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

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

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**PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES;
PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
PROPOSED RE-APPOINTMENT OF AUDITORS;
PROPOSED ADOPTION OF THE SHARE OPTION SCHEME;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Akeso, Inc. to be held at 6 Shennong Road, Torch Development Zone, Zhongshan, Guangdong, the People's Republic of China on Tuesday, June 28, 2022 at 9:00 a.m. is set out on pages 38 to 43 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.akesobio.com. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. no later than 9:00 a.m. on Sunday, June 26, 2022, Hong Kong time) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof if they so wish. **The Company strongly recommends you to monitor the development of the COVID-19 situation and to assess, based on the social distancing policies, the necessity for attending the Annual General Meeting in person.**

June 2, 2022

DEFINITIONS

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

“2021 RSU Scheme”	the restricted share unit scheme approved and adopted by the Company on December 6, 2021 as amended from time to time
“Adoption Date”	the date on which the Share Option Scheme is adopted by an ordinary resolution to be passed by the Shareholders at the Annual General Meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at 6 Shennong Road, Torch Development Zone, Zhongshan, Guangdong, the People’s Republic of China on Tuesday, June 28, 2022 at 9:00 a.m., or any adjournment thereof and notice of which is set out on pages 38 to 43 of this circular
“Articles of Association”	the articles of association of the Company as amended from time to time
“Associate(s)”	has the meaning as defined under the Listing Rules
“Board”	the board of Directors, and, for the purpose of the Share Option Scheme, includes a duly authorised committee thereof
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Cayman Companies Act”	the Companies Act, (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this circular and for geographical reference only and except where the context requires otherwise, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Commencement Date”	in respect of any particular Share Option, the date upon which the Share Option is accepted or deemed to be accepted in accordance with the Share Option Scheme
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong

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“Company”	Akeso, Inc. (康方生物科技(開曼)有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 30, 2019
“Connected Person(s)”	has the meaning ascribed to it in the Listing Rules
“COVID-19”	an infectious disease caused by the most recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2), first reported in December 2019
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any Employee or Service Provider which the Board considers, in their sole discretion, to have contributed or will contribute to the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an award pursuant to the Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Option Scheme and such individual shall therefore be excluded from the term Eligible Participant
“Employee”	any employee, director or officer of the Company or any subsidiary
“Entitlement”	the proportion of a Share Option which is not exercised and remains exercisable from time to time during the Option Period as stipulated in the conditions of exercise of the Share Option specified by the Board
“ESOP Trust”	a trust established by the Company by entering into a trust deed with Zedra Trust Company (Cayman) Limited, as trustee of the trust. Dr. XIA Yu as the enforcer of the trust is able to exercise voting rights attached to the Shares held by the ESOP Trust
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“financial year”	the period commencing on 1 January and ending on 31 December each year, or such other period as fixed by the Company for the preparation of its annual accounts

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“Grantee(s)”	any Eligible Participant who accepts the offer or grant of a Share Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person or persons who is or becomes entitled to exercise any such Share Option under the terms of the Share Option Scheme or by operation of law, either in consequence of the death or incapacity of such Eligible Participant or otherwise
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with the Shares not exceeding 20% of the aggregate number of the shares of the Company in issue as at the date of passing of the relevant resolution granting the relevant mandate
“Latest Practicable Date”	May 27, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	April 24, 2020, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company as amended from time to time
“Nomination Committee”	the nomination committee of the Company
“Offer(s)”	the offer(s) of the grant of Option(s) made by the Board in accordance with the Share Option Scheme
“Offer Date”	the date of the letter by which a Share Option is offered to an Eligible Participant

DEFINITIONS

“Option Period”	in respect of any particular Option, the period to be determined and notified by the Board to each Grantee during which the Grantee may exercise such Share Option. Such period may commence on any day after the Commencement Date and in any event shall end not later than the 10th anniversary of the relevant Commencement Date, subject to the provisions for early termination contained in the Share Option Scheme or the relevant document of grant or other notification issued by the Board
“Pre-IPO RSU Scheme”	the restricted share unit scheme approved and adopted by the Company on August 29, 2019 as amended from time to time, for the benefit of any director, employee, adviser or consultant of the Company or any of our subsidiaries
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the aggregate number of the shares of the Company in issue as at the date of passing of the relevant resolution granting the relevant mandate
“RMB”	Renminbi, the lawful currency of the PRC
“Service Provider(s)”	subject to the Scheme, any advisor, consultant or any service provider provides research, development or other technical support, or any business or joint venture partner to any area of business or business development of the Company or any subsidiary on a continuing or recurring basis in the ordinary and usual course of business which is material to the long term growth of the Group as determined by the Board
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Option(s)” or “Option(s)”	the right to subscribe for a specified number of Shares in issue at the Subscription Price
“Share Option Scheme” or “Scheme”	the share option scheme as amended from time to time for Eligible Participants proposed to be conditionally adopted at the Annual General Meeting, a summary of the key terms of which is set out in Appendix III to this circular

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of a Share Option as in accordance with the Share Option Scheme, subject to adjustment in accordance with the Share Option Scheme
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

LETTER FROM THE BOARD



Akesobio

Akeso, Inc.

康方生物科技（開曼）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9926)

Executive Directors:

Dr. XIA Yu

*(Chairwoman, president,
and chief executive officer)*

Dr. LI Baiyong

Dr. WANG Zhongmin Maxwell

Mr. XIA Yu (Ph.D.)

Non-executive Directors:

Dr. ZHOU Yi

Mr. XIE Ronggang

Independent Non-executive Directors:

Dr. ZENG Junwen

Dr. XU Yan

Mr. TAN Bo

Registered office:

Floor 4, Willow House

Cricket Square

Grand Cayman KY1-9010

Cayman Islands

Principal place of business in Hong Kong:

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

June 2, 2022

To the Shareholders

Dear Sir or Madam

**PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES;
PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
PROPOSED RE-APPOINTMENT OF AUDITORS;
PROPOSED ADOPTION OF THE SHARE OPTION SCHEME;
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you the notice of Annual General Meeting and further information about the following proposals to be put forward at the Annual General Meeting: (a) the grant to the Directors of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; (b) the re-election of the retiring Directors; (c) the re-appointment of

LETTER FROM THE BOARD

auditors of the Company; and (d) the proposed adoption of the Share Option Scheme, and to give the Shareholders notice of Annual General Meeting at which ordinary resolutions as set out in the notice of Annual General Meeting will be proposed.

2. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on June 28, 2021, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting.

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new Shares, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the general mandate to issue the Shares. At the Annual General Meeting, an ordinary resolution no. 4(A) will be proposed to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares in the share capital of the Company up to 20% of the aggregate number of the Shares in issue as at the date of passing of the resolution in relation to the Issue Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 817,057,176 Shares. Subject to the passing of the ordinary resolution no. 4(A) and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the Annual General Meeting, the Company will be allowed to issue a maximum of 163,411,435 Shares under the Issue Mandate, representing 20% of the aggregate number of the Shares in issue.

The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate.

The Issue Mandate will continue to be in force from the passing of the said resolution until 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 to be held under the applicable laws or the Articles of Association; or (iii) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders of the Company in general meeting.

3. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on June 28, 2021, a general mandate was granted to the Directors to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting.

In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase the Shares representing up to 10% of the aggregate number of the Shares in issue as at the date of passing of the resolution in relation to the Repurchase Mandate.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the issued share capital of the Company comprised 817,057,176 Shares. Subject to the passing of the ordinary resolution no. 4(B) and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the Annual General Meeting, the Company will be allowed to buy back a maximum of 81,705,717 Shares under the Repurchase Mandate, representing 10% of the aggregate number of the Shares in issue.

The Repurchase Mandate, if approved, will continue in force until 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 to be held under any applicable laws or the Articles of Association; or (iii) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders of the Company in general meeting.

The Company has no current intention of exercising the Repurchase Mandate.

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

4. PROPOSED GRANTING OF EXTENSION MANDATE

Subject to a separate approval of the ordinary resolution no. 4(C), the number of Shares repurchased by the Company under ordinary resolution no. 4(B) will also be added to extend the 20% limit of the Issue Mandate as mentioned in the ordinary resolution no. 4(A), provided that such additional amount shall not exceed 10% of the aggregate number of the Shares in issue as at the date of passing the resolutions in relation to the Issue Mandate and the Repurchase Mandate.

5. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 16.18 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors shall retire from office by rotation and subject to retirement by rotation at least once every three years, and accordingly, the Directors being Mr. XIA Yu (Ph.D.), Dr. ZHOU Yi and Dr. ZENG Junwen will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

Re-election of independent non-executive Director

Set out below are information relating to the resolution to be proposed at the Annual General Meeting for re-electing Dr. ZENG Junwen as an independent non-executive Director pursuant to code provision B.3.4 of the Corporate Governance Code (the “Code”) contained in appendix 14 to the Listing Rules.

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The Company has in place a nomination policy (the “**Nomination Policy**”) which sets out the selection criteria and procedures to be adopted when considering candidates to be appointed or re-elected as Directors.

In assessing the re-election of Dr. ZENG Junwen as an independent non-executive Director, the Nomination Committee has considered his overall contribution and service to the Company, and reviewed his respective expertise and professional qualifications to determine whether he satisfies the selection criteria under the Nomination Policy. In addition, the Nomination Committee has also taken into account the diversity aspects (including but not limited to professional experience, skills, knowledge, gender, age and length of service etc.) set out in the board diversity policy of the Company (the “**Board Diversity Policy**”). The Nomination Committee considers that Dr. ZENG Junwen has the reputation for integrity to act as a director of the Company, and possesses broad and extensive experience, skills and professional knowledge in the fields of medicine and management, which have contributed to the diversity of the Board and brought objective and unfettered independent judgement and valuable contributions to the Board.

In assessing the independence of Dr. ZENG Junwen, the Nomination Committee has assessed and reviewed the annual written confirmation of independence given by him pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has also considered the contribution of Dr. ZENG Junwen, and is satisfied that he has continued to provide independent and objective judgement and advice to the Board, through scrutinising and monitoring the Group’s affairs with a view to safeguard the interests of the Group and the Shareholders. The Nomination Committee was satisfied with the independence of Dr. ZENG Junwen, and considers he remains independent.

Recommendation of the Nomination Committee

Having reviewed the Board’s composition, the respective qualifications, skills and experience, time commitment and contribution of each of Mr. XIA Yu (Ph.D.), Dr. ZHOU Yi and Dr. ZENG Junwen with reference to the Nomination Policy and the Board Diversity Policy, and the independence and time commitment of Dr. ZENG Junwen, the Nomination Committee has recommended to the Board on re-election of each of Mr. XIA Yu (Ph.D.), Dr. ZHOU Yi and Dr. ZENG Junwen as the Directors, who are due to retire at the Annual General Meeting.

Recommendation of the Board

The Board, having received the annual written confirmation of independence given by Dr. ZENG Junwen pursuant to Rule 3.13 of the Listing Rules and taking into consideration the recommendations from the Nomination Committee, considers that Dr. ZENG Junwen remains independent in character and judgement.

Taking into consideration the recommendation of the Nomination Committee, the Nomination Policy and the Board Diversity Policy, the Board is of the view that Mr. XIA Yu (Ph.D.), Dr. ZHOU Yi and Dr. ZENG Junwen will continue to bring broader views, valuable insights, professionalism to the Board, and maintain a proper balance between public and corporate interests whilst having sufficient diversity for the Board to discharge

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its functions effectively. Accordingly, the Board considers the re-election of each of Mr. XIA Yu (Ph.D.), Dr. ZHOU Yi and Dr. ZENG Junwen is in the best interests of the Company and the Shareholders as a whole.

At the Annual General Meeting, ordinary resolutions will be proposed to re-elect Mr. XIA Yu (Ph.D.) as an executive Director, Dr. ZHOU Yi as a non-executive Director, and Dr. ZENG Junwen as an independent non-executive Director.

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

6. PROPOSED RE-APPOINTMENT OF AUDITORS

The financial statements of the Group for the year ended 31 December 2021 were audited by Ernst & Young whose term of office will expire upon the conclusion of the Annual General Meeting.

The Board proposed to re-appoint Ernst & Young as the auditors of the Company and to hold office until the conclusion of the next annual general meeting.

7. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

The Company currently does not have any share option scheme. The Board has resolved to propose the adoption of the Share Option Scheme to be approved by the Shareholders at the Annual General Meeting. A summary of the principal terms of the Share Option Scheme is set forth in Appendix III to this circular.

The Share Option Scheme

The Board proposes to adopt the Share Option Scheme to reward Eligible Participants for their contribution to the success of the Company, and to provide incentives to them to further contribute to the Company. The Share Option Scheme will constitute a share option scheme under Chapter 17 of the Listing Rules and its provisions shall comply with the relevant requirements as set out therein.

The Company does not at present intend to appoint a trustee under the Share Option Scheme. None of the Director is and will be a trustee of the Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules, especially where any related matters are required to be approved by the Shareholders/independent non-executive Directors separately. A summary of the principal terms of the Share Option Scheme is set out in Appendix III to this circular.

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The Share Option Scheme provides that, unless otherwise determined by the remuneration committee of the Company, the minimum vesting period must be 12 months commencing from the Commencement Date. The Board may in its absolute discretion impose on an Eligible Participant any conditions, restrictions and/or limitations (as the case may be) in relation to, among other things, the grant and/or exercise (as the case may be) of a Share Option (which shall be stated in the letter containing the Offer), the minimum period for which a Share Option must be held, performance targets that must be achieved before a Share Option can be exercised and determine the Subscription Price. The Company is entitled to claw back the Share Options granted to such Grantee in case if, among others, the Grantee has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company and the Grantee has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences. It is believed that the aforesaid provisions will provide the Company with more flexibility to determine whether and when to impose any conditions, restrictions and/or limitations (as the case may be) on the grant and/or exercise (as the case may be) of a Share Option, as and when appropriate, by setting out, among other things, the terms and conditions in relation to exercise of the Share Option under the particular circumstances of each grant, particularly where there is a need for the Company to offer meaningful incentive and motivation to attract and retain quality personnel that are valuable to the development and expansion of the Group's business for the benefit of the Company and the Shareholders as a whole, and at the same time can safeguard the interests of the Company. This can help facilitate the achievement of the purpose of the Share Option Scheme, which is primarily to provide incentives, motivations and rewards to the selected Eligible Participants for their contribution to the Group.

Further, the Board is of view that the grant of the Share Options to the Eligible Participants who are not Employee can provide incentive and reward for (i) the participation and involvement in promoting the business success and development of the Group; (ii) providing better services as well as timely market intelligence to the Group in their capacity; or (iii) maintaining a good and long-term relationship with the Group. The Board believes that through the grant of the Share Options, such Eligible Participants' interests will be aligned with the Group to promote the growth and development of the Group's business and they could participate in the future prospect of the Group and share the additional reward through their sustainable contribution. In particular, the Service Providers are usually seasoned people in their own fields and professionals with many business connections, which the Group may not be able to recruit them as employees. The grant of the Share Options to these capable people may fill the gap and to foster the relationship with them as well as allow the Company to pay such external experts, advisors or consultants a consideration comprising service fee and share-based consideration to incentivise such external experts, advisors and consultants with the long-term value to be brought by the growth of the Company's business and market capitalisation.

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We particularly include service provider as Eligible Participants. Such service provider may include entity or person providing services in the Group's ordinary and usual course of business which are material to the business operations and long term growth of the Group as determined by the Board. The Board will take into account the following factors when determining the eligibility of services provider, including but not limited to (i) whether such service provider has a proven track record of timely delivery of services; (ii) the quality of services delivered; (iii) the scale of their business dealings with the Group; (iv) the length of business relationships between them and the Group; and (v) the ease of replacing such service provider(s) with another supplier/contractor which could offer similar quality and consistency in the provision of services.

We have also included business partner and joint venture business partner as Eligible Participants. Business partner and joint venture business partner may include entity or person who has entered into collaborations with the Group (such as through setting up a joint venture, entering into collaboration agreement) in different areas (such as marketing, critical supply chain management, joint cooperation in business development and joint research and development of new drug candidates), which the contributions to the Group are expected to play a valuable or strategic role in the Group's continued growth and development in the long term. The Board will take into account the following factors when determining the eligibility of these business partner and joint venture business partner, including but not limited to (i) the financial contribution or strategic value of the relevant joint venture to Group; (ii) the external business connections, industry reputation, or extent of business opportunities introduced to the Group by the relevant business partner; (iii) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of projects, and the period of cooperation/business relationship with the Group of the relevant business partner; (iv) the positive impacts and the strategic significance they have brought to the Group's business development through the collaboration; and (v) the potential and/or actual contribution to the business affairs of and benefits to the Group.

Consultants and advisors of subsidiaries are also included as Eligible Participants given that the business and financial performance of any subsidiary may have an impact on the Group in terms of the valuation of the equity interest in such subsidiary held by the Group and/or the amount of dividend to be declared and distributed by such subsidiary to its Shareholders, including the Group.

Before making an offer to any Eligible Participant other than Employee for grant of any Share Option, the Board may consider such factors including their expertise, experience, business connection, industry reputation or extent of business opportunities introduced to the Group. The Board is more inclined and willing to grant Share Options to such parties having the attributes required by the Group in the running and development of the Group's businesses. The Company will consider the usual fees chargeable by other advisors and consultants in the market and the contribution of the advisors and consultants in considering whether to grant Share Options to them.

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The Company does not have any share option scheme. Although the Company has adopted the Pre-IPO RSU Scheme and the 2021 RSU Scheme, the Board believes the Share Option Scheme is proposed to provide more flexibility to the Company on rewarding and retaining talents for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Board will assess the Eligible Participants who are Employees based on their potential and/or actual contribution to the Group. For the basis of determining the eligibility of Directors as the Eligible Participant, the Board will consider period of employment, responsibilities, time commitment, knowledge in the industry and prevailing market practice. For the basis of determining the eligibility of senior management and other employee as the Eligible Participant, the Board will consider individual performance, time commitment, responsibilities, work experience, professional qualifications and knowledge in the industry.

Having considered (i) the view of the management of the Company on the importance of talents to the Group's success; and (ii) the Company's strategy to cultivate its talent-oriented culture and to incentivize or rewards the employees for their contributions to the Group which is beneficial to the long-term development of the Group, the Board considers that the adoption of the Share Option Scheme is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, there were a total of 817,057,176 Shares in issue. Assuming that there is no change in the total issued share capital of the Company between the Latest Practicable Date and the date of the Annual General Meeting at which the adoption of the Share Option Scheme is to be approved, a maximum of 81,705,717 Shares may be issued upon exercise of all the Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company, representing approximately 10% of the total number of Shares in issue as at the date of the Annual General Meeting. As at the Latest Practicable Date, the Company did not have any plan to grant any Share Options and had not identified any Eligible Participant to whom it would make an offer to take up the Share Option.

Value of the Share Options

The Board considers that it is not appropriate to state the value of the Share Options that may be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date, since (i) any valuation of the fair value of all the Share Options would have to be based on the circumstances as at the Latest Practicable Date, where Share Options would not be granted until the adoption of the Share Option Scheme has been approved at the Annual General Meeting (i.e. after the Latest Practicable Date); and (ii) a number of variables which are crucial to the calculation of the value of all the Share Options are yet to be determined by the Company. Such variables include the Subscription Price, exercise period, vesting period (if any) and any other relevant factors to be determined by the Company. The Board believes that any calculation of the value of all the Share Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

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Document on display

A copy of the Share Option Scheme will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.akesobio.com) for not less than 14 days before the date of the Annual General Meeting and a copy of the Share Option Scheme is available for inspection at the Annual General Meeting.

Conditions precedent of the Share Option Scheme

The adoption of the Share Option Scheme is conditional upon:

- (a) the passing of a resolution by the Shareholders to approve and adopt the Share Option Scheme, and to authorise the Board to grant Options and to allot, issue and otherwise deal with the Shares which may be issued pursuant to the exercise of any Options to be granted under the Share Option Scheme; and
- (b) approval of the Listing Committee of the Stock Exchange for the listing of and permission to deal any Shares to be issued and allotted pursuant to the exercise of Options under the Share Option Scheme.

As at the Latest Practicable Date, none of the aforesaid conditions of the Share Option Scheme had been fulfilled. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued and allotted pursuant to the exercise of any Options granted under the Share Option Scheme.

At the Annual General Meeting, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the adoption of the Share Option Scheme. So far as the Directors are aware of, as at the Latest Practicable Date, none of the Shareholders is required to abstain from voting for said resolution.

8. NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 38 to 43 of this circular is the notice of the Annual General Meeting containing, inter alia, ordinary resolutions in relation to granting the Directors the Issue Mandate, the Repurchase Mandate and the Extension Mandate and approving the re-election of the retiring Directors, the proposed re-appointment of auditors and the proposed adoption of the Share Option Scheme.

9. CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Thursday, June 23, 2022 to Tuesday, June 28, 2022, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, June 22, 2022.

LETTER FROM THE BOARD

10. FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.akesobio.com. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting (i.e. no later than 9:00 a.m. on Sunday, June 26, 2022, Hong Kong time) or at any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof if they so wish. **The Company strongly recommends you to monitor the development of the COVID-19 situation and to assess, based on the social distancing policies, the necessity for attending the Annual General Meeting in person.**

11. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting (save for certain procedural or administrative matters) must be taken by poll. The Chairman of the Annual General Meeting shall therefore demand voting on all resolutions set out in the notice of Annual General Meeting be taken by way of poll pursuant to article 13.5 of the Articles of Association.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote on a poll needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

12. PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Taking into account of the recent development of the epidemic caused by COVID-19, the Company will implement the following prevention and control measures at the Annual General Meeting against the epidemic to protect the Shareholders from the risk of infection:

- (i) compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the meeting venue;
- (ii) every Shareholder or proxy is required to wear surgical face mask throughout the meeting;
- (iii) no souvenirs will be provided at the Annual General Meeting; and
- (iv) no refreshments will be served at the Annual General Meeting.

LETTER FROM THE BOARD

13. RECOMMENDATION

The Directors consider that the proposed resolutions for the granting to the Directors of the Issue Mandate, the Repurchase Mandate, the Extension Mandate, approving the re-election of the retiring Directors, the proposed re-appointment of auditors and the proposed adoption of the Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

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 purpose of giving information with regard to the Company. The Directors confirm, having made all reasonable enquiries, 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 matters or other material facts not contained in this circular, the omission of which would make any statement in this circular misleading.

15. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully

By order of the Board

Akeso, Inc.

Dr. XIA Yu

Chairwoman and executive director

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting.

1. EXECUTIVE DIRECTOR

Mr. XIA Yu (Ph.D.) (“Mr. XIA”)

Mr. XIA Yu (Ph.D.) (夏羽), aged 51, has been a Director since November 1, 2019. Mr. XIA (Ph. D.) was redesignated as an executive Director and was appointed as the senior vice president of our Company on November 16, 2019, and is mainly responsible for manufacturing, quality and regulatory affairs. Mr. XIA (Ph.D.) joined our Group in May 2017 where he served as the vice president, and the head of the quality department of both Akeso Biopharma and AD Pharma. He has also served as the deputy general manager and the head of the production team of Akeso Pharma since November 2018.

Prior to joining our Group, Mr. XIA (Ph.D.) primarily focused on the pharmaceutical and biopharmaceutical sector in Canada and U.S. Mr. XIA (Ph.D.) joined Cardiome Pharma Corp. in October 2005 as a manager and led its analytical development department, where he focused specifically in the development of drug substances and drug products, regulatory submissions and regulatory inspections. Since March 2011, Mr. XIA (Ph.D.) joined APOTEX Inc. as the associate director until December 2013, where he led the product development department. He was responsible for drug product development and worldwide drug marketing applications. From January 2014 to August 2016, Mr. XIA (Ph.D.) served as the global quality director at Albany Molecular Research Inc. and was responsible for its product development and quality system across multiple sites, as well as the handling of regulatory inspections from the FDA.

Mr. XIA (Ph.D.) obtained his bachelor’s degree in applied chemistry from Peking University (北京大學) in July 1992, he subsequently obtained a Ph.D. degree in chemistry from the University of Wales in the United Kingdom, in January 2001.

Mr. XIA (Ph.D.) has published and contributed to four scientific publications. Mr. XIA (Ph.D.) is an awardee of the Pearl River Talents Scheme (珠江人才計劃) in April 2017, and has been recognized as a Level 3 talent of the Shortage of High Level Talents of Zhongshan (中山市第三層次緊缺適用高層次人才) in December 2017.

Mr. XIA has entered into a service contract with the Company for a term of three years commencing from the Listing Date and is subject to retirement by rotation and re-election in accordance with the Articles of Association. Pursuant to the service contract, Mr. XIA is entitled to an annual director’s remuneration of RMB2,667,000 and a discretionary bonus, which are determined with reference to his experience, performance and responsibilities with the Company and the Company’s remuneration policy.

Dr. XIA Yu is the sister of Mr. XIA.

As at the Latest Practicable Date, Mr. XIA was interested in 5,019,296 Shares within the meaning of Part XV of the SFO, representing approximately 0.61% of the issued share capital of the Company.

2. NON-EXECUTIVE DIRECTOR

Dr. ZHOU Yi (“Dr. ZHOU”)

Dr. ZHOU Yi (周伊), aged 41, has been a Director since November 1, 2019. Dr. ZHOU was re-designated as a non-executive Director on November 16, 2019. Dr. ZHOU joined our Group as a Director of Akeso Biopharma since July 2015 until November 2019.

Dr. ZHOU was an analyst in pharmaceutical industry at Shenzhen Capital Group Co., Ltd from May 2012 to September 2017. Since October 2017, Dr. ZHOU has served as the general manager of health industry fund in Shenzhen Capital Group Co., Ltd.

Dr. ZHOU obtained a bachelor’s degree in chemistry from Hengyang Normal University in June 2006, a master’s degree in organic chemistry from Hunan Normal University in June 2007, and further received a Ph.D. degree in medicinal chemistry from Peking University in July 2011.

Dr. ZHOU has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date and is subject to retirement by rotation and re-election in accordance with the Articles of Association. Pursuant to the letter of appointment, Dr. ZHOU is not entitled to any director’s remuneration.

As at the Latest Practicable Date, Dr. ZHOU was not interested in any Shares.

3. INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. ZENG Junwen (“Dr. ZENG”)

Dr. ZENG Junwen (曾駿文), aged 60, an independent non-executive Director, is responsible for supervising and providing independent advice and judgment to our Board.

Dr. ZENG has over 22 years’ experience in ophthalmic industry. From September 1984 to June 1986, Dr. ZENG was a resident physician at the Zhongshan Ophthalmic Center (the “**Zhongshan Ophthalmic Center**”) of the Sun Yat-sen University (中山大學). He was appointed as adjunct assistant professor of ophthalmology and visual sciences at the University of Louisville between July 1998 and June 2001. Dr. ZENG returned to Zhongshan Ophthalmic Center in March 1998 as the director of technology development and the assistant to the head of Zhongshan Ophthalmic Center, then served as the deputy head and deputy supervisor of Zhongshan Ophthalmic Center from January 1999 until February 2002. From March 2002 to February 2012, he was the head of the optometry center at the same institution. From February 2012 to November 2017, Dr. ZENG also served as the head of ophthalmology department and optometry department of the Zhongshan Ophthalmic Center. Since November 2017, Dr. ZENG has been working as the head of refractive department of the Zhongshan Ophthalmic Center.

Dr. ZENG obtained his bachelor's degree in clinical medicine in August 1984 from Sun Yat-sen University School of Medicine. He received his Ph.D. degree in Biochemistry in May 1993 from Meharry Medical College in Nashville, the U.S.. Dr. ZENG is currently licensed to practice medicine in the PRC. Dr. ZENG has served as an independent director of Doctorglass Chain Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300622), since January 2018.

Dr. ZENG has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date and is subject to retirement by rotation and re-election in accordance with the Articles of Association. Pursuant to the letter of appointment, Dr. ZENG is entitled to an annual director's remuneration of RMB289,000, which is determined with reference to his experience, performance and responsibilities with the Company and the Company's remuneration policy.

As at the Latest Practicable Date, Dr. ZENG was not interested in any Shares.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

Save as disclosed above and immediately preceding the Latest Practicable Date, each of the above Directors has not held any directorships in other listed public companies during the past three years, does not hold any other position with the Company or other members of the Group and does not have any other relationships with any of the other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning each of the Directors that need to be brought to the attention of the Shareholders in connection with his re-election and there is no other information that should be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The following is an explanatory statement required by the Stock Exchange to be sent to the Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate.

1. LISTING RULES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

- (i) the shares to be repurchased by a company must be fully paid-up;
- (ii) the company has previously sent to its shareholders an explanatory statement complying with the Listing Rules; and
- (iii) all on market repurchase of shares by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchase, and a copy of such resolution together with the necessary documentation have been delivered to the Stock Exchange in accordance with the Listing Rules.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 817,057,176 Shares of nominal value of US\$0.00001 each. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the Annual General Meeting, the Company will be allowed to repurchase a maximum of 81,705,717 Shares which represent 10% of the aggregate number of the Shares in issue during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable laws or the Articles of Association; or (iii) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders in general meeting.

3. REASONS AND FUNDING OF REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

The Directors propose that the repurchase of Shares under the Repurchase Mandate would be financed from internal resources of the Company.

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Memorandum and Articles of Association, the Cayman Companies Act or other applicable laws of Cayman Islands and the Listing Rules. The Cayman Companies Act provides that the amount of capital repaid in connection with a share repurchase may be paid out of the profits of the Company or the proceeds of a fresh issue of Shares made for the purposes of the repurchase or out of capital subject to and in accordance with the Cayman Companies Act. The amount of premium over the par value of the Shares payable on repurchase may only be paid out of either the profits of the Company or out of the share premium account before or at the time the Company's Shares are repurchased in the manner provided for in the Cayman Companies Act.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and the Shareholders as a whole. The Directors consider that if the Repurchase Mandate was to be exercised in full, it might not have a material adverse impact on the working capital or the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at December 31, 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. TAKEOVERS CODE

If as a result of a repurchase of the Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Dr. XIA Yu, a Chairwoman, president, and chief executive officer of the Company, held 246,086,453 Shares, representing approximately 30.12% of the issued Shares, of which (1) 21,000,000 Shares held by XIA LLC is a company incorporated in the United States, with all of its voting shares held by Dr. XIA Yu; (2) 59,771,042 Shares, Dr. XIA Yu is the settlor and trustee of XIA Trust, with certain of her family members as beneficiaries; (3) 28,473,829 Shares, Aquae Hyperion Limited holds the Shares underlying the awards under the Pre-IPO RSU Scheme for the ESOP Trust. Dr. XIA Yu acts as the settlor and enforcer and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited. Zedra Trust Company (Cayman) Limited is the trustee of the ESOP Trust, which indirectly holds Shares as trust property through Aquae Hyperion Limited; and (4) 136,841,582 Shares, Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell, Dr. ZHANG Peng, and their controlled corporations entered into agreement with Dr. XIA Yu to entrust her with their voting rights in such Shares, respectively. Under the Takeovers Code, Dr. XIA Yu is also taken to be interested in 3,309,296 Shares held by her brother, Mr. XIA Yu (Ph.D.), representing approximately 0.41% of the issued share capital of the Company as at the Latest Practicable Date. In the event that the Directors should exercise in full the Repurchase Mandate, the shareholding of Dr. XIA Yu in the Company will be increased to approximately 33.92% of the issued share capital of the Company. To the best knowledge and belief of the Directors, such increase would give rise to an obligation to make a mandatory offer under the Takeovers Code. However, the Directors currently have no intention to repurchase Shares to such an extent that would give rise to such obligation under the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a results of any repurchase of Shares pursuant to the Repurchase Mandate.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital of the Company would be in public hands. The Directors do not have intention to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

5. DIRECTORS, THEIR CLOSE ASSOCIATES AND THE COMPANY'S CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made reasonable enquiries, any of their close associates (as defined in the Listing Rules) has any present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell Shares to the Company. No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has any present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules, the Cayman Companies Act or other applicable laws of Cayman Islands and the Memorandum and Articles of Association.

7. SHARE REPURCHASE MADE BY THE COMPANY

No repurchases of Shares (whether on the Stock Exchange or otherwise) had been made by the Company in the six months preceding the Latest Practicable Date.

8. MARKET PRICES OF SHARES*

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

Month	Highest traded prices HK\$	Lowest traded prices HK\$
2021		
May	66.50	48.35
June	69.90	58.05
July	63.45	43.20
August	52.10	34.60
September	47.00	38.85
October	49.45	37.50
November	52.50	35.05
December	49.45	31.00
2022		
January	34.20	19.90
February	21.90	18.08
March	22.10	11.52
April	18.08	12.42
May (up to the Latest Practicable Date)	15.12	11.50

*Note: The data source of share prices was from Yahoo Finance.

The following is a summary of the principal terms of the Share Option Scheme to be approved at the Annual General Meeting:

1. PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to reward Eligible Participants for their contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

2. CONDITIONS

The adoption of the Share Option Scheme is conditional upon:

- (a) the passing of a resolution by the Shareholders to approve and adopt the Share Option Scheme, and to authorise the Board to grant Options and to allot, issue and otherwise deal with the Shares which may be issued pursuant to the exercise of any Options to be granted under the Share Option Scheme; and
- (b) approval of the Listing Committee of the Stock Exchange for the listing of and permission to deal any Shares to be issued and allotted pursuant to the exercise of Options under the Share Option Scheme.

3. DURATION AND ADMINISTRATION

Subject to paragraph 16 below, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Share Options may be granted by the provisions of the Share Option Scheme, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

The Share Option Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board. Save as otherwise provided in the Share Option Scheme, for any matters concerning the interpretation or application of the Share Option Scheme, the decision of the Board or persons to whom the Board has delegated relevant powers shall be final and binding on all parties.

4. ELIGIBILITY AND GRANT OF OPTIONS

On and subject to the terms of the Share Option Scheme, the Board has the power but not the obligation to offer to grant to any Eligible Participant as the Board may in its absolute discretion select a Share Option to subscribe for such number of Shares as the Board may determine at the Subscription Price. Subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit when making such offer to the Eligible Participant, including, without limitation, conditions as to performance criteria to be satisfied by the Eligible Participant and/or the Company and/or

the Group which must be satisfied before a Share Option can be exercised, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme.

The basis of eligibility of any Eligible Participant shall be determined by the Board from time to time on the basis of the Eligible Participants' contribution to the development and growth of the Group. In order for a person to satisfy the Board that he/she is qualified to be (or where applicable, continues to be qualified to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his/her eligibility (or continuing eligibility).

In determining the criteria for the Eligible Participant who is an Employee, the Board will assess their potential and/or actual contribution to the Group. For the basis of determining the eligibility of Directors as the Eligible Participant, the Board will consider period of employment, responsibilities, time commitment, knowledge in the industry and prevailing market practice. For the basis of determining the eligibility of senior management and other employee as the Eligible Participant, the Board will consider individual performance, time commitment, responsibilities, work experience, professional qualifications and knowledge in the industry.

In determining the criteria for the Eligible Participant who is not an Employee, the Board will take into account the following factors:

- (a) the scale of their business dealings with the Group, the length of business relationships between them and the Group, the positive impacts they have brought on the Group's business development, the future plans in relation to further business collaboration and generally the significance to the Group of building long-term business relationships with them;
- (b) the person's potential and/or actual contribution to the business affairs of and benefits to the Group (in terms of, including without limitation, proactively promoting/catalysing the continuing development and growth of the Group, and bringing innovation, new talents and expertise to the Group);
- (c) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of projects, and the period of engagement/cooperation/business relationship with the Group;
- (d) whether the person is regarded as a valuable human resource of the Group based on the person's work experience, professional qualifications, knowledge in the industry or other relevant factors (including without limitation technical knowhow, market competitiveness, synergy between him/her and the Group, external business connections, strategic value, and repute and credibility); and/or
- (e) the usual fees chargeable by other advisors and consultants in the market and the contribution of the advisors and consultants in considering whether to grant Share Options to them.

In particular, when determining the eligibility of the certain categories of Service Providers, the Board will take into account the following factors:

- (a) when determining the eligibility of services provider, the Board will take into account, including but not limited to (i) whether such service provider has a proven track record of timely delivery of services; (ii) the quality of services delivered; (iii) the scale of their business dealings with the Group; (iv) the length of business relationships between them and the Group; and (v) the ease of replacing such service provider(s) with another supplier/contractor which could offer similar quality and consistency in the provision of services.
- (b) when determining the eligibility of business partner and joint venture business partner, the Board will take into account, including but not limited to (i) the financial contribution or strategic value of the relevant joint venture to Group; (ii) the external business connections, industry reputation, or extent of business opportunities introduced to the Group by the relevant business partner; (iii) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of projects, and the period of cooperation/business relationship with the Group of the relevant business partner; (iv) the positive impacts and the strategic significance they have brought to the Group's business development through the collaboration; and (v) the potential and/or actual contribution to the business affairs of and benefits to the Group.

No Share Option shall be offered or granted:

- (a) to any Eligible Participant after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;
- (b) to any Eligible Participant during the period commencing one month 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 results of the Company 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. No Share Option shall be granted during any period of delay in publishing a results announcement.

- (c) to any director of the Company (except where the Subscription Price is to be determined by the Board at the time of exercise of the Share Option):
 - (i) during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
 - (ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

An offer of the grant of a Share Option shall be made to any Grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the Subscription Price, the Option Period, the date by which the grant must be accepted being a date not more than 10 days after the Offer Date (provided such offer shall be open for acceptance after the effective period of the Share Option Scheme) and further requiring the Eligible Participant to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. To the extent that the offer of the grant of a Share Option is not accepted within 10 days after the Offer Date, it will be deemed to have been irrevocably declined and will lapse, unless the Board in its absolute discretion determines otherwise.

A Share Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Share Option duly signed by the Grantee together with a payment to the Company and/or any of its subsidiaries of HK\$1 (or the equivalent of HK\$1 in the local currency of any jurisdiction where the Company and/or its subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company and/or any of its subsidiaries within the time period specified in the offer of the grant of the Share Option.

Upon the occurrence of any of the following in relation to a Grantee, the Company shall propose that no further Share Options shall be granted to him and shall claw back the Share Options granted to such Grantee which shall lapse automatically:

- (a) the results of the economic responsibility audit and other reports proved that the Grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
- (b) the Grantee has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the articles of association of the Company;
- (c) the Grantee has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company;

- (d) the Grantee has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences;
- (e) the Grantee is dismissed due to the breach of the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the articles of association of the Company; or
- (f) the Grantee joins a competitor or forming a competing business after leaving the Company.

5. SUBSCRIPTION PRICE

The Subscription Price in respect of any Share Option shall be a price determined by the Board at its absolute discretion and notified to any Grantee (subject to any adjustments made pursuant to Share Option Scheme) which shall be not less than the highest of:

- (a) the nominal value of a Share on the Offer Date;
- (b) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; and
- (c) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date.

6. VESTING OF OPTIONS

(i) Vesting in general

Subject to the Share Option Scheme, the Listing Rules (as amended and supplemented from time to time) and any applicable law and regulations, any Share Options will become vested and exercisable and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Option. The minimum vesting period must be 12 months commencing from the Commencement Date, unless a shorter vesting period is approved by the remuneration committee of the Company.

(ii) Change of Control

If there is an event of change of control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, all Share Options will become vested and exercisable immediately and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Options unless the Board determines otherwise.

(iii) Change of Position

In the event the position of a Grantee is changed as a part of the Company or its subsidiaries' normal course of business, the Share Options granted to him or her, whether vested or not, will remain valid in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Share Options.

(iv) Resignation and retirement

In the event a Grantee ceases to be an Eligible Participant by reason of the termination of his/her employment, office or service other than a summary termination, or retirement of the Grantee, unless otherwise provided in the grant letter or otherwise determined by the Board, (i) the unvested portion of the Share Options shall be immediately forfeited; and (ii) the vested and unexercised portion of the Share Options will remain exercisable in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Share Options.

(v) Dismissal

In the event a Grantee ceases to be an Eligible Participant by reason of the summary termination of his employment, office or service, (i) all Share Options, whether vested or not, shall be immediately forfeited; and (ii) as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations, all issued Shares (if any) shall be repurchased by the Company at the price equal to the amount actually paid by the Grantee and all other cash and benefits received by the Grantee under the granting of Options shall be repaid/returned to the Company or its subsidiaries as determined by the Board.

(vi) Death or Loss of Ability to Work

In the event a Grantee dies or loses the ability to work due to an injury as a result of the performance of his or her duty for the Company or its subsidiaries, all Share Options will become vested and exercisable immediately and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Option. In the event a Grantee dies or loses the ability to work for any reason other than the performance of his or her duty for the Company, (i) the unvested portion of the Share Option shall be immediately forfeited; and (ii) the vested and unexercised portion of the Share Option shall be handled by the Grantee (or his or her estate or by a person who acquires the right to exercise the Share Option by will or laws of succession).

7. NON-TRANSFERABILITY

A Share Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any Share Option. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any

outstanding Entitlement of such Grantee. This does not prejudice the operation of any general provision of law regarding the appointment and capacity of a nominee, attorney, trustee or other personal representative.

8. EXERCISE OF SHARE OPTIONS

A Grantee (or his legal personal representative(s)) may exercise his Entitlement in whole or in part in the manner as determined by the Board by giving notice in writing to the Company stating that the Share Option is thereby exercised and specifying the number of Shares to be subscribed. Unless otherwise determined by the Board and stated in the notice to a Grantee, a Grantee is not required to hold the Share Option for any minimum period nor achieve any performance targets before the exercise of a Share Option granted to him. The performance targets (if any as determined by the Board in its absolute discretion) may comprise a mixture of key performance indicators components (such as the business performance and financial performance of the Group and individual annual performance assessment results) which may vary among the Grantees.

Subject as provided in the Share Option Scheme and any conditions specified by the Board (including the attainment of any performance targets stated therein (if any)), the Grantee (or his legal personal representative(s)) may exercise his Entitlement at any time or times during the Option Period provided that:

- (a) in the event of the Grantee ceasing to be an Eligible Participant for any reason other than his death, loss of ability to work, or the summary termination of his employment, office or service, before exercising the Share Options in full, the Share Options (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Board otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of the Scheme within such period as the Board may determine following the date of such termination or, if any of the events referred to in sub-paragraphs (c), (d) or (e) occur during such period, exercise the Option pursuant to sub-paragraphs (c), (d) or (e) respectively;
- (b) in the event of the Grantee ceasing to be an Eligible Participant by reason of death or loss of ability to work, and none of the events which would be a ground for summary termination of his employment, office or service has occurred, the Grantee or legal personal representative(s) of the Grantee (as the case may be) shall be entitled within a period of 12 months from the date of such cessation (or such other period as the Board may determine) to exercise the Entitlement in full as at the date of such cessation (to the extent vested but not already exercised) (provided that such exercise is during the relevant Option Period);
- (c) if a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the Share Options granted

to them, shareholders of the Company). If such offer becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding Entitlement in full at any time within 14 days after the date on which such general offer becomes or is declared unconditional;

- (d) in the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to Grantees with Options outstanding in full or in part at such date. If a Grantee immediately prior to such event had any outstanding Entitlement, the Grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Entitlement had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice;
- (e) if a compromise or arrangement of any nature between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (a “**scheme**”), the Company shall give notice thereof to all Grantees on the same date as it despatches to each member or creditor of the Company a notice summoning the meeting to consider such scheme, and thereupon each Grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Share Options in whole or in part within the time or period stipulated by the Board for this purpose.

The Shares to be allotted upon the exercise of a Share Option will be subject to all the provisions of the Articles of Association and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.

A Share issued upon the exercise of a Share Option shall not carry voting rights until the registration of the Grantee as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company a dividend is to be or is proposed to be paid to holders of Shares on the register on a date prior to the date when a Share Option is effectively exercised under the terms of the Share Option Scheme, the Shares to be issued upon such exercise will not rank for such dividend.

The Board may at any time cancel Share Options previously granted to, but not yet exercised by a Grantee. Where the Company cancels Share Options and offers Share Options to the same Grantee, the offer of such new Share Options may only be made with available Share Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by the Shareholders.

9. LAPSE OF OPTION

Subject to the Share Option Scheme, any Option or Entitlement shall lapse automatically and not be exercisable on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in sub-paragraphs (a) to (e) under paragraph 8 above;
- (c) subject to sub-paragraph (d) under paragraph 8 above, the date of the commencement of the winding-up of the Company;
- (d) the date on which the Grantee ceases to be an Eligible Participant of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of misconduct, or providing services to or working at any competitor of the Company, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment, office or service summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with relevant company in the Group;
- (e) in respect of a Grantee other than an Employee, the date on which the Board shall at their absolute discretion determine that (1) (aa) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or (bb) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (cc) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (2) the Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above;
- (f) where the Grantee is an Eligible Participant of a subsidiary, the date on which such subsidiary ceases to be a member of the Group;
- (g) the date on which the Share Option is cancelled by the Board;
- (h) the date on which the Grantee commits a breach of paragraph 7 above; or
- (i) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Share Option.

10. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The total number of Shares which may be issued upon exercise of all Share Options that may be granted under the Share Option Scheme and any other option scheme involving the issue or grant of options over Shares or other securities by the Company or any of its subsidiaries shall not in aggregate exceed 10% of the issued share capital of the Company as of the date of general meeting of the Company approving the adoption of the Share Option Scheme (“**Scheme Limit**”), unless the Company obtains the approval of its shareholders in accordance with paragraph 10(b) below. Share Options lapsed in accordance with the terms of the Share Option Scheme or any other scheme shall not be counted for the purpose of calculating the Scheme Limit. No Share Option may be granted under the Share Option Scheme if this will result in the limit being exceeded.
- (b) The Company may seek the approval of its Shareholders in general meeting to refresh the Scheme Limit such that the total number of Shares which may be issued upon exercise of all Share Options that may be granted under the Share Option Scheme and any other option scheme/plan involving the issue or grant of options over Shares or other securities by the Company under the limit as refreshed shall not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshed limit. Share Options previously granted under the Share Option Scheme or any other option scheme, including options outstanding, cancelled or lapsed in accordance with the relevant option scheme or exercised options, shall not be counted for the purpose of calculating the limit to be refreshed.
- (c) Except with the approval of shareholders in a general meeting with the prospective Grantee and his Associates (as defined under the Listing Rules) abstaining from voting, no Share Option may be granted to each participant such that the total number of Shares issued and to be issued upon exercise of Share Options and any other option over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules. The number and terms of the Share Options to be granted to such prospective Grantee shall be fixed before the shareholders’ approval of the grant of such Share Options and the date of Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.
- (d) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time. No Share Option may be granted under the Share Option Scheme or any other share option schemes adopted by the Group if the grant of such Share Option will result in the limit referred to in this subparagraph being exceeded.

11. GRANT OF OPTIONS TO CONNECTED PERSONS

The approval of independent non-executive directors or the remuneration committee of the Company (excluding any independent non-executive director of the Company who is intended to be a Grantee of the Share Option) as required under the Listing Rules as amended and supplemented from time to time will be required for each grant of Share Options to a director, chief executive, or substantial shareholder of the Company or any of their respective associates. Any changes in the terms of Share Options granted to any Grantee who is a director, chief executive, or substantial shareholder of the Company or any of their respective associates must be approved by the Shareholders in a general meeting if the initial grant of the Share Options requires such approval (except where the changes take effect automatically under the existing terms of the Share Option Scheme). The Company will comply with the requirements under the Listing Rules as amended and supplemented from time to time for any grant of Share Options to any Connected Person.

If a grant of Share Option(s) to a substantial shareholder or an independent non-executive director of the Company or their respective associates will result in the total number of Shares issued and to be issued upon exercise of all the Share Options granted and to be granted (including Share Options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other scheme in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1 percent of the Shares in issue from time to time; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet at the date of each grant, in excess of HK\$5 million,

such further grant of Share Option(s) must be approved by the Shareholders, voting by way of poll. In this case, the Board shall procure that all the requirements of the Listing Rules relating to sending a circular to shareholders are complied with. All Connected Persons of the Company shall abstain from voting in favour of the resolution at such a general meeting.

12. ADJUSTMENT

In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding adjustments (if any) shall be made to:

- (a) the number of Shares subject to the Scheme or any Share Option granted (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price,

as the auditor of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that:

- (a) any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the Share Options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Share Option to the advantage of the Grantee without the approval of the Shareholders;
- (b) notwithstanding (a) above, any adjustments as a result of an issue of securities with a price dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures and any such adjustment shall comply with the supplementary guidance on Rule 17.03(13) of the Listing Rules as set out in the letter issued by the Stock Exchange dated September 5, 2005;
- (c) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (d) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

Subject to other provisions in this paragraph 12, if there is any conversion of capital reserve into new shares, issue of bonus shares, share subdivision, share consolidation and reduction of share capital or rights issue prior to the exercise of the Share Options, an adjustment to the number of Share Options shall be made accordingly. The methods of adjustment are set out as below:

(a) Conversion of capital reserve into new shares, issue of bonus shares or share subdivision

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

Where: “Q₀” represents the number of Share Options before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new shares, issue of bonus shares or share subdivision; “Q” represents the number of Share Options after the adjustment.

(b) Share consolidation and reduction of share capital

$$Q = Q_0 \times n$$

Where: “Q₀” represents the number of Share Options before the adjustment; “n” represents the ratio of consolidation or ratio of share capital reduction; “Q” represents the number of Share Options after the adjustment.

(c) Rights issue

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

Where: “Q₀” represents the number of Share Options before the adjustment; “P₁” represents the closing price as at the record date; “P₂” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Share Options after the adjustment.

Subject to other provisions in this paragraph 12, if there is any conversion of capital reserve into new shares, issue of bonus shares, share subdivision, share consolidation and reduction of share capital or rights issue prior to the exercise of the Share Options, an adjustment to the Subscription Price shall be made accordingly. The method of adjustment is set out as below:

(a) Conversion of capital reserve into new shares, issue of bonus shares or share subdivision

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

Where: “P₀” represents the Subscription Price before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new shares, issue of bonus shares or share subdivision; “P” represents the Subscription Price after the adjustment.

(b) Share consolidation and reduction of share capital

$$P = P_0 \div n$$

Where: “P₀” represents the Subscription Price before the adjustment; “n” represents the ratio of consolidation or ratio of share capital reduction; “P” represents the Subscription Price after the adjustment.

(c) Rights issue

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

Where: “P₀” represents the Subscription Price before the adjustment; “P₁” represents the closing price as at the record date; “P₂” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “P” represents the Subscription Price after the adjustment.

13. SHARE CAPITAL

The exercise of any Share Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Share Options.

14. DISPUTES

The decision of the Board (or persons to whom the Board has delegated relevant powers) shall be final and binding on all parties regarding the interpretation or application of the Share Option Scheme. The Board may, in its sole discretion, refer any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares the subject of a Share Option, the amount of the Subscription Price or otherwise).

15. ALTERATION OF THE SHARE OPTION SCHEME

The Share Option Scheme may be altered in any respect by an ordinary resolution of the Board except that the provisions of the Share Option Scheme as to:

- (a) the preamble;
- (b) the definitions of Eligible Participant, Grantee and Option Period; and
- (c) the specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Company in general meeting. However, no such alteration shall operate to affect adversely the terms of issue of any Share Option granted or agreed to be granted prior to such alteration except with the consent or sanction of Grantees holding Share Options in respect of not less than 75% in nominal value of all Shares to be issued upon the exercise of all outstanding and unexercised Entitlements granted under the Share Option Scheme.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, and any change to the terms of any Share Options granted (including those granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates), shall be subject to the approval of the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The terms of the Share Option Scheme or the Share Options so altered must comply with Chapter 17 of the Listing Rules.

16. TERMINATION

The Company by an ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered but the provisions of the Share Option Scheme shall remain in full force in all other respects. All Share Options granted but unexercised prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



Akesobio
Akeso, Inc.
康方生物科技（開曼）有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9926)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Meeting**”) of Akeso, Inc. (the “**Company**”) will be held at 6 Shennong Road, Torch Development Zone, Zhongshan, Guangdong, the People’s Republic of China on Tuesday, June 28, 2022 at 9:00 a.m. for considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditor for the year ended December 31, 2021.
2. (A) To re-elect the following retiring directors of the Company:
 - (i) Mr. XIA Yu (Ph.D.), executive director of the Company
 - (ii) Dr. ZHOU Yi, non-executive director of the Company
 - (iii) Dr. ZENG Junwen, independent non-executive director of the Company(B) To authorise the board of directors of the Company to fix the remuneration of the directors.
3. To re-appoint Ernst & Young as auditors of the Company and authorise the board of directors of the Company to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

4. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) **“That:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of shares which may be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period (as hereinafter defined) pursuant to paragraph (i) of this resolution above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined); or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to the directors, officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (3) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (4) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed the aggregate of 20% of the aggregate number of the shares of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) for the purpose of this resolution:

- (a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held;
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
- (b) “**Rights Issue**” means an offer of shares in the capital of the Company, or an offer or issue of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares in the capital of the Company or any class thereof whose names appear on the register of members on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) “**That:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to repurchase its shares at a price determined by the Directors;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the aggregate number of the shares of the Company in issue, which may be repurchased by the Company during the Relevant Period (as hereinafter defined) pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate number of the shares of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iv) subject to the passing of each of the paragraphs (i), (ii) and (iii) of this resolution, any prior approvals of the kind referred to in paragraphs (i), (ii) and (iii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (v) for the purpose of this resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
 - (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “**That** conditional upon the resolutions numbered 4(A) and 4(B) set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with new shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the ordinary resolution numbered 4(A) set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate number of the shares of the Company in issue which may be allotted or agreed conditional or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate number of the shares of the Company in issue repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 4(B) set out in the notice convening this meeting, provided that such extended amount shall not exceed 10% of the aggregate number of the shares of the Company in issue as at the date of passing of this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

5. To consider and, if thought fit, pass the following resolution as ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares to be issued pursuant to the exercise of any options granted under the share option scheme of the Company (the “**Share Option Scheme**”, a copy of which is produced to the Meeting and initialled by the chairman of the Meeting for the purpose of identification), the Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal in the shares of the Company pursuant to the exercise of any option granted thereunder and to take all such acts, matters and things as they may in their discretion consider necessary or expedient to give effect to and implement the Share Option Scheme.”

By order of the Board
Akeso, Inc.
Dr. XIA Yu
Chairwoman and executive director

Hong Kong, June 2, 2022

Registered Office:

Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

Principal place of business Hong Kong:

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

Notes:

- (i) Ordinary resolution numbered 4(C) will be proposed to the shareholders of the Company for approval provided that ordinary resolutions numbered 4(A) and 4(B) are passed by the shareholders of the Company.
- (ii) A shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. On a poll, votes may be given either personally or by proxy. **The Company strongly recommends you to monitor the development of the situation with the novel coronavirus pneumonia (COVID-19) and to assess, based on the social distancing policies, the necessity for attending the above meeting in person, and the board of directors of the Company respectfully requests that, for the same reason, the shareholders to appoint the chairman of the above meeting as their proxy rather than a third party to attend and vote on their behalf at the above meeting (or any adjournment thereof).**
- (iii) In the case of joint holders, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

NOTICE OF ANNUAL GENERAL MEETING

- (iv) In order to be valid, a form of proxy must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. no later than 9:00 a.m. on Sunday, June 26, 2022, Hong Kong time) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (v) The transfer books and register of members of the Company will be closed from Thursday, June 23, 2022 to Tuesday, June 28, 2022, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending and voting at the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, June 22, 2022.
- (vi) In respect of ordinary resolutions numbered 2 above, Mr. XIA Yu (Ph.D.), Dr. ZHOU Yi and Dr. ZENG Junwen, shall retire at the Meeting and being eligible, have offered themselves for re-election at the above meeting. Details of the above retiring directors of the Company are set out in Appendix I to the accompanied circular dated June 2, 2022.
- (vii) In respect of the ordinary resolution numbered 4(A) above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Listing Rules.
- (viii) In respect of ordinary resolution numbered 4(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated June 2, 2022.
- (ix) Taking into account of the recent development of the epidemic caused by COVID-19, the Company will implement the following prevention and control measures at the Meeting against the epidemic to protect the Shareholders from the risk of infection:
 - (1) compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the meeting venue;
 - (2) every Shareholder or proxy is required to wear surgical face mask throughout the meeting;
 - (3) no souvenirs will be provided at the Meeting; and
 - (4) no refreshments will be served at the Meeting.