3.0000% (or approximately 0.0028% to 0.9900% after taking into account of the vesting period) (the “**CFO&CXO&ED RSU Range**”); (iii) the percentage of restricted share units or award shares granted to INEDs to total issued shares ranged from approximately 0.0007% to 0.0173% (or approximately 0.0002% to 0.0087% after taking into account of the vesting period) (the “**INED RSU Range**”).

The number of Restricted Shares granted to Dr. Yu was approximately 0.1583% (or approximately 0.1188% in maximum (i.e. 75% of the Restricted Shares shall be vested on 30 March 2026, subject to performance targets) after taking into account of the vesting period) of the total issued Shares as at the Grant Date fell within the ED&CEO RSU Range.

Comparison of total remuneration of chief executive officer of other biotech companies

The Company is a biopharmaceutical company and was listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules in 2018. We compared the remuneration package of Dr. Yu with those of executive director and chief executive officer (the “**Comparable CEO(s)**”) of biotech companies currently or previously listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules on or before the Grant Date (the “**CEO Comparable Companies**”). For the executive director and chief executive officer of the CEO Comparable Companies which resigned or was appointed during the most recent financial year, their remunerations were not on a full-year basis, which are considered not comparable to that of the Company and therefore are excluded from the CEO Comparable Companies analysis. We are of the view that the list of the CEO Comparable Companies below is exhaustive, fair and representative based on the selection criteria as set out above.

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Table 5: Remuneration package of Comparable CEOs

Company name (stock code)	Title of the chief executive officer	Remuneration package for the most recent financial year					Revenue for the most recent financial year (RMB million)
		Total remuneration (A) = (B) + (C) (RMB million)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB million)	Share-based payment (C) (RMB million)	Percentage of share-based payment to total remuneration (C)/(A)		
1 Abbisko Cayman Ltd. (2256)	Co-founder, executive director, chairman of the board and chief executive officer	39.0	10.6	28.4	72.9%	0.0	
2 Acotec Scientific Holdings Limited (6669)	Executive director, chairperson of the board and chief executive officer	2.8	2.8	–	0.0%	395.5	
3 Akeso, Inc. (9926)	Key founder, executive director, chairwoman of the board, president and chief executive officer	5.3	5.3	–	0.0%	837.7	
4 Alphamab Oncology (9966)	Founder, executive director, chairman of the board and chief executive officer	6.8	6.8	–	0.0%	166.8	
5 Antengene Corporation Limited (6996)	Founder, executive director, chairman of the board and chief executive officer	15.4	9.5	5.9	38.1%	160.1	
6 Ascentage Pharma Group International (6855)	Co-founder, executive director, chairman of the board and chief executive officer	4.0	4.0	–	0.0%	209.7	
7 Asclepis Pharma Inc. (1672)	Founder, executive director, chairman of the board and chief executive officer	22.6	22.6	–	0.0%	54.1	
8 BeiGene, Ltd. (6160 & SH688235 & NASDAQ: BGNE)	Co-founder, executive director, chairman of the board and chief executive officer	114.1	14.2	99.9	87.5%	9,861.3	
9 Beijing Airdoc Technology Co., Ltd. (2251)	Founder, executive director, chairman of the board and chief executive officer	0.5	0.5	–	0.0%	113.7	
10 Brii Biosciences Limited (2137)	Executive director, chairman of the board and chief executive officer	14.3	9.4	4.9	34.2%	51.6	

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Company name (stock code)	Title of the chief executive officer	Remuneration package for the most recent financial year					Revenue for the most recent financial year (RMB million)
		Total remuneration (A) = (B) + (C) (RMB million)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB million)	Share-based payment (C) (RMB million)	Percentage of share-based payment to total remuneration (C)/(A)		
11 Broncus Holding Corporation (2216)	Executive director, chief executive officer and general manager	2.1	2.1	–	0.0%	65.6	
12 CANbridge Pharmaceuticals Inc. (1228)	Executive director, chairman of the board and chief executive officer	13.1	5.1	8.0	61.2%	79.0	
13 CanSino Biologics Inc. (6185 & SH688185)	Co-founder, executive director, chairman of the board, chief executive officer and general manager	4.9	4.9	–	0.0%	1,031.0	
14 CARsgen Therapeutics Holdings Limited (2171)	Co-founder, executive director, chairman of the board, chief executive officer and chief scientific officer	2.0	2.0	–	0.0%	0.0%	
15 Clover Biopharmaceuticals, Ltd. (2197)	Executive director, chief executive officer and controlling shareholder	30.3	8.1	22.1	73.1%	0.0	
16 Genor Biopharma Holdings Limited (6998)	Executive director, chairman of the board and chief executive officer	32.2	7.4	24.8	77.1%	15.9	
17 HBM Holdings Limited (2142)	Principal founder, executive director, chairman of the board and chief executive officer	10.6	5.7	4.8	45.9%	283.2	
18 Hua Medicine (2552)	Founder, executive director, chief executive officer and chief scientific officer	22.6	11.2	11.4	50.4%	17.6	
19 Immunotech Biopharm Ltd (6978)	Executive director, chief executive officer and chief technology officer	4.5	4.5	–	0.0%	0.0	
20 InnoCare Pharma Limited (9969 & SH688428)	Co-founder, executive director, chairperson of the board and chief executive officer	23.6	7.5	16.1	68.3%	625.4	

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Company name (stock code)	Title of the chief executive officer	Remuneration package for the most recent financial year					Revenue for the most recent financial year (RMB million)
		Total remuneration (A) = (B) + (C) (RMB million)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB million)	Share-based payment (C) (RMB million)	Percentage of share-based payment to total remuneration (C)/(A)		
21 Jacobio Pharmaceuticals Group Co., Ltd. (1167)	Founder, executive director, chairman of the board and chief executive officer	3.8	2.9	0.8	21.7%	95.7	
22 Jiangsu Recbio Technology Co., Ltd. (2179)	Founder, executive director, chairman of the board, general manager and chief executive officer	18.1	3.6	14.5	80.4%	0.0	
23 JW (Cayman) Therapeutics Co. Ltd (2126)	Executive director, chairman of the board and chief executive officer	31.1	5.8	25.3	81.4%	145.7	
24 Keymed Biosciences Inc. (2162)	Executive director, chairman of the board and chief executive officer	4.1	4.1	–	0.0%	100.1	
25 Kintor Pharmaceutical Limited (9939)	Co-founder, executive director, chairman of the board and chief executive officer	7.1	7.1	–	0.0%	0.0	
26 Lepu Biopharma Co., Ltd. (2157)	Executive director and chief executive officer	8.8	2.7	6.0	68.8%	15.6	
	Executive director and chief executive officer	9.3	3.2	6.0	65.1%	15.6	
27 Mabpharm Limited (2181)	Executive director, chief scientist and chief executive officer	3.3	1.1	2.2	65.6%	55.9	
28 MicroTech Medical (Hangzhou) Co., Ltd. (2235)	Founder, executive director, chairman of the board and chief executive officer	1.1	1.1	–	0.0%	173.5	
29 New Horizon Health Limited (6606)	Co-founder, executive director and chief executive officer	48.8	10.1	38.7	79.3%	765.0	
30 Ocumension Therapeutics (1477)	Executive director and chief executive officer	149.2	5.1	144.1	96.6%	159.0	
31 Peijia Medical Limited (9996)	One of the founders, executive director, chairman of the board and chief executive officer	1.5	1.5	–	0.0%	250.8	

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Company name (stock code)	Title of the chief executive officer	Remuneration package for the most recent financial year					Revenue for the most recent financial year (RMB million)
		Total remuneration (A) = (B) + (C) (RMB million)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB million)	Share-based payment (C) (RMB million)	Percentage of share-based payment to total remuneration (C)/(A)		
32 RemeGen Co., Ltd. (9995 & SH688331)	Co-founder, executive director, chief executive officer and chief scientific officer	26.5	8.2	18.3	68.9%	767.8	
33 Shanghai Bio-heart Biological Technology Co., Ltd. (2185)	Founder, executive director, chairperson of the board, chief executive officer and general manager	86.2	0.7	85.5	99.1%	0.0	
34 Shanghai HeartCare Medical Technology Corporation Limited (6609)	One of the founders, executive director, chairman of the board and chief executive officer	1.4	1.4	–	0.0%	183.0	
35 Shanghai Henlius Biotech, Inc. (2696)	Executive director, chairman of the board and chief executive officer	14.8	9.7	5.1	34.3%	3,214.7	
36 Shanghai Junshi Biosciences Co., Ltd. (1877 & SH688180)	Executive director, chief executive officer and general manager	14.8	9.2	5.6	38.0%	1,453.5	
	Co-chief executive officer	4.2	4.2	–	0.0%	1,453.5	
37 Shanghai MicroPort MedBot (Group) Co., Ltd. (2252)	Executive director, president and chief executive officer	40.5	2.5	38.0	93.8%	21.6	
38 SinoMab BioScience Limited (3681)	Founder, executive director, chairman of the board and chief executive officer	5.2	5.2	–	0.0%	0.0	
39 Sirnaomics Ltd. (2257)	Founder, executive director, chairman of the board, president and chief executive officer	4.2	3.8	0.4	9.6%	0.0	
40 TOT BIOPHARM International Company Limited (1875)	Executive director, chief executive officer and chief scientific officer	4.9	3.0	1.9	38.3%	442.2	
41 Transcenta Holding Limited (6628)	Executive director and chief executive officer	5.7	5.3	0.4	7.3%	101.9	
42 Zai Lab Limited (9688 & NASDAQ: ZLAB)	Founder, director, chairperson and chief executive officer	77.6	11.8	65.7	84.7%	1,497.7	

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Company name (stock code)	Title of the chief executive officer	Remuneration package for the most recent financial year					Revenue for the most recent financial year (RMB million)
		Total remuneration (A) = (B) + (C) (RMB million)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB million)	Share-based payment (C) (RMB million)	Percentage of share-based payment to total remuneration (C)/(A)		
43	Zhaoke Ophthalmology Limited (6622)	Executive director, chairman of the board and chief executive officer	21.2	10.0	11.3	53.1%	0.0
44	Zylox-Tonbridge Medical Technology Co., Ltd. (2190)	Executive director, chairman of the board, and chief executive officer	21.2	6.0	15.2	71.7%	334.1
45	Venus Medtech (Hangzhou) Inc. (2500)	Executive director and general manager	0.9	0.9	–	0.0%	406.5
46	MicroPort CardioFlow Medtech Corporation (2160)	Executive director and president	3.5	1.9	1.6	45.4%	251.0
47	Suzhou Basecare Medical Corporation Limited (2170)	Founder, general manager, chairman and executive director	3.0	3.0	–	0.0%	140.9
48	Rainmed Medical Limited (2297)	Chairman of the board, executive director and chief executive officer	9.5	8.1	1.3	14.0%	83.6
		Executive director and joint chief executive officer	5.5	4.9	0.6	10.8%	83.6
49	Jenscare Scientific Co., Ltd. (9877)	the chairman of the board, an executive director, the chief executive officer and the chief technology officer	221.9	2.5	219.4	98.9%	0.0
50	3D Medicines Inc. (1244)	The chairman of the board, executive director, the single largest shareholder and chief executive officer of the company and the key founder of the group	104.3	1.8	102.5	98.3%	567.4
51	Cryofocus Medtech (Shanghai) Co., Ltd. (6922)	Chairperson of the board and executive director	12.0	2.4	9.6	80.0%	27.1
52	Shandong Boan Biotechnology Co., Ltd. (6955)	Executive director, chief executive officer and chairlady of the board	6.8	3.0	3.7	55.1%	516.0
53	Biocytogen Pharmaceuticals (Beijing) Co., Ltd (2315)	Chairman of the board, executive director, chief executive officer and general manager	2.6	2.6	–	0.0%	533.9

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Company name (stock code)	Title of the chief executive officer	Remuneration package for the most recent financial year				
		Total remuneration (A) = (B) + (C) (RMB million)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB million)	Share-based payment (C) (RMB million)	Percentage of share-based payment to total remuneration (C)/(A)	Revenue for the most recent financial year (RMB million)
	Average	24.2	5.4	19.5	38.7%	495.7
	Maximum	221.9	22.6	219.4	99.1%	9,861.3
	Minimum	0.5	0.5	-	-	-
Dr. Yu		166.2	33.0	133.2	80.1%	4,556.4

(Note 2)

Source: Annual report for FY2022 of the respective CEO Comparable Companies as published on the Stock Exchange's website.

Notes:

- For illustration purpose and where applicable, conversions of the US\$ into the RMB in the table above are based on the approximate exchange rate of US\$1 to RMB6.9646 for conversion of the amounts reported in the annual reports for the most recent financial year.
- The share-based payment to Dr. Yu of approximately RMB133.2 million includes: (i) the share-based payment expense of approximately RMB108.4 million as set out in the section headed "The remuneration of Dr. Yu" above; (ii) the average economic value of the Restricted Shares under the Proposed Grants to Dr. Yu of up to approximately RMB18.7 million per annum; and (iii) the average economic value of the options granted to Dr. Yu of up to approximately RMB6.1 million per annum.

As depicted from Table 5, total remuneration of the Comparable CEOs ranged from RMB0.5 million to RMB221.9 million for FY2022 with average and median of approximately RMB24.2 million and RMB9.0 million respectively. The hypothetical annual total remuneration of Dr. Yu (i.e. approximately RMB166.2 million) was within the range and ranked second among the 54 biotech companies (i.e. the 53 CEO Comparable Companies and the Company).

As also shown in Table 5, the share-based payments to the Comparable CEOs ranged from nil to approximately RMB219.4 million, with an average of approximately RMB19.5 million. Assuming the 2023 Proposed Grant to Dr. Yu and the options granted to Dr. Yu are vested in full, the hypothetical share-based payment to Dr. Yu amounted to up to approximately RMB133.2 million. The hypothetical share-based payment to Dr. Yu was within the range and ranked third among the 54 biotech companies (i.e. the 53 CEO Comparable Companies and the Company).

In addition, the percentages of share-based payment to the total remuneration package of the Comparable CEOs are ranged from nil to approximately 99.1% with an average of approximately 38.7%. The percentage of share-based payment to the hypothetical annual total remuneration of Dr. Yu (i.e. approximately 80.1%) was within the range and ranked tenth among the 54 biotech companies (i.e. the 53 CEO Comparable Companies and the Company).

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We also noted that the cash remuneration (i.e. fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution) of Dr. Yu (i.e. RMB33.0 million) was above the range of the cash remuneration of the Comparable CEOs.

Analyses on the performance of the Group

We analysed the performance of the Group in two aspects, i.e. financial and operational performance and Share price performance, as follows:

- **Financial and operational performance:** Set out below are the Group's audited consolidated financial information for the two years ended 31 December 2022 as extracted from the Company's 2022 Annual Report:

Table 6: Key financial figures of the Group for the two years ended 31 December 2022

	For the year ended 31 December 2022	For the year ended 31 December 2021	Year-on- year change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	<i>(audited)</i>	<i>(audited)</i>	
Revenue	4,556,380	4,269,729	6.71
Loss for the year	(2,179,270)	(2,728,755)	(20.14)
Adjusted loss for the year <i>(Note)</i>	(2,461,834)	(2,028,433)	21.37

Note: The Company adopted non-International Financial Reporting Standard (“IFRS”) measures in order to more clearly illustrate the normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from year to year and company to company to the extent applicable. Non-IFRS measures are not financial measures defined under the IFRS, and represent corresponding financial measures under IFRS excluding the effect brought by certain non-cash items, such as (a) share-based compensation expenses; and (b) net foreign exchange gains or losses.

As illustrated in Table 6, the Group recorded revenue of approximately RMB4,556 million for FY2022, representing an increase of approximately 6.71% as compared to that for the year ended 31 December 2021 (“FY2021”). With reference to the 2022 Annual Report, such increase was mainly driven by continuously fast ramp-up of product sales volume, launch of new products, and increasingly higher revenue contribution of new products. The Group's revenue for FY2022 was the second highest revenue among the 54 biotech companies (i.e. the 53 CEO Comparable Companies and the Company) and was approximately 9 times of the average of those of the CEO Comparable Companies, while nearly half of CEO Comparable Companies (being 23 out of 53 CEO Comparable Companies) have yet to record meaningful revenue (not less than RMB100.0 million).

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The Group also recorded substantial decrease in loss for FY2022 of approximately 20.14% as compared to that for FY2021. With reference to the 2022 Annual Report, the decrease was primarily due to the net foreign exchange gains, partially offset by the continuous investment in research and development.

The Group's adjusted net loss for FY2022 increased from approximately RMB2,028 million for FY2021 to approximately RMB2,462 million for FY2022, representing an increase of approximately 21.37%. With reference to the 2022 Annual Report, the increase was primarily due to continuous investment in research and development.

With reference to the Board Letter, since the Listing, the Company has made significant progress with respect to its drug pipeline and business operations, and has successfully transformed from a biotech company to a leading biopharmaceutical company in China. The Company is committed to developing and commercializing high-quality innovative therapeutics that are affordable to ordinary people, and has instituted global quality standards in every aspect of the business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of research, chemistry, manufacturing and controls, clinical development and commercialization capabilities.

During 2022, the Group expanded the commercial portfolio to a total of 8 products on market with the approval for marketing of Cyramza[®] (ramucirumab) and Retsevmo[®] (selpercatinib). Labels of the other marketed drugs were also further expanded with new indications and new territories.

The Company has built a strong pipeline with over 30 innovative drug candidates, including over 20 in the oncology area and 10 in the non-oncology area. Of which, 8 products were approved, 3 assets are currently under review by the NMPA, 5 assets are in Phase 3 or pivotal clinical studies, and approximately 20 assets are in early Phase 1/2 clinical stage.

The Company has kept up with the progress of clinical development and associated pipeline data readouts were on track.

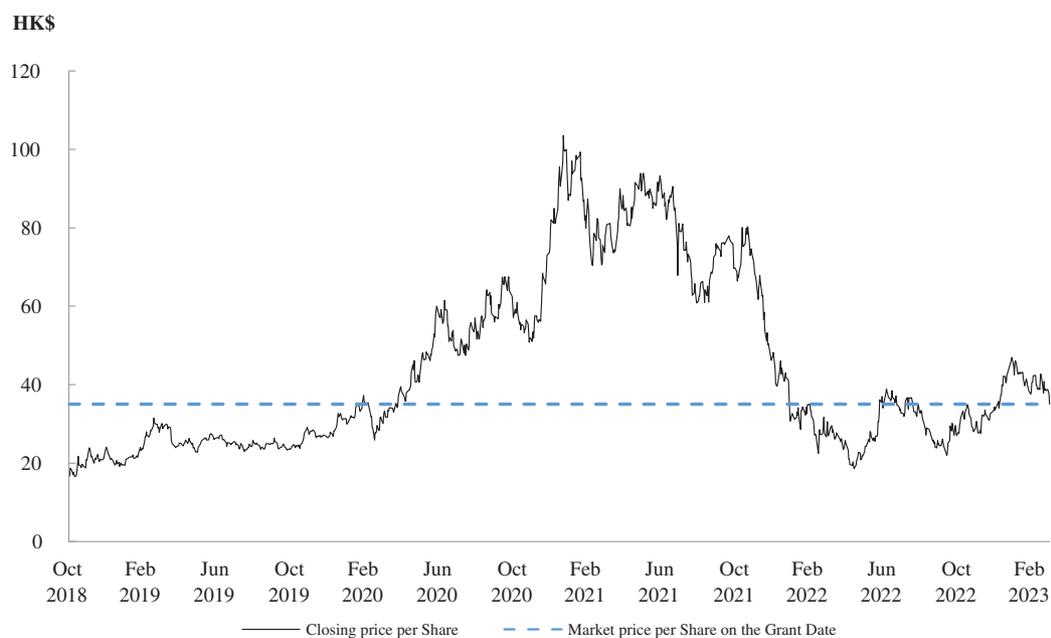
In the four years since the Company established its commercial function, the Company has established a leading position and brand franchise in the innovative biopharma industry, with a professional team of nearly 3,000 people, a commercial portfolio of eight high-quality drugs and a nationwide marketing access coverage. Meanwhile, as an industry pioneer, in 2022, the Company has proactively developed a more sustainable and healthier commercial management system, which will further improve operational efficiency and expand the scale of the business.

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- **Share price performance:** Share price is an indication of the value of the Shares held by the Shareholders. The higher the Share price, the higher the likelihood for the Shareholders to benefit from investing in the Shares as compared to the shares of peer companies. Therefore, the Share price performance is considered as one of the parameters that should be examined in the process of analysing the performance and the remuneration package of the executive Directors.

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 31 October 2018 (the “**Listing Date**”) to the Grant Date, being approximately four and a half years up to and including the Grant Date (the “**Share Review Period**”).

Historical daily closing price per Share



Source: the Stock Exchange’s website

During the Share Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$103.600 per Share recorded on 20 January 2021 and HK\$16.560 per Share recorded on 9 November 2018, with an average closing price of approximately HK\$44.074 per Share. The market price per Share on the Grant Date falls within the closing price range of the Shares and is slightly lower than the average closing price of the Shares during the Share Review Period.

Furthermore, the Company has achieved a satisfactory Share price performance since the Listing Date. Based on the initial public offer price of HK\$16.580 (equivalent to approximately RMB14.55) per Share on the Listing Date and closing price of HK\$35.05 (equivalent to approximately RMB30.76) per Share as at the Grant Date, the Share price represented a growth of approximately 111.4% to the offer price, while the share price of 42 out of the 54 biotech companies (i.e. the 53 CEO Comparable Companies and the Company) were trading below their initial public offer price as at the Grant Date.

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Conclusion on the number of Restricted Shares to Dr. Yu

Despite that Dr. Yu's hypothetical annual total remuneration is higher than the average and median remuneration of the Comparable CEOs for FY2022, having considered the following factors, including:

- (i) the number of Restricted Shares granted to Dr. Yu of the total issued Shares as at the Grant Date fell within the ED&CEO RSU Range;
- (ii) Dr. Yu's hypothetical total annual remuneration of approximately RMB166.2 million falls within the range of the total remuneration of the Comparable CEOs;
- (iii) Dr. Yu is responsible for the overall strategic planning and business direction of the Group and management of the Company.

Under the leadership of Dr. Yu, (a) the Group has continued its successful commercial operation with the second highest revenue of approximately RMB4,556.4 million among the 54 biotech companies and the revenue of the Group was approximately 9 times of the average of those of the CEO Comparable Companies, while nearly half of CEO Comparable Companies (being 23 out of 53 CEO Comparable Companies) have yet to record meaningful revenue (not less than RMB100.0 million); and (b) the share price performance of the Company has been outstanding and has recorded a growth of approximately 111.4% from the Listing Date to the Grant Date, while the share price of 42 out of the 54 biotech companies (i.e. the 53 CEO Comparable Companies and the Company) were trading below their initial public offer price as at the Grant Date.

- (iv) the cash remuneration (i.e. fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution) of Dr. Yu (i.e. RMB33.0 million) was above the range of the cash remuneration of the Comparable CEOs; and
- (v) As Dr. Yu is important to the Group, the retaining Dr. Yu is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity in leadership. In addition, the Restricted Shares granted to Dr. Yu is able to further closely align the interests and benefits of the Company and Dr. Yu in order to maximize his motivation.

The grant of Restricted Shares to Dr. Yu allows the Group to closely tie Dr. Yu's total remuneration to the performance of the Group, which is beneficial to the Company and the Shareholders as a whole. We also noted that the percentage of Dr. Yu's share-based payment to hypothetical total annual remuneration is higher than the average and median of the percentage of Comparable CEOs' share-based payment to total remuneration,

we consider that Dr. Yu's hypothetical total annual remuneration is justifiable. Accordingly, we are of the view that the number of Restricted Shares granted to Dr. Yu is fair and reasonable.

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Mr. Ede

The remuneration of Mr. Ede

Set out below is a breakdown of the remuneration of Mr. Ede for FY2022 as provided by the Company:

Table 7: Breakdown of the remuneration of Mr. Ede for FY2022

	Salaries and other allowances	Performance related bonus	Share-based payment expenses	Total	Notes
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	
Cash	2,485	4,475	–	6,960	<i>1</i>
Options					
– granted in 2019	–	–	3,700	3,700	<i>2 and 6</i>
– granted in 2020	–	–	3,100	3,100	<i>3 and 6</i>
– granted in 2021	–	–	3,600	3,600	<i>4 and 6</i>
– granted in 2022	–	–	1,500	1,500	<i>5 and 6</i>
Restricted shares					
– granted in 2020	–	–	2,500	2,500	<i>3 and 6</i>
– granted in 2021	–	–	2,600	2,600	<i>4 and 6</i>
– granted in 2022	–	–	3,500	3,500	<i>5 and 6</i>
Total	2,485	4,475	20,500	27,460	

Notes:

- The figures were extracted from the 2022 Annual Report.
- The Company announced a grant of the options to Mr. Ede on 15 March 2019. The total average economic value of the grant of the options to Mr. Ede for FY2022 was approximately RMB3.7 million (calculated based on the total economic value of the aforesaid divided by the vesting period of up to 4 years).
- The Company announced grants of Restricted Shares and options to Mr. Ede on 15 April 2020. The total average economic value of these grants to Mr. Ede for FY2022 was approximately RMB5.6 million, comprising (i) the Restricted Shares of approximately RMB2.5 million (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of up to 4 years); and (ii) the options of approximately RMB3.1 million (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 4 years).
- The Company announced grants of Restricted Shares and options to Mr. Ede on 30 March 2021. The total average economic value of these grants to Mr. Ede for FY2022 was approximately RMB6.2 million, comprising (i) the Restricted Shares of approximately RMB2.6 million (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of 4 years); and (ii) the options of approximately RMB3.6 million (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 4 years).

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5. The Company announced grants of Restricted Shares and options to Mr. Ede on 30 March 2022. The total average economic value of these grants to Mr. Ede for FY2022 was approximately RMB5.0 million, comprising (i) the Restricted Shares of approximately RMB3.5 million (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of 4 years); and (ii) the options of approximately RMB1.5 million (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 4 years).
6. The economic values as mentioned in notes 2, 3, 4 and 5 in Table 7 are different from the reported share-based payment expenses as shown in the financial statements of the Company in the annual reports for the years ended 31 December 2019, 2020, 2021 and 2022. Given that the remuneration of Mr. Ede in relation to the share-based payment expenses was determined at the time when the Restricted Shares and the options were granted and, for the purpose of assessing the current remuneration of Mr. Ede, we are of the view that the average economic values as at the date of granting of the Restricted Shares and the options, but not the value as shown in the financial statements, are more appropriate.
7. The exchange rates of HK\$ to RMB as at the respective date of grants (or its previous date) as published by The People's Bank of China have been used for currency conversion.

As shown in Table 7, the total remuneration received by Mr. Ede for FY2022 was approximately RMB27.5 million.

Based on the maximum 670,000 Restricted Shares granted to Mr. Ede and the closing price of the Shares of HK\$35.05 (equivalent to approximately RMB30.76) per Share as at the Grant Date, the maximum total value of the 2023 Proposed Grants to Mr. Ede will be approximately RMB20.6 million. With a vesting period of the Restricted Shares of up to 4 years, the average economic value of the Restricted Shares to Mr. Ede will be up to approximately RMB5.2 million per annum.

In addition to the above, on 30 March 2023, the Company granted 440,000 options to Mr. Ede with an exercise price of HK\$38.39 (equivalent to approximately RMB33.69) per Share. 75% of the options shall vest on 30 March 2026 and 25% of the options shall vest on 30 March 2027. Each vesting of the options granted to Mr. Ede will be subject to the individual annual performance targets as stipulated in the respective grant letters entered into by the Company and Mr. Ede. According to the Options Valuation Report, the fair value of the options granted to Mr. Ede as at the Grant Date was approximately RMB6.6 million. Assuming the options granted to Mr. Ede are fully vested, the average economic value of these options will be approximately RMB1.7 million per annum over the four-year vesting period.

Based on (i) the current remuneration of Mr. Ede of approximately RMB27.5 million for FY2022; (ii) the average economic value of the Restricted Shares under the 2023 Proposed Grant to Mr. Ede of up to approximately RMB5.2 million per annum; and (iii) the average economic value of the options granted to Mr. Ede on the Grant Date of up to approximately RMB1.7 million per annum, the hypothetical annual total remuneration of Mr. Ede amounted to approximately RMB34.4 million.

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Comparison of number of Restricted Shares previously granted to Mr. Ede

Upon the Listing, the Company granted share options and/or Restricted Shares to Mr. Ede each year during 2019 to 2022. We summarized the number of Restricted Shares previously granted to Mr. Ede as follows:

Table 8: Number of Restricted Shares previously granted to Mr. Ede

Year	Mr. Ede	Market value as at the date of grant (approximately HK\$'million)
2020	320,000	10.86
2021	160,000	12.51
2022	560,644	17.16
2023	670,000	23.48

According to Table 8, the value of Restricted Shares (based on the closing price as at the date of grant) previously granted to Mr. Ede moved in an increasing trend.

In addition, the increase in value of Restricted Shares (based on the closing price as at the date of grant) for Mr. Ede under the 2023 Proposed Grants to EDs as compared to that of the grants of Restricted Shares in 2022 (i.e. approximately 36.8%) was not deviated from (i) the increase in the value of Restricted Shares (based on the closing price as at the Grant Date) granted to Dr. Yu of approximately 37.0% in 2023; and (ii) Mr. Ede's cash compensation (the summation of salaries and other allowances and performance related bonus) of approximately 28.9% from 2021 to 2022.

Furthermore, based on the calculation of Mr. Ede's remuneration (including the value of the Restricted Shares and options), the increase in annual total remuneration of Mr. Ede (i.e. approximately RMB8.5 million as compared to his hypothetical annual total remuneration^(Note) (including the value of Restricted Shares and options granted to him in the previous year)) was also not substantially deviated from the increases in previous hypothetical annual total remuneration of Mr. Ede (i.e. approximately RMB3.9 million to RMB6.8 million).

Note: Mr. Ede's previous year hypothetical annual total remuneration was calculated with same methodology to the hypothetical annual total remuneration of approximately RMB34.4 million, i.e. the summation of his (i) salaries, other allowances and performance related bonus for the latest full financial year immediately before the date of previous grant; and (ii) average value of Restricted Shares and options already granted to him immediately before the date of previous grant and would granted to him for such grant. The hypothetical annual total remuneration for FY2022, FY2021 and F2020 were approximately RMB25.9 million, RMB22.0 million and RMB15.2 million respectively.

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Comparison with other share awards/restricted share units granted to directors and chief executives of listed issuers

According to our findings as set out in the sub-section headed “Comparison with other share awards/restricted share units granted to directors and chief executives of listed issuers” above, the CFO&CXO&ED RSU Range ranged from approximately 0.0097% to 3.0000% (or approximately 0.0028% to 0.9900% after taking into account of the vesting period).

The number of Restricted Shares granted to Mr. Ede was approximately 0.0436% (or approximately 0.0327% in maximum (i.e. 75% of the Restricted Shares shall be vested on 30 March 2026, subject to performance targets) after taking into account of the vesting period) of the total issued Shares as at the Grant Date fell within the CFO&CXO&ED RSU Range.

Comparison of total remuneration of chief financial officers of other biotech companies

As mentioned above, the Company is a biopharmaceutical company and was listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules in 2018. We compared the remuneration package of Mr. Ede with that of chief financial officers and executive directors (the “Comparable CFO(s)”) of biotech companies currently or previously listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules on or before the Grant Date (the “CFO Comparable Companies”). For the chief financial officers and executive directors of the CFO Comparable Companies which resigned or was appointed during the most recent financial year, their remunerations were not on a full-year basis, which are considered not comparable to that of the Company and therefore are excluded from the CFO Comparable Companies analysis. We are of the view that the list of the CFO Comparable Companies below is exhaustive, fair and representative based on the selection criteria as set out above.

Table 9: Remuneration package of Comparable CFOs

Company name (stock code)	Title of the CFO	Remuneration package for the most recent financial year				Percentage of share-based payment to total remuneration (D) = (C)/(A)
		Total remuneration (A) = (B) + (C) (RMB million)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB million)	Share-based payment (C) (RMB million)		
1 Antengene Corporation Limited (6996)	Executive director and chief financial officer	8.9	3.9	5.0	56.3%	

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Company name (stock code)	Title of the CFO	Remuneration package for the most recent financial year			Percentage of share-based payment to total remuneration (D) = (C)/(A)
		Total remuneration (A) = (B) + (C) <i>(RMB million)</i>	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) <i>(RMB million)</i>	Share-based payment (C) <i>(RMB million)</i>	
2 Everest Medicines Limited (1952)	Executive director and chief financial officer	21.5	10.4	11.1	51.8%
3 Hua Medicine (2552)	Executive director, executive vice president and chief financial officer	6.0	5.8	0.3	4.2%
4 Mabpharm Limited (2181)	Executive director, chief financial officer and joint company secretary	1.3	1.0	0.3	22.2%
5 Shanghai Bio-heart Biological Technology Co., Ltd. (2185)	Executive director, chief financial officer, board secretary and joint company secretary	12.8	1.2	11.6	90.8%
6 Rainmed Medical Limited (2297)	Executive director, chief financial officer and joint company secretary	8.1	7.3	0.8	9.8%
7 Jenscare Scientific Co., Ltd. (9877)	Executive director, vice president and chief financial officer	21.5	2.2	19.3	89.7%

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Company name (stock code)	Title of the CFO	Remuneration package for the most recent financial year			
		Total remuneration (A) = (B) + (C) <i>(RMB million)</i>	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) <i>(RMB million)</i>	Share-based payment (C) <i>(RMB million)</i>	Percentage of share-based payment to total remuneration (D) = (C)/(A)
	Average	11.4	4.5	6.9	46.4%
	Maximum	21.5	10.4	19.3	90.8%
	Minimum	1.3	1.0	0.3	4.2%
Mr. Ede		34.4	7.0	27.4 <i>(Note 1)</i>	79.7%

Source: Annual report for FY2022 of the respective CFO Comparable Companies as published on the Stock Exchange's website.

Note:

- The share-based payment to Mr. Ede of approximately RMB27.4 million includes: (i) the share-based payment expense of approximately RMB20.5 million as set out in the section headed "The remuneration of Mr. Ede" above; (ii) the average economic value of the Restricted Shares under the Proposed Grants to Mr. Ede of up to approximately RMB5.2 million per annum; and (iii) the average economic value of the options granted to Mr. Ede of up to approximately RMB1.7 million per annum.

As depicted from Table 9, total remuneration of the Comparable CFOs ranged from RMB1.3 million to RMB21.5 million for FY2022 with average and median of approximately RMB11.4 million and RMB8.9 million respectively. The hypothetical annual total remuneration of Mr. Ede was above the range of the Comparable CFOs.

As also shown in Table 9, the share-based payments to the Comparable CFOs ranged from RMB0.3 million to approximately RMB19.3 million with an average of approximately RMB6.9 million. Assuming the 2023 Proposed Grant to Mr. Ede and the options granted to Mr. Ede are vested in full, the hypothetical share-based payment to Mr. Ede amounted to approximately RMB27.4 million. The hypothetical share-based payment to Mr. Ede was above the range of share-based payments of Comparable CFOs.

In addition, the percentages of share-based payment to the total remuneration package of the Comparable CFOs ranged from 4.2% to approximately 90.8% with an average of approximately 46.4%. The percentage of share-based payment to the total remuneration package of Mr. Ede (i.e. approximately 79.7%) was within the range and ranked third among the eight biotech companies (i.e. the seven CFO Comparable Companies and the Company).

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Conclusion on the number of Restricted Shares to Mr. Ede

Despite that Mr. Ede's hypothetical annual total remuneration is above the remuneration range of the Comparable CFOs for FY2022, having considered the following factors, including:

- (i) the number of Restricted Shares granted to Mr. Ede of the total issued Shares as at the Grant Date fell within the CFO&CXO&ED RSU Range;
- (ii) with reference to the Board Letter, Mr. Ede has been instrumental to the Group's development and success in his role as chief financial officer, bringing his extensive experience to managing the overall financial matters and investor relations of the Group.

As mentioned above, (a) the Group has continued its successful commercial operation with the second highest revenue of approximately RMB4,556.4 million among the 54 biotech companies and the revenue of the Group was approximately 9 times of the average of those of the 54 biotech companies; and (b) the share price performance of the Company has been outstanding, and has recorded a growth of approximately 111.4% from the Listing Date to the Grant Date, while the share price of 42 out of the 54 biotech companies were trading below their initial public offer price as at the Grant Date;

- (iii) as Mr. Ede is important to the Group, the retaining Mr. Ede is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity in leadership. In addition, the Restricted Shares granted to Mr. Ede is able to further closely align the interests and benefits of the Company and Mr. Ede in order to maximize his motivation.

The grant of Restricted Shares to Mr. Ede allows the Group to closely tie Mr. Ede's total remuneration to the performance of the Group, which is beneficial to the Company and the Shareholders as a whole. We also noted that the percentage of Mr. Ede's share-based payment to hypothetical annual total remuneration is higher than the average and median of the percentage of Comparable CFOs' share-based payment to total remuneration;

- (iv) based on the calculation of Mr. Ede's hypothetical annual total remuneration (including the value of the Restricted Shares and options), the increase in hypothetical annual total remuneration of Mr. Ede (i.e. approximately RMB8.5 million as compared to his annual total hypothetical remuneration (including the value of Restricted Shares and options granted to him in previous year)) were not substantially deviated from the increases in previous annual total hypothetical remuneration of Mr. Ede (i.e. approximately RMB3.9 million to RMB6.8 million),

we consider that Mr. Ede's hypothetical annual total remuneration is justifiable. Accordingly, we are of the view that the number of Restricted Shares granted to Mr. Ede is fair and reasonable.

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4.1.3 Consideration

Nil

We also noted from the Comparable Transactions that it is common for listed companies in Hong Kong to grant award shares/restricted share units at nil consideration. Accordingly, the Proposed Grants at nil consideration is in line with market practice.

Having considered (i) our findings in respect of the granting of restricted share units/incentive shares at nil consideration as aforementioned; and (ii) the purpose of the Proposed Grants as explained in the section headed “Reasons for and benefits of the Proposed Grants” above, we consider the Proposed Grants at nil consideration to be fair and reasonable.

4.1.4 Vesting period and performance targets

The Restricted Shares shall vest in Dr. Yu and Mr. Ede as follows (i) 75% shall vest on 30 March 2026; and (ii) 25% shall vest on 30 March 2027.

Each vesting of the 2023 Proposed Grants to EDs is subject to the individual annual performance targets as stipulated in the award letters entered into by the Company and each of Dr. Yu and Mr. Ede. The vesting percentage of the Restricted Shares may be adjusted based on his annual performance appraisal at each vesting.

For the 2023 Proposed Grant to Dr. Yu, these performance result requirements relate to and include the overall performance of the Company, marketing and sales of commercialized products, progress of the Group’s portfolio development plans and achievement of the business plans of the Group.

For the 2023 Proposed Grant to Mr. Ede, these performance result requirements relate to and include the overall performance of the Company, and achievement of targets in areas of finance, investor relations, information technology, and channel management of the Group.

We noted from the Comparable Transactions that majority of the Comparable Transactions set three to four instalments with 25% to 34% in each instalment of the restricted share units and/or awarded shares for relevant grantees for vesting such restricted share units and/or award shares, we consider the vesting period of the 2023 Proposed Grants to EDs are stricter to the vesting periods of the Comparable Transactions and is reasonable.

In addition, as certain conditions must be fulfilled before the Restricted Shares being vested, we are of the view that the vesting conditions will strengthen the incentive for Dr. Yu and Mr. Ede to use their efforts to achieve the performance targets, which will contribute to the growth and development of the Group.

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4.1.5 Clawback mechanisms

If Dr. Yu or Mr. Ede (i) fails to achieve the stipulated grade in his annual performance appraisal, the Company may cancel or reduce the Restricted Shares granted; and/or (ii) terminates his employment with the Group, the Restricted Shares granted shall automatically lapse according to the relevant schedule of the Company.

4.2 The 2022 Proposed Grant to Mr. Zieziula

Set out below are the key terms of the 2022 Proposed Grant to Mr. Zieziula, details of which are set out in the section headed “The 2022 Proposed Grant to Mr. Zieziula” of the Board Letter.

4.2.1 Date of grant

1 June 2022

4.2.2 Number of Restricted Shares granted

14,631 Restricted Shares. Each of the Restricted Shares granted represents the right to receive one Share on the date it vests.

To assess the fairness and reasonableness of the number of Restricted Shares under the 2022 Proposed Grant to Mr. Zieziula, we conducted the following analyses:

The remuneration of Mr. Zieziula

With reference to the June Announcement, Mr. Zieziula will receive a director’s fees of RMB400,000 per annum, which has been determined by the Board upon recommendation of the Remuneration Committee of the Board with reference to his experience and duties with the Company and prevailing market conditions.

Based on the maximum 14,631 Restricted Shares proposed granted to Mr. Zieziula and the closing price of the Shares of HK\$24.3 (equivalent to approximately RMB20.6 as calculated by the exchange rate of HK\$1.00 to RMB0.84946 which was announced by the People’s Bank of China on 1 June 2022) per Share as at 1 June 2022, the maximum total value of the 2022 Proposed Grant to Mr. Zieziula will be approximately RMB302,000. With a vesting period of the Restricted Shares of up to three years, the average economic value of the Proposed Grants to Mr. Zieziula will be up to approximately RMB101,000 per annum.

In addition to the above, on 1 June 2022, the Company granted 117,045 options to Mr. Zieziula with an exercise price of HK\$24.3 (equivalent to approximately RMB20.6 as calculated by the exchange rate of HK\$1.00 to RMB0.84946 which was announced by the People’s Bank of China on 1 June 2022) per Share. 33.33% shall vest on 1 June 2023; 33.33% shall vest on 1 June 2024; and 33.33% shall vest on 1 June 2025. As advised by the Directors, the fair value of the options granted to Mr. Zieziula as at the 1 June 2022 was approximately HK\$1.8 million (equivalent to approximately RMB1.6 million as calculated by the exchange

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rate of HK\$1.00 to RMB0.84946 which was announced by the People’s Bank of China on 1 June 2022). Assuming the options granted to Mr. Zieziula are fully vested, the average economic value of these options will be approximately RMB520,000 per annum over the three-year vesting period.

Based on (i) the remuneration of Mr. Zieziula of RMB400,000 per annum; (ii) the average economic value of the Restricted Shares under the 2022 Proposed Grant to Mr. Zieziula of up to approximately RMB101,000 per annum; and (iii) the average economic value of the options granted to Mr. Zieziula on 1 June 2022 of up to approximately RMB520,000 per annum, the hypothetical annual total remuneration of Mr. Zieziula amounted to approximately RMB1.0 million.

Comparison of total remuneration of INEDs of other biotech companies

For our analyses, we compared the remuneration packages of Mr. Zieziula with that of the INEDs of biotech companies currently or previously listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules on or before 1 June 2022 (the “**2022 INED Comparable Companies**”). For the INEDs of the 2022 INED Comparable Companies who resigned or was appointed during 2021, their remunerations were not reflecting a full-year amount, which are considered not comparable to that of the Company and therefore are excluded from the 2022 INED Comparable Companies analysis. Based on the aforesaid selection criteria, we identified 32 biotech companies with 102 INEDs of (excluding the Company). We are of the view that the list of 2022 INED Comparable Companies below is exhaustive, fair and representative based on the selection criteria as set out above.

Table 10: Remuneration package of 2022 INED Comparable Companies

Company name (stock code)	Number of INEDs	Remuneration package for the most recent financial year							
		Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (A)		Share-based payment (B)		Total remuneration (C) = (A) + (B)		Percentage of share-based payment to total remuneration (B)/(C)	
		Minimum (RMB)	Maximum (RMB)	Minimum (RMB)	Maximum (RMB)	Minimum (RMB)	Maximum (RMB)	Minimum	Maximum
1 Akeso, Inc. (9926)	3	289,000	290,000	-	-	289,000	290,000	0.0%	0.0%
2 Alphamab Oncology (9966)	2	290,000	290,000	77,000	77,000	367,000	367,000	21.0%	21.0%
3 Antengene Corporation Limited (6996)	3	323,000	645,000	23,000	522,000	346,000	1,167,000	6.6%	44.7%
4 Ascentage Pharma Group International (6855)	3	355,000	387,000	98,000	98,000	453,000	485,000	20.2%	21.6%
5 Ascletris Pharma Inc. (1672)	3	369,000	370,000	-	-	369,000	370,000	0.0%	0.0%
6 BeiGene, Ltd. (6160 & SH688235 & NASDAQ: BGNE)	8	444,962	584,807	2,154,887	2,517,214	2,637,989	2,974,889	78.7%	84.6%
7 Beijing Airdoc Technology Co., Ltd. (2251)	2	180,000	180,000	-	-	180,000	180,000	0.0%	0.0%
8 CanSino Biologics Inc. (6185 & SH688185)	4	300,000	300,000	-	-	300,000	300,000	0.0%	0.0%
9 Everest Medicines Limited (1952)	3	322,000	322,000	385,000	385,000	707,000	707,000	54.5%	54.5%

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Remuneration package for the most recent financial year											
Company name (stock code)	Number of INEDs	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (A)				Share-based payment (B)		Total remuneration (C) = (A) + (B)		Percentage of share-based payment to total remuneration (B)/(C)	
		Minimum		Maximum		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
		(RMB)		(RMB)		(RMB)	(RMB)	(RMB)	(RMB)		
10 Genor Biopharma Holdings Limited (6998)	3	420,000	420,000	–	–	420,000	420,000	0.0%	0.0%		
11 HBM Holdings Limited (2142)	2	317,830	317,830	–	1,926,050	317,830	2,243,880	0.0%	85.8%		
12 Hua Medicine (2552)	4	450,000	540,000	–	–	450,000	540,000	0.0%	0.0%		
13 Immunotech Biopharm Ltd (6978)	3	249,000	252,000	–	–	249,000	252,000	0.0%	0.0%		
14 InnoCare Pharma Limited (9969 & SH688428)	3	–	366,000	–	5,000	–	366,000	0.0%	100.0%		
15 Jacobio Pharmaceuticals Group Co., Ltd. (1167)	4	–	400,000	–	–	–	400,000	0.0%	0.0%		
16 JW (Cayman) Therapeutics Co. Ltd (2126)	3	131,000	253,000	–	–	131,000	253,000	0.0%	0.0%		
17 Kintor Pharmaceutical Limited (9939)	3	245,000	245,000	–	–	245,000	245,000	0.0%	0.0%		
18 Lepu Biopharma Co., Ltd. (2157)	2	250,000	250,000	–	–	250,000	250,000	0.0%	0.0%		
19 Mabpharm Limited (2181)	3	98,000	98,000	–	–	98,000	98,000	0.0%	0.0%		
20 Ocumension Therapeutics (1477)	3	166,000	415,000	–	–	166,000	415,000	0.0%	0.0%		
21 Peijia Medical Limited (9996)	3	290,000	645,000	–	487,000	290,000	1,132,000	0.0%	43.0%		
22 RemeGen Co., Ltd. (9995 & SH688331)	2	300,000	300,000	–	–	300,000	300,000	0.0%	0.0%		
23 Shanghai Bio-heart Biological Technology Co., Ltd. (2185)	3	400,000	400,000	–	–	400,000	400,000	0.0%	0.0%		
24 Shanghai HeartCare Medical Technology Corporation Limited (6609)	2	195,000	286,000	–	–	195,000	286,000	0.0%	0.0%		
25 Shanghai Henlius Biotech, Inc. (2696)	4	249,000	249,000	–	–	249,000	249,000	0.0%	0.0%		
26 Shanghai Junshi Biosciences Co., Ltd. (1877 & SH688180)	4	200,000	5,160,000	–	–	200,000	5,160,000	0.0%	0.0%		
27 Shanghai MicroPort MedBot (Group) Co., Ltd. (2252)	2	120,000	120,000	–	–	120,000	120,000	0.0%	0.0%		
28 SinoMab BioScience Limited (3681)	3	249,000	249,000	–	–	249,000	249,000	0.0%	0.0%		
29 TOT BIOPHARM International Company Limited (1875)	3	193,000	193,000	–	–	193,000	193,000	0.0%	0.0%		
30 Zai Lab Limited (9688 & NASDAQ: ZLAB)	6	–	476,745	–	3,400,781	–	3,833,030	0.0%	91.1%		
31 CStone Pharmaceuticals (2616)	3	258,000	645,000	–	–	258,000	645,000	0.0%	0.0%		
32 Venus Medtech (Hangzhou) Inc. (2500)	3	335,000	427,000	–	–	335,000	427,000	0.0%	0.0%		

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Company name (stock code)	Number of INEDs	Remuneration package for the most recent financial year						Percentage of share-based payment to total remuneration (B)/(C)	
		Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (A)		Share-based payment (B)		Total remuneration (C) = (A) + (B)			
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
		(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
<i>The remunerations of the INEDs (regardless of having share-based payments or not) of the 2022 INED Comparable Companies</i>									
Maximum		5,160,000		3,400,781		5,160,000			100.0%
Minimum		-		-		-			0.0%
Average		382,171		387,542		769,713			16.6%
<i>The remunerations of the INEDs (excluding those without share-based payment) of the 2022 INED Comparable Companies</i>									
Maximum		645,000		3,400,781		3,833,030			100.0%
Minimum		-		5,000		5,000			6.6%
Average		418,595		1,411,759		1,830,354			60.4%
Mr. Zieziula		400,000		621,000		1,021,000			60.8%

Source: Annual report for FY2021 of the respective 2022 INED Comparable Companies as published on the Stock Exchange's website.

Our findings from the above research were as follows:

- Out of 102 INEDs, 28 INEDs' total remuneration involved share-based payments. The amounts of share-based payments ranged from RMB5,000 to approximately RMB3.4 million, with an average of approximately RMB1.4 million. The economics value of Restricted Shares and options granted to Mr. Zieziula under the 2022 Proposed Grant to Mr. Zieziula was approximately RMB621,000 per annum, which fell within the aforesaid range and was lower than the average of share-based payments of INEDs under the 2022 INED Comparable Companies.

The percentages of share-based payment to the total remuneration package of the INEDs of the 2022 INED Comparable Companies (excluding those remuneration package without share-based payments) ranged from approximately 6.6% to 100.0%, with an average of approximately 60.4%. The percentages of share-based payment to the total remuneration packages of Mr. Zieziula (i.e. 60.8%) fell within the aforesaid range and was close to the average of those of the INEDs of the 2022 INED Comparable Companies.

The remunerations of the INEDs (excluding those remuneration package without share-based payments) of the 2022 INED Comparable Companies ranged from RMB5,000 to approximately RMB3.8 million, with an average of approximately RMB1.8 million. The hypothetical annual total remuneration of Mr. Zieziula (i.e. approximately RMB1.0 million) fell within the aforesaid range and was below the average.

- The remunerations of the INEDs of the 2022 INED Comparable Companies (regardless of having share-based payments or not) ranged from nil to approximately RMB5.2 million, with an average of approximately RMB770,000. The hypothetical annual total remuneration of Mr. Zieziula (i.e. approximately RMB1.0 million) fell within the aforesaid range, and was above the average.

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Conclusion on the number of Restricted Shares to Mr. Zieziula

Having considered our findings from the comparison of total remuneration of INEDs of 2022 INED Comparable Companies as mentioned in above sub-section, we consider that Mr. Zieziula's hypothetical total remuneration is justifiable. Accordingly, we are of the view that the number of Restricted Shares granted to Mr. Zieziula under the 2022 Proposed Grant to Mr. Zieziula is fair and reasonable.

4.2.3 Consideration

Nil

As mentioned above, the Proposed Grants at nil consideration is in line with market practice.

Having considered (i) our findings in respect of the granting of restricted share units/incentive shares at nil consideration as aforementioned; and (ii) the purpose of the Proposed Grants as explained in the section headed "Reasons for and benefits of the Proposed Grants" above, we consider the Proposed Grants at nil consideration to be fair and reasonable.

4.2.4 Vesting period and performance targets

The Restricted Shares shall vest as follows: 33.33% shall vest on 1 June 2023; 33.33% shall vest on 1 June 2024; and 33.33% shall vest on 1 June 2025.

As confirmed by the Directors, there were no performance targets attached to the Restricted Shares under the 2022 Proposed Grant to Mr. Zieziula.

As mentioned above, we noted from the Comparable Transactions that majority of the Comparable Transactions set three to four instalments with 25% to 40% in each instalment of the restricted share units and/or awarded shares for relevant grantees for vesting such restricted share units and/or award shares, we consider the arrangement of vesting period under the 2022 Proposed Grant to Mr. Zieziula is in line with the market practice.

As stated in the Board Letter, having considered that the main duties of the independent non-executive Directors to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the independent non-executive Directors and to preserve their objectivity and independence, the proposed grant of Restricted Shares to the independent non-executive Directors without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the 2020 RS Plan. Having considered the aforesaid factors and that there was no performance target for restricted shares granted to INEDs according to the Comparable Transactions, we concur with the Directors in this regard.

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4.2.5 Clawback mechanisms

If an independent non-executive Director resigns from his/her position, all unvested Restricted Shares shall automatically lapse.

4.3 The 2023 Proposed Grants to INEDs

Set out below are the key terms of the 2023 Proposed Grants to INEDs, details of which are set out in the section headed “The 2023 Proposed Grants to INEDs” of the Board Letter.

4.3.1 Date of grant

30 March 2023

4.3.2 Number of Restricted Shares proposed to be granted

Table 11: Number of Restricted Shares proposed to be granted to the Company’s INEDs

Name	Relationship with the Group	Number of Restricted Shares (% to the total share capital of the Company as at the Grant Date)
Ms. Hsu	Independent non-executive Director	4,496 (0.0003%)
Dr. Cooney	Independent non-executive Director	4,496 (0.0003%)
Dr. Chen	Independent non-executive Director	1,798 (0.0001%)
Mr. Zieziula	Independent non-executive Director	19,482 (0.0013%)

To assess the fairness and reasonableness of the number of Restricted Shares proposed to be granted to each independent non-executive Director, we conducted the following analyses:

Comparison with other share awards/restricted share units granted to INEDs of listed issuers

According to our findings as set out in the sub-section headed “Comparison with other share awards/restricted share units granted to directors and chief executives of listed issuers” above, the INED RSU Range ranged from approximately 0.0007% to 0.0173% (or approximately 0.0002% to 0.0087% after taking into account of the vesting period).

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The number of Restricted Shares proposed to be granted to the INEDs of the Company ranged from approximately 0.0001% to 0.0013% (or approximately 0.00004% to approximately 0.0004% in maximum after taking into account of the vesting period) of the total issued Shares as at the Grant Date did not exceed the upper limit of the INED RSU Range.

The remuneration of INEDs

As disclosed in the 2022 Annual Report, the director's fees of Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula for FY2022 were all RMB400,000.

Set out below are the breakdowns of the remuneration of the Company's INEDs for FY2022 as provided by the Company:

Table 12: Breakdown of the remuneration of Dr. Cooney for FY2022

Dr. Cooney	Salaries and other allowances	Performance related bonus	Share-based payment expenses	Total	Notes
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	
Cash	400	–	–	400	
Options					
– granted in 2022	–	–	205	205	<i>1 and 6</i>
Restricted shares					
– granted in 2022	–	–	40	40	<i>1 and 6</i>
Total	400	–	245	645	

Table 13: Breakdown of the remuneration of Ms. Hsu for FY2022

Ms. Hsu	Salaries and other allowances	Performance related bonus	Share-based payment expenses	Total	Notes
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	
Cash	400	–	–	400	
Options					
– granted in 2022	–	–	205	205	<i>2 and 6</i>
Restricted shares					
– granted in 2022	–	–	40	40	<i>2 and 6</i>
Total	400	–	245	645	

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Table 14: Breakdown of the remuneration of Mr. Chen for FY2022

Dr. Chen	Salaries and other allowances <i>(RMB'000)</i>	Performance related bonus <i>(RMB'000)</i>	Share-based payment expenses <i>(RMB'000)</i>	Total <i>(RMB'000)</i>	Notes
Cash	400	–	–	400	
Options					
– granted in 2022	–	–	82	82	<i>3 and 6</i>
Restricted shares					
– granted in 2022	–	–	16	16	<i>3 and 6</i>
Total	400	–	98	498	

Table 15: Breakdown of the remuneration of Mr. Zieziula for FY2022

Mr. Zieziula	Salaries and other allowances <i>(RMB'000)</i>	Performance related bonus <i>(RMB'000)</i>	Share-based payment expenses <i>(RMB'000)</i>	Total <i>(RMB'000)</i>	Notes
Cash	400 <i>(Note 5)</i>	–	–	400	
Options					
– granted in 2022	–	–	520	520	<i>4 and 6</i>
Restricted shares					
– granted in 2022	–	–	101	101	<i>4 and 6</i>
Total	400	–	620	1,021	

Notes:

1. The Company announced grants of the Restricted Shares and options to Dr. Cooney on 30 March 2022. The total average economic value of these grants to Dr. Cooney for FY2022 was approximately RMB245,000, comprising (i) the Restricted Shares of approximately RMB40,000 (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of 3 years); and (ii) the options of approximately RMB205,000 (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 3 years).
2. The Company announced grants of Restricted Shares and options to Ms. Hsu on 30 March 2022. The total average economic value of these grants to Ms. Hsu for FY2022 was approximately RMB245,000, comprising (i) the Restricted Shares of approximately RMB40,000 (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of 3 years); and (ii) the options of approximately RMB205,000 (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 3 years).
3. The Company announced grants of Restricted Shares and options to Dr. Chen on 30 March 2022. The total average economic value of these grants to Dr. Cooney for FY2022 was approximately RMB98,000, comprising (i) the Restricted Shares of approximately RMB16,000 (calculated based on the total economic value of the aforesaid Restricted Shares divided by the vesting period of 3 years); and (ii) the options of approximately RMB82,000 (calculated based on the total economic value of the aforesaid options divided by the vesting period of up to 3 years).

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4. The Company announced grants of Restricted shares and options to Mr. Zieziula on 1 June 2022. The total average economic value of these grants to Mr. Zieziula for FY2022 was approximately RMB621,000. Please refer to section headed “4.2 The 2022 Proposed Grant to Mr. Zieziula” above.
5. A full year director fee was considered for the analyses purpose.
6. The economic values as mentioned in notes 1, 2, 3 and 4 in Table 12, 13, 14 and 15 are different from the reported share-based payment expenses as shown in the financial statements of the Company in the annual reports for FY2022. Given that the remuneration of Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula in relation to the share-based payment expenses was determined at the time when the Restricted Shares and the options were granted and, for the purpose of assessing the current remuneration of Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula, we are of the view that the average economic values as at the date of granting of the Restricted Shares and the options, but not the value as shown in the financial statements, are more appropriate.
7. The exchange rates of HK\$ to RMB as at the respective date of grants (or its previous date) as published by The People’s Bank of China have been used for currency conversion.

Based on the 4,496 Restricted Shares, 4,496 Restricted Shares, 1,798 Restricted Shares and 19,482 Restricted Shares granted to Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula respectively and the closing price of the Shares of HK\$35.05 (equivalent to approximately RMB30.76) per Share as at the Grant Date, the maximum total value of (i) the 2023 Proposed Grant to Dr. Cooney; (ii) the 2023 Proposed Grant to Ms. Hsu; (iii) the 2023 Proposed Grant to Dr. Chen; and (iv) the 2023 Proposed Grant to Mr. Zieziula will be approximately RMB138,000, RMB138,000, RMB55,300 and RMB599,000 respectively.

With a vesting period of the Restricted Shares of 3 years, the average economic value of (i) the 2023 Proposed Grant to Dr. Cooney; (ii) the 2023 Proposed Grant to Ms. Hsu; (iii) the 2023 Proposed Grant to Dr. Chen; and (iv) the 2023 Proposed Grant to Mr. Zieziula will be approximately RMB46,000, RMB46,000, RMB18,400 and RMB200,000 respectively per year.

In addition to the above, on 30 March 2023, the Company granted 35,966 options, 35,966 options, 14,386 options and 155,854 options to Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula respectively with an exercise price of HK\$38.39 (equivalent to approximately RMB33.69) per Share. 33.33% of the options shall vest on each year from 30 March 2024 for three years. According to the Options Valuation Report, the fair value of the options granted to Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula as at the Grant Date were approximately RMB516,000, RMB516,000, RMB207,000 and RMB2,238,000 respectively.

Assuming the options granted to Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula under the Proposed Grants are fully vested, the average economic value of these options will be approximately RMB172,000, RMB172,000, RMB69,000 and RMB746,000 respectively per annum over the three-year vesting period.

Based on (i) the remunerations of INEDs for FY2022; (ii) the average economic value of the Restricted Shares under the 2023 Proposed Grant to INEDs respectively per annum; and (iii) the average economic value of the options granted to the Company’s INEDs on the Grant Date respectively per annum, the hypothetical annual total remuneration of Dr. Cooney, Ms. Hsu, Dr. Chen and Mr. Zieziula amounted to approximately RMB863,000, RMB863,000, RMB585,400 and RMB1,967,000 respectively.

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Comparison of total remuneration of INEDs of other biotech companies

For our analyses, we compared the remuneration packages of the INEDs of the Company with that of the INEDs of biotech companies currently or previously listed on the Main Board of the Stock Exchange in accordance with Chapter 18A of the Listing Rules on or before the Grant Date (the “**INED Comparable Companies**”). For the INEDs of the INED Comparable Companies which resigned or was appointed during the most recent financial year, their remunerations were not on a full-year basis, which are considered not comparable to that of the Company and therefore are excluded from the INED Comparable Companies analysis. Based on our research, we found 53 biotech companies with 171 INEDs (excluding the Company). We are of the view that the list of INED Comparable Companies below is exhaustive, fair and representative based on the selection criteria as set out above.

Table 16: Remuneration package of INED Comparable Companies

Company name (stock code)	Number of INEDs	Remuneration package for the most recent financial year							
		Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme		Share-based payment		Total remuneration		Percentage of share-based payment to total remuneration (B)/(C)	
		contribution (A)		(B)		(C) = (A) + (B)			
		Minimum (RMB)	Maximum (RMB)	Minimum (RMB)	Maximum (RMB)	Minimum (RMB)	Maximum (RMB)	Minimum	Maximum
1 Ascletris Pharma Inc. (1672)	3	383,000	384,000	-	-	383,000	384,000	0.0%	0.0%
2 BeiGene, Ltd. (6160 & SH688235 & NASDAQ: BGNE)	6	515,380	668,602	2,723,159	2,723,159	3,238,539	3,391,760	80.3%	84.1%
3 Acotec Scientific Holdings Limited (6669)	3	214,000	214,000	-	-	214,000	214,000	0.0%	0.0%
4 Antengene Corporation Limited (6996)	3	367,000	667,000	91,000	682,000	458,000	1,349,000	19.9%	50.6%
5 Shandong Boan Biotechnology Co., Ltd. (6955)	2	100,000	100,000	-	-	100,000	100,000	0.0%	0.0%
6 Shanghai MicroPort MedBot (Group) Co., Ltd. (2252)	2	120,000	120,000	-	-	120,000	120,000	0.0%	0.0%
7 Hua Medicine (2552)	3	450,000	540,000	-	-	450,000	540,000	0.0%	0.0%
8 CStone Pharmaceuticals (2616)	3	269,000	673,000	-	-	269,000	673,000	0.0%	0.0%
9 Ocumension Therapeutics (1477)	2	162,000	647,000	-	-	162,000	647,000	0.0%	0.0%
10 Biocytogen Pharmaceuticals (Beijing) Co., Ltd. (2315)	3	80,000	80,000	-	-	80,000	80,000	0.0%	0.0%
11 MicroPort CardioFlow Medtech Corporation (2160)	3	200,000	200,000	-	-	200,000	200,000	0.0%	0.0%
12 Suzhou Basecare Medical Corporation Limited (2170)	3	172,000	172,000	-	-	172,000	172,000	0.0%	0.0%
13 Mabpharm Limited (2181)	2	103,000	103,000	-	-	103,000	103,000	0.0%	0.0%

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		Remuneration package for the most recent financial year									
Company name (stock code)	Number of INEDs	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme				Share-based payment		Total remuneration		Percentage of share-based payment to total remuneration (B)/(C)	
		contribution (A)		(B)		(C) = (A) + (B)		Minimum		Maximum	
		Minimum (RMB)	Maximum (RMB)	Minimum (RMB)	Maximum (RMB)	Minimum (RMB)	Maximum (RMB)	Minimum	Maximum	Minimum	Maximum
14	Shanghai Bio-heart Biological Technology Co., Ltd. (2185)	3	400,000	400,000	-	-	400,000	400,000	0.0%	0.0%	
15	Peijia Medical Limited (9996)	4	301,000	673,000	-	600,000	301,000	1,273,000	0.0%	47.1%	
16	RemeGen Co., Ltd. (9995 & SH688331)	2	300,000	300,000	-	-	300,000	300,000	0.0%	0.0%	
17	3D Medicines Inc (1244)	3	14,000	14,000	-	-	14,000	14,000	0.0%	0.0%	
18	Jacobio Pharmaceuticals Group Co., Ltd. (1167)	3	-	400,000	-	-	-	400,000	0.0%	0.0%	
19	Transcenta Holding Limited (6628)	3	200,000	200,000	35,000	35,000	235,000	235,000	14.9%	14.9%	
20	Sirnaomics Ltd. (2257)	4	320,372	452,699	-	-	320,372	452,699	0.0%	0.0%	
21	New Horizon Health Limited (6606)	3	266,000	266,000	-	-	266,000	266,000	0.0%	0.0%	
22	SinoMab BioScience Limited (3681)	4	270,000	270,000	-	-	270,000	270,000	0.0%	0.0%	
23	Shanghai Junshi Biosciences Co., Ltd. (1877 & 688180)	5	200,000	4,462,000	-	-	200,000	4,462,000	0.0%	0.0%	
24	JW (Cayman) Therapeutics Co. Ltd (2126)	3	224,000	323,000	-	-	224,000	323,000	0.0%	0.0%	
25	Brii Biosciences Limited (2137)	4	269,000	269,000	653,000	653,000	922,000	922,000	70.8%	70.8%	
26	Zhaoke Ophthalmology Limited (6622)	2	259,000	259,000	155,000	155,000	414,000	414,000	37.4%	37.4%	
27	Zylox-Tonbridge Medical Technology Co., Ltd. (2190)	3	200,000	200,000	-	-	200,000	200,000	0.0%	0.0%	
28	Broncus Holding Corporation (2216)	2	355,195	355,195	-	-	355,195	355,195	0.0%	0.0%	
29	CANbridge Pharmaceuticals Inc. (1228)	3	202,000	202,000	-	-	202,000	202,000	0.0%	0.0%	
30	CanSino Biologics Inc. (6185 & SH688185)	4	300,000	300,000	-	-	300,000	300,000	0.0%	0.0%	
31	Shanghai HeartCare Medical Technology Corporation Limited (6609)	3	-	239,000	-	-	-	239,000	0.0%	0.0%	
32	MicroTech Medical (Hangzhou) Co., Ltd. (2235)	3	108,000	197,000	-	-	108,000	197,000	0.0%	0.0%	
33	Lepu Biopharma Co., Ltd. (2157)	3	250,000	250,000	-	-	250,000	250,000	0.0%	0.0%	
34	Everest Medicines Limited (1952)	3	336,000	336,000	273,000	273,000	609,000	609,000	44.8%	44.8%	
35	Shanghai Henlius Biotech, Inc. (2696)	4	258,000	258,000	-	-	258,000	258,000	0.0%	0.0%	
36	HBM Holdings Limited (2142)	3	348,230	348,230	-	1,016,832	348,230	1,365,062	0.0%	74.5%	

LETTER FROM GRAM CAPITAL

Remuneration package for the most recent financial year											
Company name (stock code)	Number of INEDs	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme				Share-based payment		Total remuneration		Percentage of share-based payment to total remuneration (B)/(C)	
		contribution (A)		(B)		(C) = (A) + (B)		(B)/(C)			
		Minimum (RMB)	Maximum (RMB)	Minimum (RMB)	Maximum (RMB)	Minimum (RMB)	Maximum (RMB)	Minimum	Maximum		
37 Cryofocus Medtech (Shanghai) Co., Ltd. (6922)	3	-	-	-	-	-	-	-	-	-	
38 Immunotech Biopharm Ltd (6978)	3	258,000	268,000	-	-	258,000	268,000	0.0%	0.0%		
39 InnoCare Pharma Limited (9969 & SH688428)	3	-	360,000	-	-	-	360,000	0.0%	0.0%		
40 Zai Lab Limited (9688 & NASDAQ: ZLAB)	8	-	612,885	-	3,482,300	-	4,095,185	0.0%	89.9%		
41 Beijing Airdoc Technology Co., Ltd. (2251)	3	180,000	280,000	-	-	180,000	280,000	0.0%	0.0%		
42 Ascentage Pharma Group International (6855)	4	404,000	404,000	155,000	163,000	559,000	567,000	27.7%	28.7%		
43 CARsgen Therapeutics Holdings Limited (2171)	3	402,000	402,000	-	-	402,000	402,000	0.0%	0.0%		
44 Alphamab Oncology (9966)	3	316,000	364,000	-	87,000	364,000	403,000	0.0%	21.6%		
45 Akeso, Inc. (9926)	3	302,000	315,000	-	-	302,000	315,000	0.0%	0.0%		
46 Genor Biopharma Holdings Limited (6998)	3	420,000	420,000	-	-	420,000	420,000	0.0%	0.0%		
47 Kintor Pharmaceutical Limited (9939)	3	268,000	268,000	-	-	268,000	268,000	0.0%	0.0%		
48 Venus Medtech (Hangzhou) Inc. (2500)	3	345,000	368,000	-	-	345,000	368,000	0.0%	0.0%		
49 TOT BIOPHARM International Company Limited (1875)	2	253,000	253,000	-	-	253,000	253,000	0.0%	0.0%		
50 Keymed Biosciences Inc. (2162)	4	433,000	520,000	-	-	433,000	520,000	0.0%	0.0%		
51 Jiangsu Recbio Technology Co., Ltd. (2179)	4	278,000	282,000	-	-	278,000	282,000	0.0%	0.0%		
52 Clover Biopharmaceuticals, Ltd. (2197)	4	410,000	518,000	1,799,000	1,799,000	2,209,000	2,317,000	77.6%	81.4%		
53 Abbisko Cayman Ltd. (2256)	3	-	338,000	-	-	-	338,000	0.0%	0.0%		

LETTER FROM GRAM CAPITAL

Company name (stock code)	Number of INEDs	Remuneration package for the most recent financial year						Percentage of share-based payment to total remuneration (B)/(C)	
		Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (A)		Share-based payment (B)		Total remuneration (C) = (A) + (B)		Minimum	Maximum
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum		
		(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)		
<i>The remunerations of the INEDs (regardless of having share-based payments or not) of the INED Comparable Companies</i>									
	Maximum	4,462,000		3,482,300		4,462,000		89.9%	
	Minimum	-		-		-		0.0%	
	Average	334,413		305,050		639,463		13.8%	
<i>The remunerations of the INEDs (excluding those without share-based payment) of the INED Comparable Companies</i>									
	Maximum	673,000		3,482,300		4,095,185		89.9%	
	Minimum	200,000		35,000		235,000		14.9%	
	Average	418,991		1,272,283		1,691,274		57.7%	
	Dr. Cooney	400,000		463,000		863,000		53.7%	
	Ms. Hsu	400,000		463,000		863,000		53.7%	
	Dr. Chen	400,000		185,400		585,400		31.7%	
	Mr. Zieziula	400,000		1,567,000		1,967,000		79.7%	

Source: Annual report for FY2022 of the respective INED Comparable Companies as published on the Stock Exchange's website.

Our findings from the above research were as follows:

- Out of 171 INEDs, 41 INEDs' total remuneration involved share-based payments. The amount of share-based payments ranged from RMB35,000 to approximately RMB3.5 million, with an average of approximately RMB1.3 million. The economics value of Restricted Shares proposed to be granted and options granted to the INEDs under the 2023 Proposed Grant to INEDs fell within the aforesaid range.

The percentages of share-based payment to the total remuneration package of the INEDs of the INED Comparable Companies (excluding those remuneration package without share-based payments) with share-based payments ranged from approximately 14.9% to approximately 89.9%, with an average of approximately 57.7%. The percentages of share-based payment to the total remuneration packages of the INEDs (i.e. approximately 31.7% to 79.7%) fell within the aforesaid range.

The remunerations of the INEDs of the INED Comparable Companies (excluding those remuneration package without share-based payments) ranged from RMB235,000 to approximately RMB4.1 million, with an average of approximately RMB1.7 million. The hypothetical annual total remuneration of the Company's INEDs (i.e. approximately RMB585,400 to RMB1,967,000) fell within the aforesaid range.

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- The remunerations (regardless of having share-based payments or not) of the INEDs of the INED Comparable Companies ranged from nil to approximately RMB4.5 million, with an average of approximately RMB639,463. The hypothetical annual total remuneration of the INEDs (i.e. approximately RMB585,400 to RMB1,967,000) fell within the aforesaid range.

Conclusion on the number of Restricted Shares to the INEDs

Having considered our findings from the comparison of total remuneration of INEDs of other biotech companies as mentioned in above sub-section, we consider that the INEDs' hypothetical annual total remuneration are justifiable. Accordingly, we are of the view that the numbers of Restricted Shares proposed to be granted to the Company's INEDs are fair and reasonable.

4.3.3 Consideration

Nil

As mentioned above, the Proposed Grants at nil consideration is in line with market practice.

Having considered (i) our findings in respect of the granting of restricted share units/incentive shares at nil consideration as aforementioned; and (ii) the purpose of the Proposed Grants as explained in the section headed "Reasons for and benefits of the Proposed Grants" above, we consider the Proposed Grants at nil consideration to be fair and reasonable.

4.3.4 Vesting period and performance targets

The Restricted Shares shall vest as follows: 33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025; and 33.33% shall vest on 30 March 2026. There were no performance targets attached to the Restricted Shares under the 2023 Proposed Grants to INEDs.

As mentioned above, we noted from the Comparable Transactions that majority of the Comparable Transactions set three to four instalments with 25% to 40% in each instalment of the restricted share units and/or awarded shares for relevant grantees for vesting such restricted share units and/or award shares, we consider the arrangement of vesting period under the 2023 Proposed Grants to INEDs is in line with the market practice.

As stated in the Board Letter, having considered that the main duties of the independent non-executive Directors to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the independent non-executive Directors and to preserve their objectivity and independence, the grant of Restricted Shares to independent non-executive Directors without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the 2020 RS Plan. Having considered the aforesaid factors and that there was no performance target for restricted shares granted to INEDs according to the Comparable Transactions, we concur with the Directors in this regard.

LETTER FROM GRAM CAPITAL

4.3.5 Clawback mechanisms

If an independent non-executive Director resigns from his/her position, all unvested Restricted Shares shall automatically lapse.

4.4 Our conclusion on terms of the Proposed Grants

Having reviewed and considered the terms of the Proposed Grants in particular the key terms as listed above (including the consideration being in line with the market practice, the numbers of Restricted Shares granted under each of the Proposed Grants being fair and reasonable; and no abnormal term observed), we are of the view that the terms of the Proposed Grants are on normal commercial terms and are fair and reasonable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Proposed Grants are on normal commercial terms and are fair and reasonable; and (ii) the Proposed Grants are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committees to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve the Proposed Grants and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Notes:

1. Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.
2. For the purposes of this letter, unless the context otherwise requires or expressly specified, exchange rates of HK\$1.00 to RMB0.87758 have been used for currency conversion, where applicable. Such exchange rates are for illustration purposes only and does not constitute any representation that any amount in RMB or HK\$, could have been or may be converted at such rates.

APPENDIX I EXPLANATORY STATEMENT ON THE SHARE BUY-BACK MANDATE

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Share Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,540,604,450 Shares.

Subject to the passing of the resolution granting the Share Buy-back Mandate and on the basis that no further Shares are issued or bought back before the Annual General Meeting, i.e. being 1,540,604,450 Shares, the Directors would be authorized under the Share Buy-back Mandate to buy back, during the period in which the Share Buy-back Mandate remains in force, a total of 154,060,445 Shares which represent 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR SHARE BUY-BACK

The Directors believe that it is in the best interests of the Company and Shareholders for the Directors to have general authority from the Shareholders to buy back the Shares in the market. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such buy-back will benefit the Company and Shareholders.

3. FUNDING OF SHARE BUY-BACK

Buy-back of Shares must be funded legally available for such purpose in accordance with the Memorandum of Association of the Company, Articles of Association, the Companies Act and any applicable laws and regulations, being profits of the Company or out of the proceeds of a fresh issue of the Shares made for the purpose of the buy-back, or, if authorised by the Articles of Association and subject to the Companies Law, out of capital of the Company, and, in the case of any premium payable on the buy-back, out of the profits of the Company or out of sums standing to the credit of the share premium account of the Company before or at the time the Shares are bought back in the manner provided for in the Companies Act.

4. IMPACT OF SHARE REPURCHASE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended December 31, 2022) in the event that the Share Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not intend to exercise the

Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. EFFECT OF TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a buy-back of Shares pursuant to the Share Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, if a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company, it will become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, the Directors are not aware of any consequences which would arise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code as a result of an exercise of the proposed Share Buy-back Mandate.

The Directors do not propose to exercise the Share Buy-back Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

6. GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise their power to buy back any Shares pursuant to the Share Buy-back Mandate in accordance with the Listing Rules, the Memorandum of association of the Company, Articles of Association and applicable laws of the Cayman Islands in force from time to time.

To the best of their knowledge and having made all reasonable enquiries, none of the Directors or any of their respective close associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company, if the Share Buy-back Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the proposed Share Buy-back Mandate is approved by the Shareholders.

7. SHARE BUY-BACK MADE BY THE COMPANY

During the 6 months prior to the Latest Practicable Date, the Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise).

8. SHARE PRICES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the 12 months prior to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
April	30.45	22.45
May	24.90	18.06
June	37.70	23.50
July	41.00	31.80
August	37.95	31.20
September	34.05	23.25
October	31.15	21.20
November	35.65	25.45
December	34.70	26.50
2023		
January	47.95	32.50
February	47.60	37.20
March	44.55	33.80
April	43.80	32.90
May (<i>up to the Latest Practicable Date</i>)	41.50	35.20

DIRECTORS STANDING FOR RE-ELECTION

The following are details of the Directors (as required by the Listing Rules) who will retire and, being eligible, offer themselves for re-election at the Annual General Meeting.

(1) Mr. Ronald Hao Xi Ede, aged 64, executive Director***Position and Experience***

Mr. Ede is an executive Director, the Chief Financial Officer of the Company and a member of the Strategy Committee. Mr. Ede joined the Group on January 1, 2018 and is responsible for finance, investor relations, information technology and channel management of our Group. Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Ltd. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited. Mr. Ede is a fellow member of the Institute of Singapore Chartered Accountants and an A-Share independent director certified by the Shenzhen Stock Exchange. Mr. Ede received his bachelor of business administration degree from the University of Hawaii in December 1984 and a master of business administration degree from the University of Washington in December 1988. Mr. Ede has held directorships in the following listed companies outside of the Group:

- Mindray Medical International Limited (a company previously listed on the New York Stock Exchange (the “NYSE”) and is currently listed on the Shenzhen Stock Exchange with stock code: 300760) as an independent non-executive director since 2006; and resigned as an independent non-executive director in 2016 after the company was privatized from the NYSE. In 2017, he rejoined the board as an independent non-executive director for Mindray; and
- Dawnrays Pharmaceutical (Holding) Ltd. (a company listed on the Stock Exchange with stock code: 2348) as a non-executive director since 2015. In 2017, Mr. Ede was re-designated as an independent non-executive director.

Saved as disclosed above, Mr. Ede does not hold any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position within the Company.

Length of service and emoluments

Mr. Ede had entered into a service agreement with the Company on October 15, 2021. The initial term of the service agreement shall commence from October 15, 2021 and continue for a period of three years after or until the third annual general meeting of the Company since the date of listing of shares on the Main Board of the Stock Exchange, whichever is earlier (subject always to re-election as and when required under the articles of association of the Company), until terminated in accordance with the terms and conditions of the service agreement or by either party giving to the other not less than three months’ prior notice in writing.

Pursuant to the service agreement entered into with the Company, Mr. Ede is entitled to a bonus in a lump sum of (subject to certain specified conditions to be satisfied). In addition, the Company shall bear and pay certain specified individual tax liabilities that Mr. Ede may or will incur.

Relationships

Mr. Ede does not have any relationship with any directors or senior management or substantial shareholders or controlling shareholders of the Company.

Interest in Shares

As at December 31, 2022, Mr. Ede was interested or deemed to be interested in 7,160,975 shares, representing approximately 0.46% of the issued share capital of the Company pursuant to Part XV of the SFO.

Matters that need to be brought to the attention of the Shareholders

Saved as disclosed above, there are no other matters concerning Mr. Ede that need to be brought to the attention of the Shareholders and there is no other information relating to Mr. Ede that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

(2) Dr. Charles Leland Cooney, aged 78, independent non-executive Director

Position and Experience

Dr. Cooney is an independent non-executive Director, a member of each of the Nomination Committee, Audit Committee and Strategy Committee. Dr. Cooney was appointed to the Board of the Company on October 18, 2015 and is responsible for providing independent opinion and judgment to the Board. Dr. Cooney joined the faculty of the Massachusetts Institute of Technology as an assistant professor in 1970, becoming full professor in 1982. His teaching focuses on the bioprocess development and manufacturing and technological innovation, and his research interests include biochemical engineering and pharmaceutical manufacturing. From 2002 to 2014, Dr. Cooney was the founding Faculty Director of the Deshpande Center for Technological Innovation.

Dr. Cooney is a consultant to multiple biotech and pharmaceutical companies and sits on the boards of Codiak BioScience (a company listed on the NASDAQ with the symbol CDAK) and GreenLight Bioscience (a company listed on the NASDAQ with the symbol GRNA) and also on the boards of private companies such as Hovione and LayerBio, and is an adviser to the Singapore MIT Alliance for Research and Technology (SMART) Innovation Center.

Dr. Cooney previously served as an independent non-executive director of Polypore International (a company listed on the NASDAQ with ticker symbol: PPO), and Biocon Limited (a company listed on the NYSE with ticker symbol: BIOCON and on the Bombay Stock Exchange with stock code: 532523). Dr. Cooney received his bachelor of science degree in chemical engineering from the University of Pennsylvania in June 1966, and his master of science and doctor of philosophy degrees in biochemical engineering from the Massachusetts Institute of Technology in September 1967 and February 1970, respectively.

Saved as disclosed above, Dr. Cooney does not hold any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position within the Company.

Length of service and emoluments

Dr. Cooney has entered into an appointment letter with the Company on October 16, 2021. The initial term for his appointment shall be three years from October 16, 2021 or until the third annual general meeting of the Company since the date of listing of shares on the Main Board of the Stock Exchange, whichever is sooner, (subject always to re-election as and when required under the articles of association of the Company) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing. Under the appointment letter, Dr. Cooney is entitled to receive an annual director's fee of RMB400,000.

Relationships

Dr. Cooney does not have any relationship with any directors or senior management or substantial shareholders or controlling shareholders of the Company.

Interest in Shares

As at December 31, 2022, Dr. Cooney was interested or deemed to be interested in 87,248 shares, representing approximately 0.00% of the issued share capital of the Company pursuant to Part XV of the SFO.

Matters that need to be brought to the attention of the Shareholders

Saved as disclosed above, there are no other matters concerning Dr. Cooney that need to be brought to the attention of the Shareholders and there is no other information relating to Dr. Cooney that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

**THE COMPANIES LAW ~~(2018 REVISION)~~ ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**~~THIRTEENTH~~FOURTEENTH AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION**

OF

INNOVENT BIOLOGICS, INC. (信達生物製藥)

(~~conditionally~~ adopted by special resolution passed on ~~15 October 2018~~ and effective on
~~31 October 2018~~[●] 2023)

**THE COMPANIES LAW ~~(2018 REVISION)~~ ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**~~THIRTEENTH~~FOURTEENTH AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
INNOVENT BIOLOGICS, INC. (信達生物製藥)**

(~~conditionally~~ adopted by special resolution passed on ~~15 October 2018~~ and effective on
~~31 October 2018~~[●] 2023)

**THE COMPANIES LAW ~~(2018 REVISION) ACT (AS REVISED)~~
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**~~THIRTEENTH~~FOURTEENTH AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
INNOVENT BIOLOGICS, INC. (信達生物製藥)**

(~~conditionally~~ adopted by special resolution passed on ~~15 October 2018~~ and effective on ~~31 October 2018~~~~[●]~~ 2023)

- 1 The name of the Company is Innovent Biologics, Inc. (信達生物製藥).
- 2 The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands or at such other place in the Cayman Islands as the Board may from time to time decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.
- 4 The liability of each member is limited to the amount from time to time unpaid on such member's shares.
- 5 The share capital of the Company is US\$50,000 divided into 5,000,000,000 shares of a nominal or par value of US\$0.00001 each.
- 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 7 Capitalised terms that are not defined in this Memorandum of Association bear the respective meanings given to them in the Articles of Association of the Company.

**THE COMPANIES LAW ~~(2018 REVISION)~~ ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**~~THIRTEENTH~~FOURTEENTH AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
INNOVENT BIOLOGICS, INC. (信達生物製藥)**

(~~conditionally~~ adopted by special resolution passed on ~~15 October 2018~~ and effective on
~~31 October 2018~~[●] 2023)

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THE COMPANIES LAW ~~(2018 REVISION)~~ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

~~THIRTEENTH~~FOURTEENTH AMENDED AND RESTATED
ARTICLES OF ASSOCIATION

OF
INNOVENT BIOLOGICS, INC. (信達生物製藥)

(~~conditionally~~ adopted by special resolution passed on ~~15 October 2018~~ and effective on ~~31~~
~~October 2018~~[●] 2023)

1 Exclusion of Table A

The regulations contained in Table A in the First Schedule to the Companies Law~~Act~~ shall not apply to the Company.

2 Interpretation

2.1 The marginal notes to these Articles shall not affect the interpretation hereof.

2.2 In these Articles, unless there be something in the subject or context inconsistent therewith:

“**Articles**” shall mean these Articles of Association and all supplementary, amended or substituted Articles for the time being in force.

“**associate**” shall have the meaning given to it in the Listing Rules.

“**Auditors**” shall mean the persons appointed by the Company from time to time to perform the duties of auditors of the Company.

“**Board**” shall mean the majority of the Directors present and voting at a meeting of Directors at which a quorum is present.

“**business day**” shall mean a day on which the Exchange generally is open for the business of dealing in securities in Hong Kong . For the avoidance of doubt, where the Exchange is closed for business of dealing in securities in Hong Kong on a day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purpose of these Articles be counted as a business day.

“**capital**” shall mean the share capital from time to time of the Company.

“Chairman”	shall mean the Chairman presiding at any meeting of members or of the Board.
“close associate”	shall have the meaning given to it in the Listing Rules.
“ <u>Communication Facilities</u> ”	<u>shall mean video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video-communication, internet or online conferencing application or telecommunications facilities by means of which all Persons participating in a meeting are capable of hearing and being heard by each other.</u>
“ <u>Companies Law Act</u> ”	shall mean the Companies Law (2018 Revision Act (As Revised), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.
“ <u>Companies Ordinance</u> ”	shall mean the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) as in force from time to time.
“Company”	shall mean Innovent Biologics, Inc. (信達生物製藥).
“Company’s Website”	shall mean the website of the Company, the address or domain name of which has been notified to members.
“Director”	shall mean any director from time to time of the Company.
“dividend”	shall include bonus dividends and distributions permitted by the Companies Law Act to be categorised as dividends.
“electronic”	shall have the meaning given to it in the Electronic Transactions Law Act .
“electronic means”	shall include sending or otherwise making available to the intended recipients of the communication in electronic format.
“ <u>Electronic Signature</u> ”	shall mean an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication.
“ <u>Electronic Transactions Law Act</u> ”	shall mean the Electronic Transactions Law (2003 Revision Act (As Revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.

“Exchange”	shall mean The Stock Exchange of Hong Kong Limited.
“holding company”	shall have the meaning attributed to such term in the Companies Ordinance.
“Listing Rules”	shall mean the Rules Governing the Listing of Securities on the Exchange as amended from time to time.
“members”	shall mean the persons who are duly registered as the holders from time to time of shares in the register including persons who are jointly so registered.
“Memorandum”	shall mean the memorandum of association of the Company.
“month”	shall mean a calendar month.
“ordinary resolution”	shall mean a resolution passed by a simple majority of the votes of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting held in accordance with these Articles and includes an ordinary resolution passed pursuant to Article 13.10 13.11.
“Person”	<u>shall mean any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires.</u>
“Present”	<u>shall mean, in respect of any Person, such Person’s presence at a general meeting of members, which may be satisfied by means of such Person or, if a corporation or other non-natural Person, its duly authorised representative (or, in the case of any member, a proxy which has been validly appointed by such member in accordance with these Articles), being:</u> (a) <u>physically present at the meeting; or</u> (b) <u>in the case of any meeting at which Communication Facilities are permitted in accordance with these Articles, including any Virtual Meeting, connected by means of the use of such Communication Facilities.</u>
“principal register”	shall mean the register of members of the Company maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.

“published in the newspapers”	shall mean published as a paid advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper, being in each case a newspaper published daily and circulating generally in Hong Kong in accordance with the Listing Rules.
“published on the Exchange’s website”	shall mean published in English and Chinese on the Exchange’s website in accordance with the Listing Rules.
“recognised clearing house”	shall have the meaning ascribed thereto in Part I of Schedule 1 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.
“register”	shall mean the principal register and any branch registers.
“rights issue”	shall mean an offer by way of rights to existing holders of securities of the Company which enables those holders to subscribe for securities in proportion to their existing holdings.
“seal”	shall include the common seal of the Company, the securities seal or any duplicate seal adopted by the Company pursuant to Article 22.2.
“Secretary”	shall mean the person appointed as company secretary by the Board from time to time.
“share”	shall mean a share in the capital of the Company.
“special resolution”	shall have the same meaning as ascribed thereto in the Companies Law Act and shall include a unanimous written resolution of all members: for this purpose, the requisite majority shall be not less than three-fourths of the votes of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, and includes a special resolution passed pursuant to Article 13.10 <u>13.11</u> .
“subsidiary”	shall have the meaning attributed to such term in the Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under the Listing Rules.

“**transfer office**” shall mean the place where the principal register is situate for the time being.

“**Virtual Meeting**” shall mean any general meeting of the members at which the members (and any other permitted participants of such meeting, including, without limitation, the Chairman of such meeting and any Directors) are permitted to attend and participate solely by means of Communication Facilities.

2.3 Subject as aforesaid, any words defined in the Companies LawAct shall, if not inconsistent with the subject and/or context, bear the same meanings in these Articles.

2.4 Words importing either gender shall include the other gender and the neuter; words importing persons and the neuter shall include companies and corporations and vice versa; and words denoting the singular shall include the plural and words denoting the plural shall include the singular.

2.5 “**Writing**” or “**printing**” shall include writing, printing, lithograph, photograph, type-writing and every other mode of representing words or figures in a legible and non-transitory form and, only where used in connection with a notice served by the Company on members or other persons entitled to receive notices hereunder, shall also include a record maintained in an electronic medium which is accessible in visible form so as to be useable for subsequent reference.

2.6 Sections 8 and 19(3) of the Electronic Transactions LawAct shall not apply.

3 Share Capital and Modification of Rights

3.1 The authorised share capital of the Company at the date of the adoption of these Articles is US\$50,000 divided into 5,000,000,000 shares of a nominal or par value of US\$0.00001 each.

3.2 Subject to the provisions of these Articles and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Board may determine. Subject to the Companies LawAct and to any special rights conferred on any members or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof is, liable to be redeemed. No shares shall be issued to bearer.

- 3.3 Subject to the Listing Rules, the Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine. No warrants shall be issued to bearer for so long as a recognised clearing house (in its capacity as such) is a member. Where warrants are issued to bearer, no new warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant.
- 3.4 If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law Act, be varied or abrogated with the consent in writing of the holders of not less than three-fourths ~~in nominal value of~~ of the voting rights of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class. To every such separate meeting all the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than ~~one-third in nominal value of the voting rights~~ of the issued shares of that class.
- 3.5 The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
- 3.6 Where the share capital of the Company include shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares. Where the share capital of the Company includes shares with different voting rights, the words “restricted voting” or “limited voting” shall appear in the designation of each class of shares other than the class of shares with the most favourable voting rights.
- 3.7 Subject to the Companies Law Act, or any other law or so far as not prohibited by any law or the Listing Rules and subject to any rights conferred on the holders of any class of shares, the Company shall have the power to purchase or otherwise acquire any of its own shares (which expression as used in this Article includes redeemable shares) provided that the manner of purchase has first been authorised by a resolution of the members, and to purchase or otherwise acquire warrants for the subscription or purchase of its own shares, and shares and warrants for the subscription or purchase of any shares in any company which is its holding company and may make payment therefor in any manner authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, a gift, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or

other acquisition made or to be made by any person of any shares or warrants in the Company or any company which is a holding company of the Company and should the Company purchase or otherwise acquire its own shares or warrants neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with any relevant code, rules or regulations issued by the Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

- 3.8 The Board may accept the surrender for no consideration of any fully paid share.
- 3.9 The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.
- 3.10 Subject to the provisions of the Companies LawAct and the Memorandum, and to any special rights conferred on the holders of any shares or attaching to any class of shares, shares may be issued on the terms that they may be, or at the option of the Company or the holders are, liable to be redeemed on such terms and in such manner, including out of capital, as determined by a special resolution.
- 3.11 Where the Company purchases or redeems any of its shares, purchases or redemption not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.
- 3.12 The purchase or redemption of any share shall not be deemed to give rise to the purchase or redemption of any other share.
- 3.13 The holder of the shares being purchased, surrendered or redeemed shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Board shall specify the certificate(s) thereof, if any, for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.
- 3.14 Subject to the provisions of the Companies LawAct, the Memorandum and these Articles relating to new shares, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Board shall determine.

- 3.15 The Company may, unless prohibited by law, at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company, but so that the conditions and requirements of the Companies Law Act shall be observed and complied with, and in each case the commission shall not exceed 10% of the price at which the shares are issued.
- 3.16 Except as otherwise expressly provided by these Articles or as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any shares or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

4 Register of Members and Share Certificates

- 4.1 The Board shall cause to be kept at such place within or outside the Cayman Islands as it deems fit a principal register of the members and there shall be entered therein the particulars of the members and the shares issued to each of them and other particulars required under the Companies Law Act.
- 4.2 If the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The principal register and the branch register(s) shall together be treated as the register for the purposes of these Articles.
- 4.3 The Board may, in its absolute discretion, at any time transfer any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.
- 4.4 Notwithstanding anything contained in this Article 4, the Company shall as soon as practicable and on a regular basis record in the principal register all transfers of shares effected on any branch register and shall at all times maintain the principal register in such manner as to show at all times the members for the time being and the shares respectively held by them, in all respects in accordance with the Companies Law Act.
- 4.5 For so long as any shares are listed on the Exchange, title to such listed shares may be evidenced and transferred in accordance with the Listing Rules that are or shall be applicable to such listed shares. The register of members maintained by the Company in respect of such listed shares (whether the principal register or a branch register) may be

- kept by recording the particulars required by Section 40 of the Companies Law~~Act~~ in a form otherwise than legible (provided it is capable of being reproduced in a legible form) if such recording otherwise complies with the Listing Rules that are or shall be applicable to such listed shares.
- 4.6 Except when a register is closed and, if applicable, subject to the additional provisions of Article 4.8, the principal register and any branch register shall during business hours be kept open to inspection by any member without charge.
- 4.7 The reference to business hours in Article 4.6 is subject to such reasonable restrictions as the Company in general meeting may impose, but so that not less than two hours in each business day is to be allowed for inspections.
- 4.8 The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed by virtue of these Articles with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed. In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice in accordance with the procedures set out in this Article.
- 4.9 Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a member without charge and any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Board may determine for each inspection. Any member may require a copy of the register, or any part thereof, on payment of HK\$0.25, or such lesser sum as the Company may prescribe, for every 100 words or fractional part thereof required to be copied. The Company shall cause any copy so required by any person to be sent to that person within a period of 10 days commencing on the date next after the day on which the request is received by the Company.
- 4.10 In lieu of, or apart from, closing the register pursuant to other provisions in these Articles, the Board may fix in advance a date as the record date for any such determination of members entitled to receive notice of, or to vote at any general meeting of the members

or any adjournment thereof, or for the purpose of determining the members entitled to receive payment of any dividend or distribution, or in order to make a determination of members for any other purpose.

- 4.11 Every person whose name is entered as a member in the register shall be entitled to receive, within any relevant time limit as prescribed in the Companies ~~Law~~Act or as the Exchange may from time to time determine, whichever is shorter, and subject to payment of any fees which may be payable pursuant to Article 7.8, after allotment or lodgement of transfer, or within such other period as the conditions of issue shall provide, one certificate for all his shares of each class or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming an Exchange board lot, such numbers of certificates for shares in Exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at his registered address as appearing in the register.
- 4.12 Every certificate for shares or debentures or representing any other form of security of the Company shall be issued under the seal of the Company, which shall only be affixed with the authority of the Board.
- 4.13 Every share certificate shall specify the number and class of shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as the Board may from time to time prescribe.
- 4.14 The Company shall not be bound to register more than four persons as joint holders of any share. If any share shall stand in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the share.
- 4.15 If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee, if any, not exceeding such amount as may from time to time be permitted under the Listing Rules (or such lesser sum as the Board may from time to time require) and on such terms and conditions, if any, as to publication of notices, evidence and indemnity, as the Board thinks fit and where it is defaced or worn out, after delivery up of the old certificate to the Company for cancellation.

5 Lien

- 5.1 The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all monies, whether presently payable or not, called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (other than fully paid up shares) standing registered in the name of a member (whether solely or jointly with others) for all the debts and liabilities of such member or his estate to the Company and whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether such person is a member or not.
- 5.2 The Company's lien (if any) on a share shall extend to all dividends and bonuses declared in respect thereof. The Board may resolve that any share shall for some specified period be exempt wholly or partially from the provisions of this Article.
- 5.3 The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person, of which the Company has notice, entitled to the shares by reason of such holder's death, mental disorder or bankruptcy.
- 5.4 The net proceeds of such sale by the Company after the payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability or engagement in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale and upon surrender, if required by the Company, for cancellation of the certificate for the shares sold) be paid to the holder immediately before such sale of the shares. For giving effect to any such sale, the Board may authorise any person to transfer the shares sold to the purchaser thereof and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

6 Calls on Shares

- 6.1 The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. A call may be revoked or postponed as the Board may determine.
- 6.2 At least 14 days' notice of any call shall be given to each member specifying the time and place of payment and to whom such payment shall be made.
- 6.3 A copy of the notice referred to in Article 6.2 shall be sent in the manner in which notices may be sent to members by the Company as herein provided.
- 6.4 Every member upon whom a call is made shall pay the amount of every call so made on him to the person and at the time or times and place or places as the Board shall specify. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.
- 6.5 In addition to the giving of notice in accordance with Article 6.3, notice of the person appointed to receive payment of every call and of the times and places appointed for payment may be given to the members affected by notice published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers.
- 6.6 A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.
- 6.7 The joint holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such share or other monies due in respect thereof.
- 6.8 The Board may from time to time at its discretion extend the time fixed for any call, and may extend such time as to all or any of the members, whom by reason of residence outside Hong Kong or other cause the Board considers it reasonable to grant an extension to, but no member shall be entitled to any such extension as a matter of grace and favour.
- 6.9 If the sum or any instalment payable in respect of any call is unpaid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 15% per annum as the Board shall determine from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part.

- 6.10 No member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another member) at any general meeting, either personally or by proxy, or be reckoned in a quorum, or to exercise any other privilege as a member until all sums or instalments due from him to the Company in respect of any call, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
- 6.11 At the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the register as the holder, or one of the holders, of the shares in respect of which such debt accrued; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, and the proof of the matters aforesaid shall be conclusive evidence of the debt.
- 6.12 Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, whether on account of the nominal value of the share and/or by way of premium or otherwise, shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, liabilities of joint holders, forfeiture and the like, shall apply as if such sum had become payable by virtue of a call duly made and notified.
- 6.13 The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such member not less than one month's notice in writing of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

7 Transfer of Shares

- 7.1 Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Exchange and approved by the Board. All instruments of transfer must be left at the registered office of the Company or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.

- 7.2 The instrument of transfer shall be executed by or on behalf of the transferor and by or on behalf of the transferee PROVIDED that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The instrument of transfer of any share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of the transferor and transferee PROVIDED that in the case of execution by facsimile signature by or on behalf of a transferor or transferee, the Board shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor or transferee and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.
- 7.3 Notwithstanding Articles 7.1 and 7.2, transfers of shares which are listed on the Exchange may be effected by any method of transferring or dealing in securities permitted by the Listing Rules and which has been approved by the Board for such purpose.
- 7.4 The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien.
- 7.5 If the Board shall refuse to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.
- 7.6 The Board may also decline to register any transfer of any shares unless:
- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (b) the instrument of transfer is in respect of only one class of shares;
 - (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
 - (d) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four;
 - (e) the shares concerned are free of any lien in favour of the Company; and
 - (f) a fee of such amount not exceeding the maximum amount as the Exchange may from time to time determine to be payable (or such lesser sum as the Board may from time to time require) is paid to the Company in respect thereof.

- 7.7 No transfer shall be made to an infant or to a person in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability.
- 7.8 Upon every transfer of shares, the certificate held by the transferor shall be given up to be cancelled and shall forthwith be cancelled accordingly and a new certificate shall be issued, on payment by the transferee of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require, to the transferee in respect of the shares transferred to him and, if any of the shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof shall be issued to him, on payment by the transferor of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require. The Company shall also retain the instrument(s) of transfer.
- 7.9 The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be suspended and the register closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice before the announced closure, or the new closure, whichever is earlier. If, however, there are exceptional circumstances (e.g. during a Number 8 or higher typhoon signal and black rainstorm warning) that render the giving of such publication of advertisement impossible, the Company shall comply with these requirements as soon as practicable.

8 Transmission of Shares

- 8.1 In the case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.

- 8.2 Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a member may, upon such evidence as to his title being produced as may from time to time be required by the Board and subject as hereinafter provided, either be registered himself as holder of the share or elect to have some other person nominated by him registered as the transferee thereof.
- 8.3 If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee a transfer of such share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy or winding-up of the member had not occurred and the notice or transfer were a transfer executed by such member.
- 8.4 A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 14.3 being met, such a person may vote at meetings.

9 Forfeiture of Shares

- 9.1 If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time during such time as any part thereof remains unpaid, without prejudice to the provisions of Article 6.10, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment.
- 9.2 The notice shall name a further day (not earlier than the expiration of 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is unpaid will be liable to be forfeited. The Board may accept a surrender of any share liable to be forfeited hereunder and in such case, references in these Articles to forfeiture shall include surrender.
- 9.3 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share, and not actually paid before the forfeiture.

- 9.4 Any share so forfeited shall be deemed to be the property of the Company, and may be re-allotted sold or otherwise disposed of on such terms and in such manner as the Board thinks fit and at any time before a re-allotment, sale or disposition the forfeiture may be cancelled by the Board on such terms as it thinks fit.
- 9.5 A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding this, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 15% per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived, be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.
- 9.6 A statutory declaration in writing that the declarant is a Director or Secretary, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any re-allotment, sale or disposition thereof and the Board may authorise any person to execute a letter of re-allotment or transfer the share in favour of the person to whom the share is re-allotted, sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the subscription or purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, re-allotment, sale or other disposal of the share.
- 9.7 When any share shall have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register. Notwithstanding the above, no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.
- 9.8 Notwithstanding any such forfeiture as aforesaid, the Board may at any time, before any share so forfeited shall have been re-allotted, sold, or otherwise disposed of, permit the share forfeited to be redeemed upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

9.9 The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

9.10 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

10 Alteration of Capital

10.1 The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law Act; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of the Company, subject nevertheless to the provisions of the Companies Law Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

10.2 The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law Act.

11 Borrowing Powers

- 11.1 The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.
- 11.2 The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and, in particular, by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debts, liability or obligations of the Company or of any third party.
- 11.3 Debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- 11.4 Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.
- 11.5 The Board shall cause a proper register to be kept, in accordance with the provisions of the Companies Law Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Companies Law Act in regard to the registration of mortgages and charges therein specified and otherwise.
- 11.6 If the Company issues debentures or debenture stock (whether as part of a series or as individual instruments) not transferable by delivery, the Board shall cause a proper register to be kept of the holders of such debentures.
- 11.7 Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the members or otherwise, to obtain priority over such prior charge.

12 General Meetings

- 12.1 The Company shall hold a general meeting as its annual general meeting in each financial year, to be held within six months (or such other period as may be permitted by the Listing Rules or the Exchange) after the end of such financial year ~~other than the year of the Company's adoption of these Articles, within a period of not more than 15 months after the holding of the last preceding annual general meeting or not more than 18 months after the date of adoption of these Articles (or such longer period as the Exchange may authorise)~~. The annual general meeting shall be specified as such in the notices calling it and shall be held at such time and place as the Board shall appoint.

- 12.2 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 12.3 The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any ~~two~~one or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the ~~paid-up~~voting rights, on a one vote per share basis, in the share capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the ~~paid-up~~voting rights, on a one vote per share basis, in the share capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.
- 12.4 The Directors may make Communication Facilities available for a specific general meeting or all general meetings of the Company so that members and other participants may attend and participate at such general meetings by means of such Communication Facilities. Without limiting the generality of the foregoing, the Directors may determine that any general meeting may be held as a Virtual Meeting.
- 12.5 ~~12.4~~-An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirement under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. The notice of any general meeting at which Communication Facilities will be utilised (including any Virtual Meeting) must disclose the Communication Facilities that will be utilised, including the procedures to be followed by any member or other participant of the general meeting who wishes to utilise

such Communication Facilities for the purpose of attending, participating and voting at such meeting. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

12.6 ~~12.5~~ Notwithstanding that a meeting of the Company is called by shorter notice than that referred to in Article ~~12.4~~12.5, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the members entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

12.7 ~~12.6~~ There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member.

12.8 ~~12.7~~ The accidental omission to give any such notice to, or the non-receipt of any such notice by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.

12.9 ~~12.8~~ In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.

13 Proceedings at General Meetings

13.1 For all purposes the quorum for a general meeting shall be two members ~~present in person (or in the case of a corporation, by its duly authorised representative) or by proxy~~Present provided always that if the Company has only one member of record the quorum shall be that one member ~~present in person or by proxy~~Present. No business (except the appointment of a Chairman) shall be transacted at any general meeting unless the requisite quorum shall be ~~present~~Present at the commencement of the business.

13.2 If within 15 minutes from the time appointed for the meeting a quorum is not ~~present~~Present, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board, and if at such adjourned meeting a quorum is not ~~present~~Present within 15 minutes from the time appointed for

holding the meeting, the member or members ~~present in person (or in the case of a corporation, by its duly authorised representative) or by proxy~~ Present shall be a quorum and may transact the business for which the meeting was called.

13.3 The chairman of the board of Directors shall take the chair at every general meeting, or, if there be no such chairman or, if at any general meeting such chairman shall not be ~~present~~ Present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors ~~present~~ Present shall choose another Director as Chairman, and if no Director be ~~present~~ Present, or if all the Directors ~~present~~ Present decline to take the chair, or if the Chairman chosen shall retire from the chair, then the members ~~present (whether in person or represented by proxy or duly authorised representative)~~ Present shall choose one of their own number to be Chairman.

13.4 The Chairman of any general meeting shall be entitled to attend and participate at such general meeting by means of Communication Facilities, and to act as the Chairman, in which event:

(a) the Chairman shall be deemed to be Present at the meeting; and

(b) if the Communication Facilities are interrupted or fail for any reason to enable the Chairman to hear and be heard by all other Persons attending and participating at the meeting, then the other Directors Present at the meeting shall choose another Director Present to act as Chairman of the meeting for the remainder of the meeting; provided that (i) if no other Director is Present at the meeting, or (ii) if all the Directors Present decline to take the chair, then the meeting shall be automatically adjourned to the same day in the next week and at such time and place as shall be decided by the Board.

13.5 ~~13.4~~ The Chairman may, with the consent of any general meeting at which a quorum is ~~present~~ Present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for 14 days or more, at least seven clear days' notice, specifying the place, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

13.6 ~~13.5~~ At any general meeting a resolution put to the vote of the meeting shall be decided on a poll save that the Chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

13.7 ~~13.6~~—A poll shall (subject as provided in Article ~~13.7~~13.8) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was taken as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken.

13.8 ~~13.7~~—Any poll on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting and without adjournment.

13.9 ~~13.8~~—Where a resolution is voted on by a show of hands as permitted under the Listing Rules, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

13.10 ~~13.9~~—In the case of an equality of votes, whether on a poll or on a show of hands, the Chairman of the meeting at which the poll or show of hands is taken shall be entitled to a second or casting vote.

13.11 ~~13.10~~—A resolution in writing (in one or more counterparts), including a special resolution, signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly appointed representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

14 Votes of Members

14.1 Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting ~~where~~(a) every member Present shall have the right to speak, (b) on a show of hands is allowed, every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) such manner shall have one vote, and (c) on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy such manner shall have one vote for each share registered in his name in the register. On a poll a member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands and is under no obligation to cast all his votes in the same way on a poll.

- 14.2 Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.
- 14.3 Any person entitled under Article 8.2 to be registered as a member may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned meeting (as the case may be) at which he proposed to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
- 14.4 Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be ~~present~~Present at any meeting ~~personally or by proxy~~, that one of the said persons so ~~present~~Present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.
- 14.5 A member in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so, and such person may vote by proxy.
- 14.6 Save as expressly provided in these Articles or as otherwise determined by the Board, no person other than a member duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be ~~present~~Present or to vote (save as proxy for another member), or to be reckoned in a quorum, either personally or by proxy at any general meeting.
- 14.7 No objection shall be raised as to the qualification of any person exercising or purporting to exercise any vote or to the admissibility of any vote except at the meeting or adjourned meeting at which the person exercising or purporting to exercise his vote or the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. In the case of any dispute as to the admission or rejection of any vote, the Chairman of the meeting shall determine the same and such determination shall be final and conclusive.
- 14.8 Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak

at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).

- 14.9 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
- 14.10 The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority, (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid provided always that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex or cable or facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 14.11 Every instrument of proxy, whether for a specified meeting or otherwise, shall be in common form or such other form that complies with the Listing Rules as the Board may from time to time approve, provided that it shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates.
- 14.12 The instrument appointing a proxy to vote at a general meeting shall: (a) be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit; and (b) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that the meeting was originally held within 12 months from such date.
- 14.13 A vote given in accordance with the terms of an instrument of proxy or resolution of a member shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy or resolution of a member was executed or revocation of the relevant resolution or the

transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place as is referred to in Article 14.10, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

14.14 Any corporation which is a member may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member and where a corporation is so represented, it shall be treated as being ~~present~~Present at any meeting in person.

14.15 If a recognised clearing house (or its nominee(s)) is a member it may authorise such person or persons as it thinks fit to act as its representative(s) at any ~~general~~-meeting of the Company or ~~at any general meeting~~ of any class of members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence to substantiate that it is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands and right to speak, notwithstanding any contrary provision contained in these Articles.

15 Registered Office

The registered office of the Company shall be at such place in the Cayman Islands as the Board shall from time to time appoint.

16 Board of Directors

16.1 The number of Directors shall not be less than two.

16.2 The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the ~~next following~~first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

- 16.3 The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these Articles and the Companies Law Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.
- 16.4 No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
- 16.5 The Company shall keep at its registered office a register of directors and officers containing their names and addresses and any other particulars required by the Companies Law Act and shall send to the Registrar of Companies of the Cayman Islands a copy of such register and shall from time to time notify to the Registrar of Companies of the Cayman Islands any change that takes place in relation to such Directors as required by the Companies Law Act.
- 16.6 The Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his ~~period~~term of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed. Nothing in this Article should be taken as depriving a Director removed under any provision of this Article of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or as derogatory from any power to remove a Director which may exist apart from the provision of this Article.
- 16.7 A Director may at any time by notice in writing delivered to the registered office of the Company, the principal office of the Company in Hong Kong or at a meeting of the Board, appoint any person (including another Director) to be his alternate Director in his place during his absence and may in like manner at any time determine such appointment. Such appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved, provided that the Board may not withhold approval of any such appointment where the proposed appointee is a Director.

- 16.8 The appointment of an alternate Director shall determine on the happening of any event which, were he a Director, would cause him to vacate such office or if his appointor ceases to be a Director.
- 16.9 An alternate Director shall (except when absent from Hong Kong), be entitled to receive and waive (in lieu of his appointor) notices of meetings of the Directors and shall be entitled to attend and vote as a Director and be counted in the quorum at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (instead of his appointor) were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative and he need not use all his votes or cast all the votes he uses in the same way. If his appointor is for the time being absent from Hong Kong or otherwise not available or unable to act (as to which a certificate by the alternate shall in the absence of actual notice to the contrary to other Directors be conclusive), his signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. To such extent as the Board may from time to time determine in relation to any committee of the Board, the provisions of this Article shall also apply mutatis mutandis to any meeting of any such committee of which his appointor is a member. An alternate Director shall not, save as aforesaid, have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.
- 16.10 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 16.11 In addition to the provisions of Articles 16.7 to 16.10, a Director may be represented at any meeting of the Board (or of any committee of the Board) by a proxy appointed by him, in which event the presence or vote of the proxy shall for all purposes be deemed to be that of the Director. A proxy need not himself be a Director and the provisions of Articles 14.8 to 14.13 shall apply mutatis mutandis to the appointment of proxies by Directors save that an instrument appointing a proxy shall not become invalid after the expiration of twelve months from its date of execution but shall remain valid for such period as the instrument shall provide or, if no such provision is made in the instrument, until revoked in writing and save also that a Director may appoint any number of proxies although only one such proxy may attend in his stead at meetings of the Board (or of any committee of the Board).

- 16.12 A Director need not hold any qualification shares. No Director shall be required to vacate office or be ineligible for re-election or re-appointment as a Director and no person shall be ineligible for appointment as a Director by reason only of his having attained any particular age.
- 16.13 The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Company in general meeting or by the Board, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.
- 16.14 Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.
- 16.15 The Directors shall be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from Board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.
- 16.16 The Board may grant special remuneration to any Director, who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.
- 16.17 The remuneration of an Executive Director (as appointed according to Article 17.1) or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Board and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

16.18 The office of a Director shall be vacated:

- (a) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (b) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (c) if, without leave, he is absent from meetings of the Board (unless an alternate Director appointed by him attends in his place) for a continuous period of 12 months, and the Board resolves that his office be vacated;
- (d) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (e) if he ceases to be or is prohibited from being a Director by law or by virtue of any provisions in these Articles;
- (f) if he shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office; or
- (g) if he shall be removed from office by an ordinary resolution under Article 16.6.

16.19 At every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 or Article 16.3 shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

- 16.20 No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may subsequently be made by the Company.
- 16.21 Any Director may continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company in which the Company may be interested and (unless otherwise agreed between the Company and the Director) no such Director shall be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or is about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in the manner aforesaid.
- 16.22 A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profit or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

16.23 A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (a) the giving of any security or indemnity either:
 - (i) to the Director or any of his close associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (ii) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (c) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (ii) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (d) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

- 16.24 Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not prohibited from voting under Article 16.23) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- 16.25 If any question shall arise at any meeting of the Board as to the materiality of a Director's interest or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director to vote or form part of a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting (or, where such question relates to the interest of the Chairman, to the other Directors at the meeting) and his ruling (or, as appropriate, the ruling of the other Directors) in relation to any other Director (or, as appropriate, the Chairman) shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned (or, as appropriate, the Chairman) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board.

17 Managing Directors

- 17.1 The Board may from time to time appoint any one or more of its body to the office of Managing Director, Joint Managing Director, Deputy Managing Director, or other Executive Director and/or such other employment or executive office in the management of the business of the Company as it may decide for such period and upon such terms as it thinks fit and upon such terms as to remuneration as it may decide in accordance with Article 16.17.
- 17.2 Every Director appointed to an office under Article 17.1 shall, without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company, be liable to be dismissed or removed therefrom by the Board.
- 17.3 A Director appointed to an office under Article 17.1 shall be subject to the same provisions as to removal as the other Directors, and he shall, without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company, ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.

17.4 The Board may from time to time entrust to and confer upon a Managing Director, Joint Managing Director, Deputy Managing Director or Executive Director all or any of the powers of the Board that it may think fit. But the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose, and the said powers may at any time be withdrawn, revoked or varied but no person dealing in good faith and without notice of such withdrawal, revocation or variation shall be affected thereby.

18 Management

18.1 Subject to any exercise by the Board of the powers conferred by Articles 19.1 to 19.3, the management of the business of the Company shall be vested in the Board which, in addition to the powers and authorities by these Articles expressly conferred upon it, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not hereby or by the Companies ~~Law~~Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies ~~Law~~Act and these Articles and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or these Articles, provided that no regulation so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

18.2 Without prejudice to the general powers conferred by these Articles, it is hereby expressly declared that the Board shall have the following powers:

- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed; and
- (b) to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.

18.3 Except as would be permitted by the Companies Ordinance if the Company were a company incorporated in Hong Kong, and except as permitted under the Companies ~~Law~~Act, the Company shall not directly or indirectly:

- (a) make a loan to a Director or his close associates or a director of any holding company of the Company or a body corporate controlled by such a director or Director;
- (b) enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director or a body corporate controlled by such a director or Director; or

- (c) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

19 Managers

- 19.1 The Board may from time to time appoint a general manager, manager or managers of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them in connection with the conduct of the business of the Company.
- 19.2 The appointment of such general manager, manager or managers may be for such period as the Board may decide and the Board may confer upon him or them all or any of the powers of the Board as it may think fit.
- 19.3 The Board may enter into such agreement or agreements with any such general manager, manager or managers upon such terms and conditions in all respects as the Board may in its absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

20 Proceedings of Directors

- 20.1 The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in any part of the world and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purposes of this Article an alternate Director shall be counted in a quorum in place of the Director who appointed him and an alternate Director who is an alternate for more than one Director shall for quorum purposes be counted separately in respect of himself (if he is a Director) and in respect of each Director for whom he is an alternate (but so that nothing in this provision shall be construed as authorising a meeting to be constituted when only one person is physically present). A meeting of the Board or any committee of the Board may be held by means of a telephone or tele-conferencing or any other telecommunications facility provided that all participants are thereby able to communicate contemporaneously by voice with all other participants and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.
- 20.2 A Director may, and on request of a Director the Secretary shall, at any time summon a meeting of the Board. Failing any determination by the Board, not less than 48 hours' notice thereof shall be given to each Director either in writing or by telephone or by

facsimile, telex or telegram at the address or telephone, facsimile or telex number from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine.

- 20.3 Subject to Articles 16.20 to 16.25, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.
- 20.4 The Board may elect a Chairman of its meetings and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
- 20.5 A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board generally.
- 20.6 The Board may delegate any of its powers to committees consisting of such member or members of the Board (including alternate Directors in the absence of their appointers) as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.
- 20.7 All acts done by any such committee in conformity with such regulations and in fulfilment of the purposes for which it is appointed, but not otherwise, shall have the like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.
- 20.8 The meetings and proceedings of any such committee consisting of two or more members of the Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not replaced by any regulations imposed by the Board pursuant to Article 20.6.
- 20.9 The Board shall cause minutes to be made of:
- (a) all appointments of officers made by the Board;
 - (b) the names of the Directors present at each meeting of the Board and of committees appointed pursuant to Article 20.6;
 - (c) all declarations made or notices given by any Director of his interest in any contract or proposed contract or of his holding of any office or property whereby any conflict of duty or interest may arise; and

- (d) all resolutions and proceedings at all meetings of the Company and of the Board and of such committees.
- 20.10 Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the chairman of the meeting or by the chairman of the succeeding meeting.
- 20.11 All acts bona fide done by any meeting of the Board or by a committee of Directors or by any person acting as Director shall, notwithstanding that it shall be afterwards discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or member of such committee as the case may be.
- 20.12 The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Director or Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company but for no other purpose.
- 20.13 Unless required otherwise by the Listing Rules, a resolution in writing signed by each and every one of the Directors (or their respective alternates pursuant to Article 16.9) shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held and may consist of several documents in like form each signed by one or more of the Directors or alternate Directors. Notwithstanding the foregoing, a resolution which relates to any matter or business in which a substantial shareholder of the Company (as defined in the Listing Rules from time to time), or a Director, has an interest conflicting with that of the Company which the Board determines, prior to the passing of such resolution, to be material, shall not be passed by a resolution in writing and shall only be passed at a meeting of the Directors held in accordance with these Articles.

21 Secretary

- 21.1 The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board. Anything by the Companies ~~Law~~Act or these Articles required or authorised to be done by or to the Secretary, if the office is vacant or there is for any other reason no Secretary capable of acting, may be done by or to any assistant or deputy Secretary appointed by the Board, or if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specifically in that behalf by the Board.
- 21.2 A provision of the Companies ~~Law~~Act or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

22 General Management and Use of the Seal

- 22.1 The Board shall provide for the safe custody of the seal which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf, and every instrument to which such seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose. The securities seal which shall be a facsimile of the common seal with the word “Securities” engraved thereon shall be used exclusively for sealing securities issued by the Company and for sealing documents creating or evidencing securities so issued. The Board may either generally or in any particular case resolve that the securities seal or any signatures or any of them may be affixed to or imprinted on certificates for shares, warrants, debentures or any other form of security by facsimile or other mechanical means specified in such authority or that any such certificates sealed with the securities seal need not be signed by any person. Every instrument to which the seal is affixed or on which the seal is imprinted as aforesaid shall, as regards all persons dealing in good faith with the Company, be deemed to have been affixed to or imprinted on that instrument with the authority of the Directors previously given.
- 22.2 The Company may have a duplicate seal for use outside of the Cayman Islands as and where the Board shall determine, and the Company may by writing under the seal appoint any agents or agent, committees or committee abroad to be the agents of the Company for the purpose of affixing and using such duplicate seal and they may impose such restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the seal, the reference shall, when and so far as may be applicable, be deemed to include any such duplicate seal as aforesaid.
- 22.3 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company shall be signed, drawn, accepted, indorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company’s banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.
- 22.4 The Board may from time to time and at any time, by power of attorney under the seal, appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

- 22.5 The Company may, by writing under its seal, empower any person, either generally or in respect of any specified matter, as its attorney to execute deeds and instruments on its behalf in any part of the world and to enter into contracts and sign the same on its behalf and every deed signed by such attorney on behalf of the Company and under his seal shall bind the Company and have the same effect as if it were under the seal of the Company.
- 22.6 The Board may establish any committees, regional or local boards or agencies for managing any of the affairs of the Company, either in the Cayman Islands, Hong Kong, the People's Republic of China or elsewhere, and may appoint any persons to be members of such committees, regional or local boards or agencies and may fix their remuneration, and may delegate to any committee, regional or local board or agent any of the powers, authorities and discretions vested in the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
- 22.7 The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or provident or superannuation funds or (with the sanction of an ordinary resolution) employee or executive share option schemes for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the wives, widows, families and dependents of any such persons. The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

23 Capitalisation of Reserves

- 23.1 The Company in general meeting may upon the recommendation of the Board by ordinary resolution resolve that it is desirable to capitalise all or any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or funds or to the

credit of the profit and loss account or otherwise available for distribution (and not required for the payment or provision of dividend on any shares with a preferential right to dividend) and accordingly that such sums be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares, debentures or other securities of the Company to be allotted and distributed credited as fully paid up to and amongst such members in proportion aforesaid or partly in one way and partly in the other, and the Board shall give effect to such resolution, provided that a share premium account and a capital redemption reserve and any reserve or fund representing unrealised profits may, for the purposes of this Article, only be applied in paying up unissued shares to be issued to members as fully paid up shares or paying up calls or instalments due or payable on partly paid securities of the Company subject always to the provisions of the Companies Law Act.

23.2 Wherever such a resolution as referred to in Article 23.1 shall have been passed the Board shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid up shares, debentures or other securities, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Board:

- (a) to make such provision by the issue of fractional certificates or by payment in cash or otherwise (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned) as they think fit in cases where shares, debentures or other securities become distributable in fractions;
- (b) to exclude the right of participation or entitlement of any member with a registered address outside any territory where in the absence of a registration statement or other special or onerous formalities the circulation of an offer of such right or entitlement would or might be unlawful or where the Board consider the costs, expense or possible delays in ascertaining the existence or extent of the legal and other requirements applicable to such offer or the acceptance of such offer out of proportion to the benefits of the Company; and
- (c) to authorise any person to enter on behalf of all members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares, debentures or other securities to which they may be entitled upon such capitalisation, or, as the case may require, for the payment up by the Company on their behalf, by the application thereto of their

respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

23.3 The Board may, in relation to any capitalisation sanctioned under Article 23.2 in its absolute discretion specify that, and in such circumstances and if directed so to do by a member or members entitled to an allotment and distribution credited as fully paid up of unissued shares or debentures in the Company pursuant to such capitalisation, the unissued shares, debentures or other securities to which that member is entitled shall be allotted and distributed credited as fully paid up to such person or persons as that member may nominate by notice in writing to the Company, such notice to be received not later than the day for which the general meeting of the Company to sanction the capitalisation is convened.

24 Dividends and Reserves

24.1 Subject to the Companies ~~Law~~Act and these Articles, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

24.2 The dividends, interest and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereout of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Board are of a revenue nature, constitute the profits of the Company available for distribution.

24.3 The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide, the Board shall not incur any responsibility to the holders of shares conferring any preferential rights.

24.4 The Board may also pay half-yearly or at other intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment.

24.5 The Board may in addition from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as they think fit, and the provisions of Article 24.3 as regards the powers and the exemption from liability of the Board as relate to declaration and payment of interim dividends shall apply, mutatis mutandis, to the declaration and payment of any such special dividends.

24.6 No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium. No dividend shall carry interest against the Company.

24.7 Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve:

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- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In such case, the following provisions shall apply:
 - (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the members of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded;
 - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised (the "**non-elected shares**") and in satisfaction thereof shares shall be allotted credited as fully paid to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company or any part of any of the Company's reserve accounts (including any special account, share premium account and capital redemption reserve (if there be any such reserve)) or profit and loss account or amounts otherwise available for distribution as the Board may determine, a sum equal to the aggregate nominal amount of the shares to

be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the non-elected shares on such basis;

OR

- (b) that members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two weeks' notice in writing to members of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded;
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable on shares in respect whereof the share election has been duly exercised (the "**elected shares**") and in lieu thereof shares shall be allotted credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company's reserve accounts (including any special account, share premium account and capital redemption reserve (if there be any such reserve)) or profit and loss account or amounts otherwise available for distribution as the Board may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the elected shares on such basis.

24.8 The shares allotted pursuant to the provisions of Article 24.7 shall be of the same class as the class of, and shall rank *pari passu* in all respects with, the shares then held by the respective allottees save only as regards participation:

- (a) in the relevant dividend (or share or cash election in lieu thereof as aforesaid); or
- (b) in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend, unless contemporaneously with the announcement by the Board of its proposal to

apply the provisions of Article 24.7(a) or 24.7(b) in relation to the relevant dividend or contemporaneously with its announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of Article 24.7 shall rank for participation in such distributions, bonuses or rights.

- 24.9 The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Article 24.8 with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned). The Board may authorise any person to enter into on behalf of all members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.
- 24.10 The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of Article 24.7 a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.
- 24.11 The Board may on any occasion determine that rights of election and the allotment of shares under Article 24.7 shall not be made available or made to any members with registered addresses in any territory where in the absence of a registration statement or other special formalities the circulation of an offer of such rights of election or the allotment of shares would or might be unlawful, or where the Board considers the costs, expenses or possible delays in ascertaining the existence or extent of the legal and other requirements applicable to such offer or the acceptance of such offer out of proportion to the benefit of the Company, and in any such case the provisions aforesaid shall be read and construed subject to such determination.
- 24.12 The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. The Company may apply the share premium account in any manner permitted by the Companies Law Act. The Company shall at all times comply with the provisions of the Companies Law Act in relation to the share premium account.
- 24.13 The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any

other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (including shares, warrants and other securities of the Company) as the Board may from time to time think fit, and so that it shall not be necessary to keep any reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.

- 24.14 Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of this Article no amount paid up on a share in advance of calls shall be treated as paid up on the share.
- 24.15 The Board may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- 24.16 The Board may retain any dividends or other monies payable upon shares in respect of which any person is, under the provisions as to the transmission of shares hereinbefore contained, entitled to become a member, or in respect of which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
- 24.17 The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.
- 24.18 Any general meeting sanctioning a dividend may make a call on the members of such amount as the meeting resolves, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the member, be set off against the call.
- 24.19 The Board, with the sanction of the members in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order

to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Companies ~~Law~~Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

24.20 A transfer of shares shall not pass therewith the right to any dividend or bonus declared thereon before the registration of the transfer.

24.21 Any resolution declaring or resolving upon the payment of a dividend or other distribution on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may, subject to the provisions of the Listing Rules, specify that the same shall be payable or made to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or other distribution shall be payable or made to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

24.22 If two or more persons are registered as joint holders of any shares, any one of such persons may give effectual receipts for any dividends, interim and special dividends or bonuses and other monies payable or rights or property distributable in respect of such shares.

24.23 Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.

24.24 The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

24.25 All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

25 Untraceable Members

25.1 The Company shall be entitled to sell any shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if and provided that:

- (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (b) the Company has not during that time or before the expiry of the three month period referred to in Article 25.1(d) below received any indication of the whereabouts or existence of the member or person entitled to such shares by death, bankruptcy or operation of law;
- (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and
- (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided, giving notice of its intention to sell such shares, and a period of three months has elapsed since such advertisement and the Exchange has been notified of such intention.

The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

25.2 To give effect to any sale contemplated by Article 25.1 the Company may appoint any person to execute as transferor an instrument of transfer of the said shares and such other documents as are necessary to effect the transfer, and such documents shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor

for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares or other securities in or of the Company or its holding company if any) or as the Board may from time to time think fit.

26 Document Destruction

The Company shall be entitled to destroy all instruments of transfer, probate, letters of administration, stop notices, powers of attorney, certificates of marriage or death and other documents relating to or affecting title to securities in or of the Company (“**Registrable Documents**”) which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the register if purporting to have been made on the basis of an instrument of transfer or Registrable Document so destroyed was duly and properly made and every instrument of transfer or Registrable Document so destroyed was a valid and effective instrument or document duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without express notice of the Company of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of any documents referred to in this Article or any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document might be relevant to a claim.

27 Annual Returns and Filings

The Board shall make the requisite annual returns and any other requisite filings in accordance with the Companies LawAct.

28 Accounts

28.1 The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies LawAct.

28.2 The books of account shall be kept at the Company's principal place of business in Hong Kong or, subject to the provisions of the Companies LawAct, at such other place or places as the Board thinks fit and shall always be open to inspection by the Directors.

28.3 The Board shall from time to time determine whether, to what extent, at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to inspection by the members (other than officers of the Company) and no member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies LawAct or any other relevant law or regulation or as authorised by the Board or by the Company in general meeting.

28.4 The Board shall cause to be prepared and to be laid before the members at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an Auditors' report on such accounts prepared pursuant to Article 29.1 and such other reports and accounts as may be required by law.

28.5 Copies of those documents to be laid before the members at an annual general meeting shall not less than 21 days before the date of the meeting be sent in the manner in which notices may be served by the Company as provided herein to every member and every holder of debentures of the Company, provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

28.6 To the extent permitted by and subject to due compliance with these Articles, the Companies LawAct and all applicable rules and regulations, including, without limitation, the rules of the Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 28.5 shall be deemed satisfied in relation to any member or any holder of debentures of the Company by sending to such person instead of such copies, not less than 21 days before the date of the annual general meeting, in any manner not prohibited by these Articles and the Companies LawAct, a summary

financial statement derived from the Company's annual accounts, together with the Directors' report and the Auditors' report on such accounts, which shall be in the form and containing the information required by these Articles, the Companies ~~Law~~Act and all applicable laws and regulations, provided that any person who is otherwise entitled to the annual accounts of the Company, together with the Director's report and the Auditor's report thereon may, if he so requires, by notice in writing served on the Company, demand that the Company sends to him, in addition to the summary financial statement, a complete printed copy of the Company's annual accounts, together with the Directors' report and the Auditor's report thereon.

29 Audit

29.1 The Auditors shall audit the profit and loss account and balance sheet of the Company in each year and shall prepare a report thereon to be annexed thereto. Such report shall be laid before the Company at its annual general meeting in each year and shall be open to inspection by any member. The Auditors shall at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Board or any general meeting of the members, make a report on the accounts of the Company in general meeting during their tenure of office.

29.2 The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an Auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the Auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board. No person may be appointed as the, or an, Auditor, unless he is independent of the Company. ~~The Board may before the first annual general meeting appoint an auditor or auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the members in general meeting in which case the members at that meeting may appoint Auditors. The Board~~If the office of Auditor becomes vacant by the resignation or death of the Auditor, or by the Auditor becoming incapable of acting by reason of illness or other disability, the Directors may fill anythe casual vacancy in the office of Auditor ~~but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Board under this Article may be fixed by the Board.~~The Auditor so appointed shall hold office until the next annual general meeting of the Company.

29.3 Every statement of accounts audited by the Auditors and presented by the Board at an annual general meeting shall after approval at such meeting be conclusive except as regards any error discovered therein within three months of the approval thereof. Whenever any such error is discovered within that period, it shall forthwith be corrected, and the statement of account amended in respect of the error shall be conclusive.

30 Notices

30.1 Except as otherwise provided in these Articles, any notice or document may be served by the Company and any notices may be served by the Board on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, to the extent permitted by the Listing Rules and all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website provided that the Company has obtained either (a) the member's prior express positive confirmation in writing or (b) the member's deemed consent, in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or (in the case of notice) by advertisement published in the manner prescribed under the Listing Rules. In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.

30.2 Notice of every general meeting shall be given in any manner hereinbefore authorised to:

- (a) every person shown as a member in the register of members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of members;
- (b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member of record where the member of record but for his death or bankruptcy would be entitled to receive notice of the meeting;
- (c) the Auditors;
- (d) each Director and alternate Director;
- (e) the Exchange; and
- (f) such other person to whom such notice is required to be given in accordance with the Listing Rules.

30.3 No other person shall be entitled to receive notices of general meetings.

30.4 A member shall be entitled to have notice served on him at any address within Hong Kong. Any member who has not given an express positive confirmation in writing to the Company in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. A member who has no registered

address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed, provided that, without prejudice to the other provisions of these Articles, nothing in this Article shall be construed as prohibiting the Company from sending, or entitling the Company not to send, notices or other documents of the Company to any member whose registered address is outside Hong Kong.

- 30.5 Any notice or document sent by post shall be deemed to have been served on the day following that on which it is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so addressed and put into such post office shall be conclusive evidence thereof.
- 30.6 Any notice or other document delivered or left at a registered address otherwise than by post shall be deemed to have been served or delivered on the day it was so delivered or left.
- 30.7 Any notice served by advertisement shall be deemed to have been served on the day of issue of the official publication and/or newspaper(s) in which the advertisement is published (or on the last day of issue if the publication and/or newspaper(s) are published on different dates).
- 30.8 Any notice given by electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by the Listing Rules or any applicable laws or regulations.
- 30.9 A notice may be given by the Company to the person or persons entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter addressed to him or them by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Hong Kong supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.
- 30.10 Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such share.

30.11 Any notice or document delivered or sent to any member in pursuance of these Articles, shall notwithstanding that such member be then deceased and whether or not the Company has notice of his death be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such shares.

30.12 The signature to any notice to be given by the Company may be written or printed by means of facsimile or, where relevant, by Electronic Signature.

31 Information

31.1 No member shall be entitled to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the members or the Company to communicate to the public.

31.2 The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its members including, without limitation, information contained in the register of members and transfer books of the Company.

32 Winding Up

32.1 Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

32.2 ~~32.1~~ If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the Company and any other sanction required by the Companies Law Act divide among the members *in specie* or kind the whole or any part of the assets of the Company (whether the assets shall consist of property of one kind or shall consist of properties of different kinds) and may for such purpose set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority or sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority or sanction and subject to the Companies Law Act, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

32.3 ~~32.2~~ If the Company shall be wound up, and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

32.4 ~~32.3~~ In the event of a winding-up of the Company in Hong Kong, every member who is not for the time being in Hong Kong shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some person resident in Hong Kong and stating that person's full name, address and occupation upon whom all summonses, notices, process, orders and judgments in relation to or under the winding-up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee, whether appointed by the member or the liquidator, shall be deemed to be good personal service on such member for all purposes, and, where the liquidator makes any such appointment, he shall with all convenient speed give notice thereof to such member by advertisement as he shall deem appropriate or by a registered letter sent through the post and addressed to such member at his address as appearing in the register, and such notice shall be deemed to be service on the day following that on which the advertisement first appears or the letter is posted.

33 Indemnities

33.1 Every Director, Auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

33.2 Subject to the Companies Law Act, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

34 Financial Year

Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31 December in each year and following the year of incorporation, shall begin on 1 January in each year.

~~The financial year of the Company shall be prescribed by the Board and may, from time to time, be changed by it.~~

35 Amendment of Memorandum and Articles

Subject to the Companies ~~Law~~Act, the Company may at any time and from time to time by special resolution alter or amend the Memorandum and these Articles in whole or in part.

36 Transfer by Way of Continuation

The Company shall, subject to the provisions of the Companies ~~Law~~Act and with the approval of a special resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

37 Mergers and Consolidations

The Company shall, with the approval of a special resolution, have the power to merge or consolidate with one or more constituent companies (as defined in the Companies ~~Law~~Act), upon such terms as the Directors may determine.

1. RESPONSIBILITY STATEMENT

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

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

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

Name of Director	Capacity/ Nature of interest	Number of shares and underlying shares	Approximate percentage of holding ⁽¹⁾	Long position/ Short position
Dr. De-Chao Michael Yu ("Dr. Yu")	Beneficial owner	105,480,614 ⁽²⁾	6.84%	Long position
		371,747 ⁽³⁾	0.02%	Short position
	Grantor of a trust	9,000,000 ⁽⁴⁾	0.58%	Long position
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	12,422,595 ⁽⁵⁾	0.80%	Long position
Dr. Charles Leland Cooney ("Dr. Cooney")	Beneficial owner	127,710 ⁽⁶⁾	0.00%	Long position
Mr. Ronald Hao Xi Ede ("Mr. Ede")	Beneficial owner	8,270,975 ⁽⁷⁾	0.53%	Long position
Ms. Joyce I-Yin Hsu ("Ms. Hsu")	Beneficial owner	88,620 ⁽⁸⁾	0.00%	Long position
Dr. Kaixian Chen ("Dr. Chen")	Beneficial owner	38,268 ⁽⁹⁾	0.00%	Long position
Mr. Gary Zieziula ("Mr. Zieziula")	Beneficial owner	307,012 ⁽¹⁰⁾	0.01%	Long position

Notes:

- The calculation is based on the total number of 1,540,604,450 Shares in issue as at the Latest Practicable Date.

2. Includes (i) 88,325,531 Shares held directly by Dr. Yu, (ii) Dr. Yu's entitlement to receive up to 10,224,889 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Dr. Yu's entitlement to the aggregate of 4,500,194 Shares underlying restricted shares granted to him, subject to the conditions of these underlying restricted shares; and (iv) the 2,430,000 Shares underlying the 2023 Proposed Grant to Dr. Yu.
3. These Shares are in connection with a donation agreement entered into by Dr. Yu, pursuant to which he agreed to sell HK\$10,000,000 worth of his Shares (approximately 371,747 Shares based on the closing price of HK\$26.90 on 27 December 2019, the closest trading day to the date of the agreement) and to transfer the proceeds remaining (after tax and relevant fees) to the beneficiary. Such date of transfer shall be extended to a date as agreed by the parties.
4. These Shares are held by Gloria Bingqinzi Yu as trustee of Yu Tong Family Irrevocable Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.
5. These Shares are held by The Bryn Mawr Trust Company of Delaware as trustee of (i) Madrone Grove Dynasty Trust; and (ii) Jenelope Dynasty Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.
6. Includes (i) 43,792 Shares held by Dr. Cooney; and (ii) Dr. Cooney's entitlement to receive up to 74,594 pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Dr. Cooney's entitlement to the aggregate of 4,828 Shares underlying the restricted shares granted to him, subject to the conditions of these underlying restricted shares; and (iv) the 4,496 Shares underlying the 2023 Proposed Grant to Dr. Cooney.
7. Includes (i) 4,055,616 Shares held directly by Mr. Ede and (ii) Mr. Ede's entitlement to receive up to 2,744,715 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Mr. Ede's entitlement to the aggregate of 800,644 Shares underlying restricted shares granted to him, subject to the conditions of these underlying restricted shares; and (iv) the 670,000 Shares underlying the 2023 Proposed Grant to Mr. Ede.
8. Includes (i) 4,702 shares held directly by Ms. Hsu; (ii) Ms. Hsu's entitlement to receive up to 74,594 Shares pursuant to the exercise of options granted to her, subject to the conditions of these options; (iii) Ms. Hsu's entitlement to the aggregate of 4,828 Shares underlying the restricted shares granted to her, subject to the conditions of these underlying restricted shares; and (iv) the 4,496 Shares underlying the 2023 Proposed Grant to Ms. Hsu.
9. Includes (i) 4,702 shares held directly by Dr. Chen; (ii) Dr. Chen's entitlement to receive up to 29,837 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Dr. Chen's entitlement to the aggregate of 1,931 Shares underlying the restricted shares granted to him, subject to the conditions of these underlying restricted shares; and (iv) the 1,798 Shares underlying the 2023 Proposed Grant to Dr. Chen.
10. Includes (i) Mr. Zieziula's entitlement to receive up to 272,899 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (ii) the 14,631 and 19,482 Shares underlying the 2022 Proposed Grant to Mr. Zieziula and the 2023 Proposed Grant to Mr. Zieziula, respectively.

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

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

None of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2022, the date to which the latest published audited financial statements of the Group were made up, and none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

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

5. COMPETING INTERESTS

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

6. CONSENT OF EXPERT

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

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear. The letter from Gram Capital dated May 30, 2023 on pages 44 to 95 was provided for incorporation herein.

As at the Latest Practicable Date, Gram Capital did not have: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2022, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since December 31, 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS ON DISPLAY

A copy of the 2020 RS Plan will be published for 14 days from the date of this circular on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://innoventbio.com>).

9. LANGUAGE

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

NOTICE OF ANNUAL GENERAL MEETING

Innovent

信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of Innovent Biologics, Inc. (the “**Company**”) will be held on Wednesday, June 21, 2023 at 9:00 a.m. at Yale meeting room, 5/F, Administration Building, Innovent Biologics, 168 Dongping Street, Suzhou Industrial Park, China, for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and receive the audited consolidated financial statements of the Company and the reports of directors and the auditor of the Company for the year ended December 31, 2022;
2. To re-elect the following directors of the Company (the “**Directors**”), each as a separate resolution:
 - (i) To re-elect Mr. Ronald Hao Xi Ede as an executive Director;
 - (ii) To re-elect Dr. Charles Leland Cooney as an independent non-executive Director;
3. To authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of the Directors;
4. To re-appoint Messrs. Deloitte Touche Tohmatsu as the external auditor of the Company and to authorise the Board to fix their remuneration.
5. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of the Company (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange in accordance with all applicable laws including The Codes on Takeovers and Mergers and Share Buy-Backs and The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

(ii) the aggregate number of shares, which may be bought back pursuant to the approval in paragraph (i) above during the Relevant Period shall not exceed 10% of the total number of the issued Shares of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly; and

(iii) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
- (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.

6. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“**THAT:**

- (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional Shares in the capital of the Company, or options, warrants or similar rights to subscribe for Shares or other securities convertible into Shares and to make or grant offers, agreements and/or options (including bonds, warrants and debentures exchangeable for or convertible into Shares) and rights of exchange or conversion which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options (including bonds, warrants and debentures exchangeable for or convertible into Shares) and rights of exchange or conversion which may require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

(iii) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period pursuant to paragraph (i) or (ii) of this resolution above, otherwise than pursuant to:

- (a) a Rights Issue (as hereinafter defined);
- (b) the grant or exercise of any option under any share option scheme of the Company (if applicable) or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the directors of the Company, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for Shares or rights to acquire Shares;
- (c) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or
- (d) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares,

shall not exceed 20% of the total number of the issued Shares as at the date of passing this resolution and the approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

- (a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means an offer of Shares, or an offer or issue of warrants, options or other securities which carry a right to subscribe for Shares, open for a period fixed by the Directors to holders of Shares whose names appear on the register of members on a fixed record date in proportion to their holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).

7. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“**THAT** conditional upon the passing of the resolutions 5 and 6, the general mandate referred to in the resolution 6 be and is hereby extended by the addition to the aggregate number of Shares which may be allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with by the Directors pursuant to such general mandate of an amount representing the aggregate number of Shares bought back or otherwise acquired by the Company pursuant to the general mandate pursuant to resolution 5, provided that such extended amount shall not exceed 10% of the total number of the issued Shares as at the date of passing this resolution.”

8. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“**THAT:**

- (i) the conditional grant of restricted shares to Dr. De-Chao Michael Yu (“**Dr. Yu**”) on March 30, 2023 in accordance with the terms of the restricted share plan adopted by the Company on June 12, 2020 (the “**2020 RS Plan**”), subject to all applicable laws, rules, regulations and the applicable award agreement (the “**2023 Proposed Grant to Dr. Yu**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Dr. Yu, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the 2023 Proposed Grant to Dr. Yu under the specific mandate granted to the Directors by the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting of the Company held on June 20, 2020 in accordance with the terms of the 2020 RS Plan (the “**2020 RS Plan Specific Mandate**”), such that the restricted shares shall rank *par passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

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9. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Mr. Ronald Hao Xi Ede (“**Mr. Ede**”) on March 30, 2023 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**2023 Proposed Grant to Mr. Ede**”) be hereby approved and confirmed;
 - (ii) any one or more of the directors of the Company, with the exception of Mr. Ede, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the 2023 Proposed Grant to Mr. Ede under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”
10. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Ms. Joyce I-Yin Hsu (“**Ms. Hsu**”) on March 30, 2023 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**2023 Proposed Grant to Ms. Hsu**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Ms. Hsu, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the 2023 Proposed Grant to Ms. Hsu under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

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11. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Dr. Charles Leland Cooney (“**Dr. Cooney**”) on March 30, 2023 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**2023 Proposed Grant to Dr. Cooney**”) be hereby approved and confirmed;
 - (ii) any one or more of the directors of the Company, with the exception of Dr. Cooney, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the 2023 Proposed Grant to Dr. Cooney under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”
12. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Dr. Kaixian Chen (“**Dr. Chen**”) on March 30, 2023 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**2023 Proposed Grant to Dr. Chen**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Dr. Chen, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the 2023 Proposed Grant to Dr. Chen under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

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13. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Mr. Gary Zieziula (“**Mr. Zieziula**”) on March 30, 2023 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**2023 Proposed Grant to Mr. Zieziula**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Mr. Zieziula, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the 2023 Proposed Grant to Mr. Zieziula under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

14. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Mr. Zieziula (“**Mr. Zieziula**”) on June 1, 2022 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**2022 Proposed Grant to Mr. Zieziula**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Mr. Zieziula, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the 2022 Proposed Grant to Mr. Zieziula under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTION

15. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as a special resolution:–

“**THAT** the fourteenth amended and restated memorandum and articles of association of the Company (the “**New M&A**”) (a copy of which has been produced to this meeting and marked A and initialed by the chairman of this meeting for the purpose of identification) be and is hereby approved and adopted as the new memorandum and articles of association of the Company in substitution for and to the exclusion of the existing thirteenth amended and restated memorandum and articles of association of the Company with immediate effect after the closing of this meeting, and that any one of the Directors be and is hereby authorized to do all things necessary or expedient to implement the adoption of the New M&A.”

By order of the Board

Innovent Biologics, Inc.

Dr. De-Chao Michael Yu

Chairman of the Board and Executive Director

Hong Kong, May 30, 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) All resolutions at the Annual General Meeting 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 Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (ii) Any shareholder entitled to attend and vote at the above Annual General Meeting is entitled to appoint one or more (if he/she/it holds more than one Share) proxies to attend and vote instead of him/her/it. A proxy need not be a shareholder.
- (iii) In the case of joint holders of any Share, any one of such persons may vote at the above Annual General Meeting, either personally or by proxy, in respect of such Share as if he/she was solely entitled thereto. However, if more than one of such joint holders be present at the above Annual General Meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be delivered to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. no later than 9:00 a.m. on Monday, June 19, 2023) or any adjournment thereof. The completion and delivery of the form of proxy shall not preclude the shareholders from attending and voting in person at the Annual General Meeting (or any adjourned meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (v) For determining the eligibility to attend and vote at the above Annual General Meeting, the register of members of the Company will be closed from Friday, June 16, 2023 to Wednesday, June 21, 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of Shares are required to lodge all transfer documents accompanied by the relevant share certificates and properly completed transfer forms with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, June 15, 2023.
- (vi) Shareholders or their proxies attending Annual General Meeting shall bear their own travelling and accommodation expenses.
- (vii) In respect of the ordinary resolutions 5, 6 and 7, the Directors wish to state that they have no immediate plans to buy back any existing Shares or issue any new Shares.
- (viii) References to dates and time in this notice are to Hong Kong dates and time.
- (ix) The English text of this notice shall prevail over the Chinese text for the purpose of interpretation.