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友芝友生物製藥

WUHAN YZY BIOPHARMA CO., LTD.

武漢友芝友生物製藥股份有限公司

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

(Stock code: 2496)

PROPOSED ADOPTION OF THE 2024 H SHARE OPTION PLAN

The Board is pleased to announce that, on May 29, 2024, the Board has resolved to propose the adoption of the 2024 H Share Option Plan in accordance with Chapter 17 of the Listing Rules for the approval by the Shareholders at the Company's annual general meeting to be held on Thursday, June 27, 2024 (the "Annual General Meeting").

A summary of the principal terms of the 2024 H Share Option Plan is set out below.

- Purposes** : The purposes of the 2024 H Share Option Plan are:
- (a) to recognize and acknowledge the contributions that Eligible Participants have or may have made or may make to the Group;
 - (b) to enhance Eligible Participants' motivation and loyalty, thereby promoting long-term corporate development and increasing shareholder value; and
 - (c) to establish a sound mechanism for sharing interests and bearing risks among employees, Shareholders, and the Company.
- Conditions** : The 2024 H Share Option Plan will take effect upon:
- (a) passing of the necessary resolution(s) by the Shareholders in general meeting; and
 - (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the H Shares which may fall to be allotted and issued upon exercise of the Options that may be granted under the 2024 H Share Option Plan.
- Duration** : Subject to any early termination as determined by the Board in accordance with the Plan rules, the 2024 H Share Option Plan shall be valid and effective for a period of ten (10) years commencing from the Effective Date, after which no further Option shall be granted under the 2024 H Share Option Plan but the provisions of the 2024 H Share Option Plan shall remain in full force and effect in all other respects. In particular, all Options granted during the term of the 2024 H Share Option Plan shall continue to be valid and shall be administered in accordance with the 2024 H Share Option Plan and the relevant Grant Letter.

Eligible Participants : Eligible Participants as determined by the Board or the Administrator from time to time shall be eligible to participate under the 2024 H Share Option Plan and shall comprise two categories:

- (a) employee participants, being director(s) (including executive director(s), non-executive director(s) and independent non-executive director(s)) and employee(s) (whether full-time or part-time) of any member of the Group, including any person who is granted Options under the 2024 H Share Option Plan as an inducement to enter into employment contracts with any member of the Group (the “**Employee Participants**”); and
- (b) service providers, being any person (natural person or corporate entity) who provides services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long-term growth of the Group, and falls into any of the following categories (excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) (the “**Service Provider Participants**”):

(i) Contractors and suppliers

This category refers to (1) contractors that undertake sub-contracting work for the Group’s research and development, manufacturing and innovation upgrading; (2) suppliers of raw materials, parts and components for the Group’s production requirements; and (3) dealers, distributors or sales channels who provide distribution and promotion services which are in the interests of long-term growth of the Group.

(ii) Consultants and advisers

This category refers to independent consultants and advisers who provide advisory services, consultancy services, and/or other professional services to any member of the Group in connection with the research and development, manufacturing or commercialization of the Group’s products, or in areas relating to the Group’s principal business activities that are being carried out by the Group from time to time, or on areas that are desirable and necessary from a commercial or strategic perspective and help maintain or enhance the competitiveness of the Group by way of introducing new business opportunities and/or applying their specialized skills and/or knowledge in the abovementioned fields.

In determining the eligibility of an Eligible Participant, the Board or the Administrator may take into account various factors that it in its sole and absolute discretion considers relevant in assessing his/her contribution to the long-term development and growth of the Group.

Overall Mandate Limit : Subject to the limit refreshment and separate approval of the Shareholders as stipulated in the Plan rules, assuming that the total issued share capital of the Company remains unchanged on the date of the Annual General Meeting (i) the total number of H Shares which may be issued in respect of all options and awards to be granted under all Share Plans, shall not exceed 19,384,800 H Shares, representing approximately 10.0% of the Shares in issue as at the Adoption Date (the “**Plan Mandate Limit**”); and (ii) within the Plan Mandate Limit, the total number of H Shares which may be issued in respect of all options and awards to be granted under all Share Plans to Service Provider Participants, shall not exceed 1,938,400 H Shares, representing approximately 1.0% of the Shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”).

Individual Limit : Where any grant of Options to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards under all Share Plans granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of all Share Plans) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding any treasury shares of the Company) as at the date of such grant, such grant shall be subject to certain requirements as stipulated in the Plan rules (including separate approval of the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if such Eligible Participant is a connected person of the Company) abstaining from voting).

Any grant of Options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates under the 2024 H Share Option Plan shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of such Options).

Where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted under all Share Plans (excluding any options and awards lapsed in accordance with the terms of all Share Plans) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding any treasury shares of the Company) as at the date of such grant, such further grant of Options shall be subject to certain requirements as stipulated in the Plan rules (including separate approval of the Shareholders in a general meeting with such grantee and their associates and all core connected persons of the Company to abstain from voting).

- Vesting Period** : The Board or the Administrator may subject to all applicable laws, rules and regulations determine vesting periods for vesting of the Options in its sole and absolute discretion. The vesting period of the Options shall not be less than twelve (12) months, save and except that Options to be granted to an Employee Participant may be subject to a vesting period of less than twelve (12) months (or no vesting period) in the following circumstances:
- (a) grants of “**make-whole**” Options to a new joiner to replace the Options he forfeited when leaving his/her previous employers;
 - (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
 - (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
 - (d) grants that are made in batches during a year for administrative and compliance reasons. They may include Options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which the Options would have been granted; and
 - (e) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months.
- Performance Targets** : The Board or the Administrator may, subject to the Plan rules and applicable laws, regulations, ordinances or requirements of the relevant regulatory authorities, on a case-by-case basis and at its sole and absolute discretion, impose conditions relating to the achievement of operating, financial or other targets (the “**Performance Targets**”) based on the considerations as stipulated in the Plan rules, before any Option granted shall vest.
- Exercise Period** : The Board or the Administrator may in its sole and absolute discretion determine the Exercise Period of the Options, but in all circumstances the Exercise Period shall not be more than ten (10) years from the Grant Date.
- Exercise Price** : The Exercise Price of the Options shall be at least the highest of:
- (a) the closing price of the H Shares as stated in the Stock Exchange’s daily quotations sheet on the Grant Date;
 - (b) the average closing prices of the H Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) Business Days immediately preceding the Grant Date; and
 - (c) the nominal value of the H Share.

Alternation : The terms of the 2024 H Share Option Plan may be altered in any respect by resolution of the Board or the Administrator to the extent allowed by the Listing Rules except that the following alterations must be approved by the Shareholders in general meeting:

- (a) any alterations to the terms and conditions of the 2024 H Share Option Plan which are of a material nature;
- (b) any alterations to the provisions relating to the matters set out in rule 17.03 of the Listing Rules to the advantage of the Eligible Participants; or
- (c) any change to the authority of the Board or the Administrators to alter the terms of the 2024 H Share Option Plan.

Application For Listing

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the H Shares to be issued pursuant to the exercise of the Options to be granted under the 2024 H Share Option Plan.

A circular containing, among other things, the notice of the Company's Annual General Meeting and details of the 2024 H Share Option Plan will be dispatched to the Shareholders (if requested) and published on the Company's website (www.yzybio.com) and the website of the Stock Exchange (www.hkexnews.hk) in accordance with the Listing Rules in due course.

As at the date of this announcement, the adoption of the 2024 H Share Option Plan is subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“2024 H Share Option Plan” or “Plan”	the 2024 H share option plan proposed to be approved by the Shareholders at the Company's Annual General Meeting
“Administrator”	the Board and/or any committee of the Board or other person(s) to whom the Board has delegated its authority under the 2024 H Share Option Plan
“Adoption Date”	being the date on which the 2024 H Share Option Plan is conditionally adopted by the Shareholders
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“close associate(s)”	has the meaning ascribed to it under the Listing Rules

“Company”	Wuhan YZY Biopharma Co., Ltd. (武漢友芝友生物製藥股份有限公司), a joint stock company established in the PRC with limited liability on January 13, 2022, or, where the context requires (as the case may be), its predecessor, Wuhan YZY Biopharma Limited Company (武漢友芝友生物製藥有限公司), a limited liability company established in the PRC on July 8, 2010
“core connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the conditions stipulated under the 2024 H Share Option Plan are fulfilled
“Eligible Participant(s)”	participants as determined by the Board or the Administrator from time to time as eligible to participate in the 2024 H Share Option Plan
“Exercise Period”	the period during which an Option is exercisable by a Grantee
“Exercise Price”	the price per H Share at which a Grantee may subscribe the H Shares upon exercise of an Option pursuant to the terms of the 2024 H Share Option Plan
“Grant Date”	the date on which an Option is granted to an Eligible Participant, which shall be a business day
“Grant Letter”	with respect to an Eligible Participant, a grant letter to be issued by the Company and accepted by the Eligible Participant in respect of the grant of Options under the 2024 H Share Option Plan
“Grantee”	any Eligible Participant approved for participation in the 2024 H Share Option Plan and who has been granted any Option in accordance with the terms of the 2024 H Share Option Plan
“Group”	the Company and its subsidiaries; and a “ member of the Group ” shall mean any one of the aforesaid companies
“H Share(s)”	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time

“Option(s)”	option(s) granted to a Grantee to subscribe for H Shares pursuant to the terms of the 2024 H Share Option Plan
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB” or “Renminbi”	the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares
“Shareholders”	shareholder(s) of the Company
“Share Plans”	all effective share plans of the Company which are governed by Chapter 17 of the Listing Rules, including the 2024 H Share Option Plan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Unlisted Shares”	domestic shares and unlisted foreign shares of the Company which are currently not listed or traded on any stock exchange

By order of the Board
Wuhan YZY Biopharma Co., Ltd.
Dr. Zhou Pengfei
*Chairman of the Board, Executive
Director and Chief Executive Officer*

Wuhan, PRC, May 29, 2024

As of the date of this announcement, the Board comprises Dr. Zhou Pengfei as executive director; Dr. Yuan Qian, Dr. Zhou Hongfeng, Mr. Pang Zhenhai, Dr. Hui Xiwu, Ms. Liang Qian, Dr. Guo Hongwei and Mr. Xie Shouwu as non-executive directors; and Dr. Cheng Bin, Dr. Dai Weiguo, Ms. Fu Lili, Dr. Deng Yuezhen and Dr. Chen Bin as independent non-executive directors.