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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in Wuhan YZY Biopharma Co., Ltd. (武漢友芝友生物製藥股份有限公司), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

- (1) ANNUAL REPORT FOR 2023**
- (2) REPORT OF THE BOARD OF DIRECTORS FOR 2023**
- (3) REPORT OF THE SUPERVISORY COMMITTEE FOR 2023**
- (4) FINANCIAL REPORT FOR 2023**
- (5) PROFIT DISTRIBUTION PLAN FOR 2023**
- (6) PROPOSED REAPPOINTMENT OF THE AUDITOR FOR 2024**
- (7) PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES**
- (8) PROPOSED ADOPTION OF THE 2024 H SHARE OPTION PLAN**
- (9) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- AND**
- (10) NOTICE OF THE ANNUAL GENERAL MEETING**

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The notice convening the Annual General Meeting of the Company to be held at Conference Room 210, 2nd Floor, Building C2-1, No. 666 Gaoxin Road, East Lake High Tech, Development Zone, Wuhan, Hubei Province, PRC on Thursday, June 27, 2024 at 10:00 a.m. is set out in this circular.

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy for use at the Annual General Meeting in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the Annual General Meeting (i.e. not later than 10:00 a.m. on Wednesday, June 26, 2024 or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting if they so wish.

This circular together with the form of proxy are also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yzybio.com](http://www.yzybio.com)).

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

May 29, 2024

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## DEFINITIONS

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

“2024 H Share Option Plan” or “Plan”	the 2024 H share option plan proposed to be approved by the Shareholders at the 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
“Annual General Meeting”	the annual general meeting of the Company to be held at Conference Room 210, 2nd Floor, Building C2-1, No. 666 Gaoxin Road, East Lake High Tech, Development Zone, Wuhan, Hubei Province, PRC on Thursday, June 27, 2024 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 33 to 36 of this circular, or any adjournment thereof
“Annual Report for 2023”	the Company’s annual report for the year ended December 31, 2023
“Articles of Association”	the articles of association of the Company currently in force (as amended from time to time)
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Wuhan YZY Biopharma Co., Ltd. (武漢友芝友生物製藥股份有限公司)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange

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## DEFINITIONS

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“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 “ <b>member of the Group</b> ” 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
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“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
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of the proposed special resolution contained in item 7 of the notice of the Annual General Meeting

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended 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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares
“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
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules which will come into effect on 11 June 2024 and as amended from time to time. For the purpose of the 2024 H Share Option Plan, references to new H Shares include Treasury Shares (if any) listed on the Stock Exchange, and references to the issue of new H Shares include the transfer of Treasury Shares listed on the Stock Exchange
“Unlisted Foreign Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each which is/are held by foreign investors and not listed on any stock exchange
“Unlisted Share(s)”	Domestic Shares and Unlisted Foreign Shares

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## LETTER FROM THE BOARD

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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)**

*Executive Director:*

Dr. Zhou Pengfei (*Chairman of the Board and Chief Executive Officer*)

*Non-executive Directors:*

Dr. Yuan Qian (袁謙)  
Dr. Zhou Hongfeng (周宏峰)  
Mr. Pang Zhenhai (龐振海)  
Dr. Hui Xiwu (惠希武)  
Ms. Liang Qian (梁倩)  
Dr. Guo Hongwei (郭宏偉)  
Mr. Xie Shouwu (謝守武)

*Independent Non-executive Directors:*

Dr. Cheng Bin (程斌)  
Dr. Dai Weiguo  
Ms. Fu Lili (付黎黎)  
Dr. Deng Yuezhen (鄧躍臻)  
Dr. Chen Bin (陳斌)

*Registered Office and Head Office  
in the PRC:*

No. 666 Gaoxin Road  
East Lake High Tech  
Development Zone  
Wuhan, Hubei Province  
PRC

*Principal Place of Business in  
Hong Kong:*

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

May 29, 2024

*To the Shareholders*

Dear Sir/Madam,

- (1) ANNUAL REPORT FOR 2023**
- (2) REPORT OF THE BOARD OF DIRECTORS FOR 2023**
- (3) REPORT OF THE SUPERVISORY COMMITTEE FOR 2023**
- (4) FINANCIAL REPORT FOR 2023**
- (5) PROFIT DISTRIBUTION PLAN FOR 2023**
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AND**
- (10) NOTICE OF THE ANNUAL GENERAL MEETING**

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## **LETTER FROM THE BOARD**

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### **1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting to be held on Thursday, June 27, 2024 in order to allow you to make an informed decision on voting in respect of the resolutions to be proposed at the Annual General Meeting.

### **2. ANNUAL REPORT FOR 2023**

For the contents of the Annual Report for 2023, please refer to the Annual Report for 2023 published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yzybio.com](http://www.yzybio.com)) on April 26, 2024.

The resolution is hereby submitted to the Annual General Meeting as an ordinary resolution for consideration and approval.

### **3. REPORT OF THE BOARD OF DIRECTORS FOR 2023**

For the contents of the report of the Board of Directors for 2023 of the Company, please refer to the section headed “Directors’ Report” of the Annual Report for 2023 published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yzybio.com](http://www.yzybio.com)) on April 26, 2024.

The resolution is hereby submitted to the Annual General Meeting as an ordinary resolution for consideration and approval.

### **4. REPORT OF THE SUPERVISORY COMMITTEE FOR 2023**

For the contents of the report of the Supervisory Committee for 2023 of the Company, please refer to the section headed “Report of the Supervisory Committee” of the Annual Report for 2023 published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yzybio.com](http://www.yzybio.com)) on April 26, 2024.

The resolution is hereby submitted to the Annual General Meeting as an ordinary resolution for consideration and approval.

### **5. FINANCIAL REPORT FOR 2023**

For the contents of the financial report for 2023 of the Company, please refer to pages of 82 to 142 of the Annual Report for 2023 published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yzybio.com](http://www.yzybio.com)) on April 26, 2024.

The resolution is hereby submitted to the Annual General Meeting as an ordinary resolution for consideration and approval.

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## LETTER FROM THE BOARD

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### 6. PROFIT DISTRIBUTION PLAN FOR 2023

According to the audit performed by Deloitte Touche Tohmatsu, the Company recorded a net loss of RMB191,702,000 in 2023. Pursuant to relevant requirements of the Articles of Association, in view of the negative accumulated distributable profit in 2023, the Board did not recommend the distribution of a final dividend for the year ended December 31, 2023.

The resolution is hereby submitted to the Annual General Meeting as an ordinary resolution for consideration and approval.

### 7. PROPOSED REAPPOINTMENT OF THE AUDITOR FOR 2024

The Board proposes the reappointment of Deloitte Touche Tohmatsu as the auditor of the Company for 2024 for a term from the date of approval at the Annual General Meeting to the conclusion of the next annual general meeting of the Company, with the remuneration of the auditor being the service fees of the accounting firm or mechanism for determining their service fees shall be approved by the general meeting.

The resolution is hereby submitted to the Annual General Meeting as an ordinary resolution for consideration and approval.

### 8. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

In order to give the Company the flexibility to issue Shares if and when appropriate, a special resolution will be proposed at the Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of the proposed special resolution contained in item 7 of the Annual General Meeting notice (i.e. a total of 38,769,840 Shares assuming that the total issued share capital of the Company remains unchanged on the date of the Annual General Meeting). As at the date of this circular, the Company had no Treasury Shares in its issued share capital. It is expected that there will continue to be no Treasury Shares in the issued share capital of the Company up to the date of passing the proposed special resolution in item 7 contained in the Annual General Meeting notice.

### 9. PROPOSED ADOPTION OF THE 2024 H SHARE OPTION PLAN

The Board approved the adoption of the 2024 H Share Option Plan in accordance with Chapter 17 of the Listing Rules on May 29, 2024 and the resolution is hereby submitted to the Annual General Meeting as a special resolution for consideration and approval.

A summary of the principal terms of the 2024 H Share Option Plan is set out below. Further details of the terms of the 2024 H Share Option Plan are set out in Appendix I in this circular.

- 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;



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## LETTER FROM THE BOARD

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- (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

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## LETTER FROM THE BOARD

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(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.

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## LETTER FROM THE BOARD

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The reason for rewarding Service Provider Participants is that the Company recognizes the importance of their past or future contribution and considers the inclusion of the Service Provider Participants as Eligible Participants will provide the Company with the flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are Service Provider Participants, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group or improve the Group's performance and enhance the Group's market position.

In assessing whether the Service Provider Participants provide services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board or the Administrator will take into consideration: (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Provider Participants; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

The Group's principal business is bispecific antibody (BsAb)-based therapies to treat cancer-associated complications, cancer and age-related ophthalmologic diseases, which call for research and development services and manufacturing services of the highest quality and production skill and techniques of the highest precision and quality. Distribution and promotion services will facilitate launch of the Group's products and market penetration in the future. The work of certain suppliers and contractors can be closely connected with the Group's day-to-day operations and benefit the development of the Group through assistance or recommendations on research and development, clinical trials, manufacturing and market knowledge and intelligence to assist the Group in the commercialization of products and enhance the Group's performance. In addition, the Company considers that advisors and consultants would play significant roles in the Group's business development by contributing their specialized skills and knowledge in the business activities of the Group on a continuing and recurring basis. Each category of the Service Provider Participants would possess industry-specific knowledge, know-how or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly-skilled or executive employees of the Group. On the aforesaid basis, the Company considers that the services to be provided by such contractors, suppliers, consultants and/or advisers, if determined by the Board or the Administrator to be Service Provider Participants, are in the Group's ordinary and usual course of business and on a continuing or recurring basis.

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## LETTER FROM THE BOARD

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Having taken into account the fact that (i) inclusion of the Service Provider Participants is in line with the Group’s business needs and the industry norm; (ii) certain Service Provider Participants may provide services akin to employees of the Group, but may not be able to serve as full-time or part-time employees of the Group; (iii) recognizing the contribution of the Service Provider Participants may enhance their performance and further contribution to the Group; and (iv) the invaluable contributions from the Service Provider Participants would support the usual ordinary course of business of the Group on a recurring and continuing basis and are essential to operations as well as the sustainable and successful development of the Group, the Board (including the independent non-executive Directors) is of the view that the inclusion of the Service Provider Participants as Eligible Participants is fair and reasonable and aligns with the purpose of the 2024 H Share Option Plan and the long term interest of the Company and its Shareholders.

In determining the eligibility of an Eligible Participant, the Board or the Administrator may take into account various factors in accordance with the Plan rules 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**”).

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## LETTER FROM THE BOARD

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The basis for determining the Service Provider Sublimit includes (i) the potential dilution effect arising from grants to the Service Provider Participants, (ii) the importance of striking a balance between achieving the purpose of the 2024 H Share Option Plan and protecting Shareholders from the dilution effect from granting a substantial amount of Options to the Service Provider Participants, (iii) the extent of the use of Service Provider Participants in the Group's business, and (iv) the fact that the Company expects that a majority of the Options will be granted to Employee Participants and as such there is a need to reserve a larger portion of the Plan Mandate Limit for grants to the Employee Participants.

The Company considers that the sublimit of 1% would provide sufficient number of H Shares as incentive to the Service Provider Participants should the occasion requires. It would not lead to excessive dilution of existing Shareholders' shareholdings while allowing for the Board to grant Options to the clearly identified categories of Service Provider Participants which would benefit the Company. Having considered the nature of the Group's business, the Company considers that the Service Provider Sublimit is required to provide the Group with the flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group. Based on the above, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable.

**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) 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).

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## LETTER FROM THE BOARD

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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) 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;

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## LETTER FROM THE BOARD

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- (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, restrictions or limitations 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.

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## LETTER FROM THE BOARD

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**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.

The terms of the 2024 H Share Option Plan specify the basis of determining the eligibility of Eligible Participants and allow the Board or the Administrator, where it considers appropriate, to specify the performance targets which must be achieved before the Options can be exercised or vested by a Grantee. Whilst there is a general rule under the 2024 H Share Option Plan that the vesting period shall not be less than 12 months, the 2024 H Share Option Plan has nonetheless retained flexibility by setting out exceptional circumstances where there may be shorter vesting periods. The 2024 H Share Option Plan also provides clawback mechanisms where the Company would be able to claw back all profits made by Grantees by selling the H Shares acquired from exercising the Options granted. The Company believes that the terms of the 2024 H Share Option Plan will provide it with flexibility in setting the terms and conditions of grants which are most appropriate taking into account the individual circumstances of the relevant Eligible Participants and therefore facilitate the Company's aim to recognize the contributions of the Eligible Participants to the Group, enhance their motivation and loyalty, promoting long-term corporate development and increasing shareholder value, and hence align with the purpose of the 2024 H Share Option Plan.

In the event that the Company has Treasury Shares listed on the Stock Exchange in the future, the Board may, after taking into account of relevant circumstances, use Treasury Shares listed on the Stock Exchange to fund the Options to be granted under the 2024 H Share Option Plan.



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## LETTER FROM THE BOARD

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### 10. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

References are made to the announcements of the Company dated April 30, 2024 and May 29, 2024 in relation to the resignation of Dr. Liu Dan as a non-executive Director and the proposed amendments to the Articles of Association. The Board proposed to make certain amendments to the Articles of Association in relation to the composition of the Board.

Details regarding the proposed amendments to the Articles of Association are as follows:

<b>Before the Amendment</b>	<b>After the Amendment</b>
<b>Article 109</b> The Board is composed of 14 Directors, including one chairman. At all times, at least one-third of the members of the Board shall be independent non-executive Directors, and the total number of independent non-executive Directors shall be not less than three, at least one of whom shall have appropriate professional qualifications in line with regulatory requirements, or appropriate accounting or related financial management expertise.	<b>Article 109</b> The Board is composed of <del>14</del> Directors, including one chairman. At all times, at least one-third of the members of the Board shall be independent non-executive Directors, and the total number of independent non-executive Directors shall be not less than three, at least one of whom shall have appropriate professional qualifications in line with regulatory requirements, or appropriate accounting or related financial management expertise.

Except for the proposed amendments mentioned above, other provisions of the Articles of Association remain unchanged.

The resolution is hereby submitted to the Annual General Meeting as a special resolution for consideration and approval.

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## LETTER FROM THE BOARD

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### 11. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 33 to 36 of this circular and published and available for downloading on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.zybio.com](http://www.zybio.com)). The form of proxy for use at the Annual General Meeting is enclosed with this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.zybio.com](http://www.zybio.com)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarized copy of that power of attorney or authority at the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the Annual General Meeting (i.e. not later than 10:00 a.m. on Wednesday, June 26, 2024 or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

### 12. GENERAL

To the best of the Director's knowledge, information, and belief, and according to applicable PRC and Hong Kong law, regulations, and regulatory requirements, none of the Shareholders are required to abstain from voting at the Annual General Meeting.

### 13. RECOMMENDATION

The Directors consider that all resolutions set out in the notice of the Annual General Meeting for consideration and approval by Shareholders are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### 14. 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 purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

*The following is a summary of the principal terms of the 2024 H Share Option Plan but does not form part of, nor was it intended to be, part of the 2024 H Share Option Plan nor should it be taken as effecting the interpretation of the 2024 H Share Option Plan:*

**1. 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.

**2. 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.

**3. DURATION**

Subject to any early termination as determined by the Board, 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.

**4. ADMINISTRATION**

The Board shall be responsible for administering the 2024 H Share Option Plan in accordance with the Plan rules.

The authority to administer the 2024 H Share Option Plan may be delegated by the Board to a committee of the Board or to any other person(s) deemed appropriate at the sole discretion of the Board, including its powers to offer or grant Options and to determine the terms and conditions of such Options, provided that nothing in this paragraph shall prejudice the Board's power to revoke such delegation at any time or derogate from the discretion rested with the Board as contemplated in the 2024 H Share Option Plan.

Subject to the terms of the 2024 H Share Option Plan, the Board and the Administrator have discretionary authority to, inter alia, construe and interpret the Plan rules, determine the eligibility for and grant any Option; determine, modify or waive the terms and conditions of any Option; determine how Options will be settled; prescribe forms, rules and procedures relating to the 2024 H Share Option Plan; approve the Grant Letter(s), and otherwise do all things necessary or appropriate to carry out the purposes of the 2024 H Share Option Plan. Decisions made by the Board or the Administrator under the 2024 H Share Option Plan shall be conclusive and shall bind all parties. In the event of any disagreement or ambiguity, the decision of the Board shall prevail.

In respect of the administration of the 2024 H Share Option Plan, the Company shall comply with all applicable Shareholder approval, announcement, circular and reporting requirements imposed by the Listing Rules.

In the event that the Company has Treasury Shares listed on the Stock Exchange in the future, the Board may, after taking into account of relevant circumstances, use Treasury Shares listed on the Stock Exchange to fund the Options to be granted under the 2024 H Share Option Plan.

## **5. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY**

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; and
- (b) Service Provider Participants, 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):

**(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 assessing whether the Service Provider Participants provide services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board or the Administrator will take into consideration: (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Provider Participants; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

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.

- (a) In the case of the Employee Participants, in assessing their eligibility, the Board will consider, on a case-by-case basis, the following factors, including but not limited to (i) individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (ii) the length of engagement with the Group; and (iii) the actual and/or potential contribution to the development and growth of the Group.

- (b) In assessing the eligibility of the Service Provider Participants, the Board will consider, on a case-by-case basis, the following factors, including but not limited to (i) in general, (1) the frequency of collaboration and the length of business relationship with the Group; (2) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (3) the track record in the quality of services provided to and/or cooperation with the Group and the ability to maintain the quality of services; (4) the scale of business dealings and/or collaboration with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers; and (5) the actual contribution or potential contribution towards the long-term development and success of the Group; (ii) specifically in respect of Service Providers in the category of independent suppliers and/or contractors, (1) the performance and track record of the respective supplier or contractor and its ability to deliver quality services; (2) the benefits and strategic value brought by the Service Providers to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Providers' collaboration with the Group; and (3) the business opportunities and external connections that the Service Providers have introduced or will potentially introduce to the Group; and (iii) specifically in respect of Service Providers in the category of consultants and/or advisors, (1) the expertise, professional qualifications and industry experience of the Service Providers; (2) the prevailing market fees chargeable by other services providers; (3) the Group's period of engagement of or collaboration with the Service Providers; and (4) the Service Providers' actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit.

If a Grantee is declared bankrupt or becomes insolvent or is wound-up or makes any arrangements or composition with the Grantee's creditors generally, the Grantee shall cease to be an Eligible Participant under the 2024 H Share Option Plan and any Options not yet vested and any outstanding Options not yet exercised shall be immediately forfeited and shall lapse, unless the Board or the Administrator determines otherwise at their absolute discretion.

## 6. PLAN MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

Subject to terms and conditions in the 2024 H Share Option Plan, (a) 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 (b) 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 providers, shall not exceed 1,938,400 H Shares, representing approximately 1.0% of the Shares in issue at the Adoption Date (the "**Service Provider Sublimit**").

Options and awards lapsed in accordance with the terms of all Share Plans shall not be regarded as utilized for the purpose of calculating the Plan Mandate Limit or the Service Provider Sublimit.

If the Company conducts a share consolidation or subdivision after the Plan Mandate Limit and the Service Provider Sublimit has been approved in general meeting, the maximum number of H Shares that may be issued in respect of all options to be granted under the Plan Mandate Limit and the Service Provider Sublimit as a percentage of the total number of issued H Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the Plan Mandate Limit and the Service Provider Sublimit, provided that:

- (a) the Options in excess of the Plan Mandate Limit and the Service Provider Sublimit are granted only to Eligible Participants specifically identified by the Company before such approval is sought;
- (b) the Company shall send a circular to its Shareholders containing the information required under Chapter 17 of the Listing Rules;
- (c) the number and terms of Options to be granted to each such specified Eligible Participant shall be fixed before the Shareholders' approval; and
- (d) in respect of any Options to be so granted beyond the Plan Mandate Limit and the Service Provider Sublimit, the date of the Board meeting for proposing such grant shall be taken as the Grant Date for the purpose of calculating the Exercise Price of such Options.

The Company may seek approval by its Shareholders in general meeting for refreshing the Plan Mandate Limit and the Service Provider Sublimit:

- (a) after three (3) years from the Adoption Date or the date of the Shareholders' approval for the last refreshment of the Plan Mandate Limit or the Service Provider Sublimit (as the case may be); or
- (b) within any of the aforementioned three-year period subject to the following requirements:
  - (i) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder of the Company, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) shall abstain from voting in favor of the relevant resolution at the general meeting; and
  - (ii) the Company shall comply with any additional requirements set out in the Listing Rules.



After the refreshment of the Plan Mandate Limit and the Service Provider Sublimit, the total number of Shares which may be issued in respect of all options and awards to be granted under all Share Plans shall not exceed 10% of the Shares in issue (excluding any Treasury Shares) as at the date of such approval of the refreshment of the Plan Mandate Limit and the Service Provider Sublimit. The Company shall send a circular to its Shareholders containing the information required under Chapter 17 of the Listing Rules.

#### **7. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT**

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) as at the date of such grant, such grant shall be subject to the following requirements:

- (a) separate approval by 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;
- (b) the Company shall send a circular to its Shareholders containing the information required under Chapter 17 of the Listing Rules;
- (c) the number and terms of such further Options to be granted to such Eligible Participant shall be fixed before the Shareholders' approval; and
- (d) in respect of any Options to be so granted under this paragraph, the date of the Board meeting for proposing such grant shall be taken as the Grant Date for the purpose of calculating the Exercise Price 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) as at the date of such grant, such further grant of Options shall be subject to the following requirements:

- (a) approval by the Shareholders in general meeting;
- (b) the Company shall send a circular to its shareholders containing the information required under Chapter 17 of the Listing Rules;

- (c) the relevant Grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favor at such general meeting; and
- (d) the Company shall comply with the requirements under rules 13.40, 13.41 and 13.42 of the Listing Rules.

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).

## **8. GRANT AND ACCEPTANCE OF OPTIONS**

Subject to the terms of the 2024 H Share Option Plan and the applicable laws, the Board or the Administrator shall, from time to time on a Business Day during the term of the 2024 H Share Option Plan, make a grant to any Eligible Participant as the Board or the Administrator may in its sole and absolute discretion select.

The Company shall, in respect of grant of Options, on the Grant Date issue a Grant Letter to the Grantee in such form as the Board or the Administrator may from time to time determine setting out the terms and conditions of the Options, which may include the number of H Shares in respect of which the Options relates, the Exercise Price, the vesting criteria and conditions, the vesting period, any minimum performance targets that must be achieved and any such other details as the Board or the Administrator may consider necessary, and requiring the Grantee to undertake to hold the Options on the terms of the Grant Letter and be bound by the provisions of the 2024 H Share Option Plan.

Unless otherwise specified in the Grant Letter, the Grantee shall have ten (10) Business Days from the Grant Date to accept the Options. Grantees may accept Options by giving written notice of their acceptance to the Board or the Administrator. Upon accepting the Grant Letter issued by the Company, an Eligible Participant shall become a Grantee and shall be regarded as having accepted the grant of Options in accordance with the terms of the 2024 H Share Option Plan and the relevant Grant Letter. The Grantee shall not be required to pay any amount for the application or acceptance of the grant of Options.

The grant of Options may be accepted in whole or in part provided that it must be accepted in respect of a board lot for dealing in H Shares or a multiple thereof. To the extent that any Options or part thereof is not accepted within the time and in the manner indicated in the 2024 H Share Option Plan or the Grant Letter, the portion not accepted shall be deemed to have been irrevocably declined and shall automatically lapse.

The Grantee shall not be required to pay any amount for the application or acceptance of the grant of Options.

The Company shall not grant any Option:

- (a) after inside information has come to its knowledge until (and including) the Business Day after it has announced such inside information;
- (b) during the period commencing 30 days immediately before the earlier of:
  - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, provided that such period shall also cover any period of delay in publishing such results announcement; or

- (c) in circumstances prohibited by the Listing Rules or at a time when the relevant Eligible Participant would be prohibited from dealing in the H Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix C3 to the Listing Rules) or by any applicable rules, regulations or law.

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.

Subject to the terms of the 2024 H Share Option Plan and the applicable laws, the Board or the Administrator may, on a case-by-case basis and at its sole and absolute discretion, impose any performance targets as the Board or the Administrator determines as appropriate. The Board or the Administrator may determine such performance targets based on, among other criteria, the following considerations:

**Director, supervisor and member of senior management of the Company**

Business or financial milestones or performance results, transaction milestones, the Grantee's historical, current or anticipated contribution to the Group (including with respect to their experience, expertise, insight, management and oversight, or direction, etc.), as considered appropriate by the Board or the Administrator.

**Employee Participant (except a director or member of senior management of the Company)**

If the performance appraisal within a specified period (such as in the previous year) reached a level to be further specified in the Grant Letter, as determined by the Board or the Administrator (or body designated by the Board or the Administrator).

**Service Provider Participant**

Contributes, or is likely to contribute, to the long-term development of the Group, with reference to achieving specified targets, among other criteria, financial or business performance, minimum service period, or business collaboration milestones, as determined by the Board or the Administrator (or body designated by the Board or the Administrator).

**9. EXERCISE**

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.

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.

Exercise of any Option shall be at all times subject to the terms of the 2024 H Share Option Plan and the relevant Grant Letter and any applicable laws.

**10. VOTING RIGHTS AND DIVIDENDS OF H SHARES**

Options do not carry any right to vote at general meetings of the Company, nor any right to dividend, transfer or other rights. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option unless and until the H Shares underlying Options are delivered to the Grantee pursuant to the vesting and exercise of such Option.

The H Shares to be allotted and issued upon exercise of the Options shall be subject to all provisions of the Articles of Association and the applicable laws in force as at the date of allotment and issuance of such H Shares and shall rank *pari passu* in all respects with the existing fully paid H Shares in issue as at the date the name of the Grantee is registered on the register of members of the Company, including voting, dividend, transfer and other rights (including those arising on a liquidation of the Company), save that the Grantee shall not have any right to participate in all dividends or other distributions the record date of which is prior to such registration. No fractional H Shares shall be allotted under the 2024 H Share Option Plan.

**11. TRANSFERABILITY**

Any Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favor of any third party over or in relation to any Option or attempt so to do, unless a waiver is granted by the Stock Exchange and express written consent is obtained from the Board. Notwithstanding the foregoing, in the event of death of a Grantee, the vested but unexercised Options of the deceased Grantee may be assigned to his/her executor or administrator (as the case may be). Any permitted assignment of Options shall only be made in a manner that is not prohibited by applicable laws.

**12. LAPSE AND CLAWBACK MECHANISM OF OPTIONS**

In the event the employment or service relationship between a Grantee and any member of the Group is terminated under the following situations, the following corresponding clawback mechanism would apply:

- (a) (i) retirement; (ii) permanent physical or mental disability; (iii) death; (iv) resignation; (v) employment or service contract not renewed due to the Grantee's reason; or (vi) employment or service contract terminated due to unsatisfactory performance or incompetence, the right to all unvested Options shall automatically and immediately lapse. Subject to and conditional upon compliance with the applicable laws by the Company, the vested but unexercised Options shall automatically lapse three (3) months after the occurrence of the situation. Upon request by the relevant member of the Group, such Grantee shall enter into non-competition and confidentiality agreements before the expiry of such Grantee's employment or service relationship with such member of the Group. In the event

that the Grantee fails to enter into the non-competition or confidentiality agreement as requested or violates the same, the vested but unexercised Options shall automatically and immediately lapse. In the case of death of the Grantee, subject to the requirements set out in the 2024 H Share Option Plan, the inheritor of the Grantee shall inherit the legitimate rights and interests of the vested but unexercised Options under the applicable laws and exercise his/her inherited vested but unexercised Options according to the relevant Grant Letter.

- (b) (i) behaviors including corruption, bribery, theft, revealing of the Company's confidential secrets, negligence or misconduct or any other law offence behaviors that have caused serious damage to the Company or have brought the Company into disrepute; (ii) criminal behaviors investigated for criminal responsibility according to acts; or (iii) other Causes, all unexercised Options, regardless vested or not, shall lapse. The Company will reserve the rights to take legal actions, including but not limited to claw back all profits made by such Grantee by selling such H Shares acquired from exercising the Options granted, for dealing with such situations.

For the purpose of this paragraph, "Cause" shall have the following meaning:

In the case of any Grantee who is party to an employment or service contract with any member of the Group that contains a definition of "Cause", the definition set forth in such contract shall apply with respect to such Grantee under the 2024 H Share Option Plan.

In the case of any other Grantee, "Cause" shall mean, as determined by the Board or the Administrator in its reasonable judgment, (a) a substantial failure of the Grantee to perform his/her duties and responsibilities to any member of the Group or substantial negligence in the performance of such duties and responsibilities; (b) the commission by the Grantee of a felony or a crime involving moral turpitude; (c) the commission by the Grantee of theft, fraud, embezzlement, material breach of trust or any material act of dishonesty involving any member of the Group; (d) a significant violation by the Grantee of the code of conduct of any material policy of any member of the Group, or of any statutory duty of loyalty to any member of the Group; (e) material breach of any of the terms of the 2024 H Share Option Plan or the Grant Letter; or (f) other conduct by the Grantee that could be expected to be harmful to the business, interests or reputation of any member of the Group.

In the event that the Grantee is on maternity leave or work injury sick leave in accordance with the applicable employment and labor laws (including but not limited to the Labor Law of the PRC and Special Provisions on Labor Protection for Female Employees), the Grantee's Options, whether or not vested or exercised, shall not be affected or otherwise prejudiced.

An Option (to the extent not already exercised) shall lapse automatically on the earliest of:

- (a) the expiry of the Exercise Period;
- (b) the date on which the Grantee commits a breach of the requirement under the paragraph headed “11. Transferability” above;
- (c) the expiry of the periods referred to in paragraphs (a) and (b) above;
- (d) if an Option was granted subject to certain conditions, restrictions or limitations, the date on which the Board or the Administrator resolves that the Grantee has failed to satisfy or comply with such conditions, restrictions or limitation; and
- (e) the occurrence of such event or expiry of such period as may have been specifically provided for in the Grant Letter, if any.

### 13. ALTERATIONS IN SHARE CAPITAL

In the event of any alteration in the share capital structure of the Company by way of capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of H Shares as consideration in a transaction to which the Company is a party) (the “**Share Capital Alteration**”) after the Adoption Date, the Board or the Administrator shall make such corresponding adjustments, if any, as the Board or the Administrator in its discretion may deem appropriate to reflect such change with respect to:

- (a) the number of H Shares comprising the Plan Mandate Limit or Service Provider Sublimit, provided that in the event of any Share Capital Alteration the Plan Mandate Limit and Service Provider Sublimit as a percentage of the total issued H Shares of the Company at the date immediately before any Share Capital Alteration shall be the same on the date immediately after such Share Capital Alteration;
- (b) the Exercise Price relating to Options so far as unexercised.

or any combination thereof, as the auditors or a financial advisor engaged by the Company for such purpose have certified satisfy the relevant requirements of the Listing Rules and are, in their opinion, fair and reasonable either generally or as regards any particular Grantee, provided always that: (i) any such adjustments should give each Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled prior to such adjustments; and (ii) no such adjustments shall be made which would result in a H Share

being issued at less than its nominal value. The capacity of the auditors or financial advisor (as the case may be) in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

The method of adjustment of number of H Shares subject to the Option so far as unexercised in the event of Share Capital Alteration is set out as below:

**Capitalization issue**

$$Q = Q_0 \times (1 + n)$$

Where: “Q<sub>0</sub>” represents the number of Option before the adjustment; “n” represents the ratio per H Share resulting from the capitalization issue; “Q” represents the number of Option after the adjustment.

**Rights issue**

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: “Q<sub>0</sub>” represents the number of Option before the adjustment; “P<sub>1</sub>” represents the closing price of the H Shares as at the record date of which is prior to such Share Capital Alteration; “P<sub>2</sub>” represents the subscription price of the rights issue; “n” represents the ratio of the rights issue allotment; “Q” represents the number of Option after the adjustment.

**Consolidation of Shares or share subdivision or reduction of the share capital**

$$Q = Q_0 \times n$$

Where: “Q<sub>0</sub>” represents the number of Option before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “Q” represents the number of Option after the adjustment.

The method of adjustment of the Exercise Price relating to Options so far as unexercised in the event of Share Capital Alteration is set out as below:

**Capitalization issue**

$$P = P_0 \div (1 + n)$$

Where: “P<sub>0</sub>” represents the exercise price of Option before the adjustment; “n” represents the ratio per H Share resulting from the capitalization issue; “P” represents the exercise price of Option after the adjustment.



**Rights issue**

$$P = P_0 \times (P_1 + P_2 \times n) \div (P_1 \times (1 + n))$$

Where: “P<sub>0</sub>” represents the exercise price of Option before the adjustment; “P<sub>1</sub>” represents the closing price of the H Shares as at the record date of which is prior to such Share Capital Alteration; “P<sub>2</sub>” represents the subscription price of the rights issue; “n” represents the ratio of the rights issue allotment; “P” represents the exercise price of Option after the adjustment.

**Consolidation of Shares or share subdivision or reduction of the share capital**

$$P = P_0 \div n$$

Where: “P<sub>0</sub>” represents the exercise price of Option before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “P” represents the exercise price of Option after the adjustment.

**14. CANCELLATION**

Subject to the consent from the relevant Grantee, the Board or the Administrator may cancel Options previously granted to and yet to be exercised (whether or not vested) by a Grantee. The Grantee whose Options are cancelled pursuant to this paragraph may be granted new Options in accordance with the terms of the 2024 H Share Option Plan, provided that there are sufficient unused Options (excluding such cancelled Options) available for such re-grant under the Plan Mandate Limit and the Service Provider Sublimit. The Options cancelled shall be regarded as utilized for the purpose of calculating the Plan Mandate Limit and the Service Provider Sublimit.

**15. ALTERNATION OF THIS PLAN**

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.

Any amendment to the terms of the Options granted to a Grantee (except where the changes take effect automatically under the existing terms of the 2024 H Share Option Plan) shall be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be).

**16. TERMINATION**

The 2024 H Share Option Plan shall terminate on the earlier of:

- (a) the end of the life of the 2024 H Share Option Plan as set out in the 2024 H Share Option Plan; and
- (b) such date of early termination as determined by the Board, following 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 prior to the termination shall continue to be valid, and shall be administered in accordance with the 2024 H Share Option Plan and the relevant Grant Letter.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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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)**

#### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Wuhan YZY Biopharma Co., Ltd. (武漢友芝友生物製藥股份有限公司) (the “**Company**”) will be held at Conference Room 210, 2nd Floor, Building C2-1, No. 666 Gaoxin Road, East Lake High Tech, Development Zone, Wuhan, Hubei Province, PRC on Thursday, June 27, 2024 at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTIONS

1. To consider and approve the Annual Report for 2023.
2. To consider and approve the report of the Board of Directors for 2023 of the Company.
3. To consider and approve the report of the Supervisory Committee for 2023 of the Company.
4. To consider and approve the report of the financial report for 2023 of the Company.
5. To consider and approve the report of the profit distribution plan for 2023 of the Company.
6. To consider and approve the proposed reappointment of the auditor for 2024.

#### SPECIAL RESOLUTIONS

7. To consider and approve the proposed grant of general mandate to the Board to issue additional Shares:

“**THAT:**

- (a) subject to compliance with the prevailing requirements of the Listing Rules and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(b) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:

- (i) a Rights Issue (as defined below);
- (ii) the exercise of options under a share option scheme of the Company; and
- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association,

shall not exceed 20% of the total number of issued Shares as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of Shares after the date of passing of this resolution); and

(c) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions 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 any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

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## NOTICE OF THE ANNUAL GENERAL MEETING

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8. To consider and approve the proposed adoption of the 2024 H Share Option Plan:
- “**THAT:** subject to and conditional upon 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 pursuant to the exercise of any options that may be granted under the 2024 H Share Option Plan, the 2024 H Share Option Plan be and is hereby approved and adopted, and the Board and/or the Administrator are hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2024 H Share Option Plan, including without limitation:
- (a) to administer the 2024 H Share Option Plan;
  - (b) to modify and/or amend the 2024 H Share Option Plan from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2024 H Share Option Plan relating to modification and/or amendment and subject to Chapter 17 of the Listing Rules;
  - (c) to grant options to subscribe for H Shares under the 2024 H Share Option Plan and to allot and issue from time to time such number of H Shares as may be required to be allotted and issued pursuant to the exercise of the options granted under the 2024 H Share Option Plan and subject to the Listing Rules;
  - (d) to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in any H Shares which may thereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the 2024 H Share Option Plan; and
  - (e) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2024 H Share Option Plan.”
9. To consider and approve the Plan Mandate Limit (being 19,384,800 H Shares, representing approximately 10.0% of the Shares in issue as at the date of passing this resolution), subject to and conditional upon the passing of resolution numbered 8 above.
10. To consider and approve the Service Provider Sublimit (being 1,938,400 H Shares, representing 1.0% of the total number of Shares in issue as at the date of passing this resolution), subject to and conditional upon the passing of resolutions numbered 8 and 9 above.
11. To consider and approve the proposed amendments to the Articles of Association as set out in the circular of the Company dated May 29, 2024 and to authorize the Directors to deal with on behalf of the Company the relevant application(s), approval(s), registration(s), filing(s) and other related procedures or issues and to make further amendment(s) (where necessary) pursuant to the requirements of the relevant governmental and/or regulatory authorities arising therefrom.

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

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## NOTICE OF THE ANNUAL GENERAL MEETING

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*Notes:*

1. Details of the above resolutions are set out in the circular of the Company dated May 29, 2024 (the “**Circular**”). Unless the context otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Circular.
2. All resolutions at the meeting will be taken by poll pursuant to the Listing Rules and the Articles of Association. The results of the poll will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yzybio.com](http://www.yzybio.com)) in accordance with the Listing Rules.
3. Any Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a Shareholder. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every Shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.
4. The form of proxy shall be signed by the Shareholder or his/her/its attorney who has been authorized in writing. If the Shareholder is a corporation, the form of proxy shall be affixed with the corporation’s seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the Shareholder, the power of attorney or other authorization document shall be notarized. For Shareholders, the aforementioned documents must be deposited at the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 24 hours before the time appointed for the meeting (i.e. not later than 10:00 a.m. on Wednesday, June 26, 2024) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. An individual Shareholder shall produce his/her identification document when attending the Annual General Meeting.
6. A proxy who attends the Annual General Meeting upon entrustment by a Shareholder should produce his/her identification document and the power of attorney issued by the Shareholder. If a representative of a corporate Shareholder attends the Annual General Meeting, such representative shall produce his/her identification document and the notarized copy of the power of attorney or other notarized copy of any authorization documents issued by such corporate Shareholder.
7. In order to determine the rights of H Shareholders to attend and vote at the Annual General Meeting of the Company to be held on Thursday, June 27, 2024, the register of members of H Shares will be closed from Monday, June 24, 2024 to Thursday, June 27, 2024 (both days inclusive), during which period no transfer of H Shares will be registered. Members whose names appear on the register of members of the Company on Thursday, June 27, 2024 will be entitled to attend and vote at the Annual General Meeting. In order to be eligible for attending the Annual General Meeting, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, June 21, 2024.
8. The contact of the Company:  

Address:	Board Office Wuhan YZY Biopharma Co., Ltd. (武漢友芝友生物製藥股份有限公司) No. 666 Gaoxin Road East Lake High Tech Development Zone Wuhan, Hubei Province PRC
Postal Code:	430075
Tel:	(86) 027-82668988
Contact Person:	Mr. Zheng Jianhua
Email:	zhengjianhua@yzybio.com
9. References to time and dates in this notice are to Hong Kong time and dates.

This circular (in both English and Chinese versions) has been posted on the Company's website at ([www.yzybio.com](http://www.yzybio.com)).

Shareholders may request for printed copy of the circular free of charge or change their choice of means of receipt and language of the Company's corporate communications by sending reasonable notice in writing to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by sending an email to [YZYBIO.ecom@computershare.com.hk](mailto:YZYBIO.ecom@computershare.com.hk).

Shareholders who have chosen to receive the Company's corporate communications in either English or Chinese version will receive both English and Chinese versions of this circular since both languages are bound together into one booklet.