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If you have sold or transferred all your shares in TOT BIOPHARM International Company Limited, you should at once hand this circular and 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 transferee.

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东曜药业

TOT BIOPHARM International Company Limited

東曜藥業股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1875)

GRANT OF AWARD SHARES UNDER RESTRICTED SHARE AWARD SCHEME INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE, CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO TRUSTEE HOLDING SHARES ON TRUST FOR CONNECTED PERSONS, AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee
and
the Independent Shareholders



A letter from the Board is set out on pages 6 to 20 of this circular. A letter from the Independent Board Committee is set out on page 21 of this circular. A letter from the Independent Financial Adviser is set out on pages 22 to 58 of this circular.

Resolutions will be proposed at the Extraordinary General Meeting of the Company to be held on Thursday, 22 December 2022 at 9:30 a.m. with the combination of a physical meeting at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong and a virtual meeting online or any adjournment thereof to approve the matters referred to in this circular.

The notice convening the Extraordinary General Meeting together with the form of proxy for use at the meeting are enclosed with this circular. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to Tricor Investor Services Limited, the Company's share registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for holding the meeting (i.e. not later than 9:30 a.m. on Tuesday, 20 December 2022) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish. If you attend and vote at the Extraordinary General Meeting, the authority of your proxy will be revoked.

In light of the epidemic situation of COVID-19 and to safeguard Shareholders' health and safety, the Company encourages Shareholders to consider joining the Extraordinary General Meeting through the Internet and voting online, or appointing the chairman of the Extraordinary General Meeting as their proxy to vote on the resolutions, instead of attending the meeting in person. The Directors may attend the meeting remotely through video or telephone conference facilities.

The Company will take all practicable precautions to ensure the health and safety of Shareholders attending the Extraordinary General Meeting in person, including but not limited to mandatory screening of body temperatures, requiring attendees to bring and wear their own surgical masks, physical distancing, setting up separate rooms or partitioned areas, no food or beverage service, no handing out of gifts, restricting the number of non-Shareholder attendees, and prohibiting persons under quarantine or in contravention of the above precautions from entering the venue. The Company will continue to monitor the epidemic situation of COVID-19 and may alter the Extraordinary General Meeting arrangements at short notice. Shareholders are advised to check any future announcement(s) which may be published by the Company.

8 December 2022

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

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DEFINITIONS

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

“2020 Compensatory Grant”	the grant of a total of 31,413,796 Award Shares to 84 grantees on 29 May 2020 under the Restricted Share Award Scheme as described on pages 14 to 21 of the Company’s circular dated 3 August 2020
“2021 Annual Report”	the 2021 annual report published by the Company on 28 April 2022
“2021 Year-end Grant”	the grant of a total of 13,700,000 Award Shares to 28 grantees on 23 December 2021 under the Restricted Share Award Scheme as described on pages 1 to 3 of the Company’s announcement dated 23 December 2021
“2022 Annual General Meeting”	the annual general meeting of the Company held on 28 June 2022
“2022 Year-end Business Target Fulfillment”	the fulfillment of a performance target relating to the CDMO/CMO business of the Group
“2022 Year-end Grant”	the grant of a total of 7,558,390 Award Shares to 8 grantees on 1 November 2022 under the Restricted Share Award Scheme as described on pages 2 to 6 of the Company’s announcement dated 1 November 2022, which includes the Connected Grant and the Non-connected Grant
“Administration Committee”	a sub-committee of the Board delegated with the power and authority by the Board to administer the Restricted Share Award Scheme
“Award Share(s)”	the Share(s) granted under the Restricted Share Award Scheme and allotted and issued (or to be allotted and issued) to the Trustees
“BioEngine Technology”	BioEngine Technology Development Inc. (玉晟管理顧問股份有限公司), a company incorporated in Taiwan with limited liability on 27 September 2007 and an associate of Centerlab
“Board”	the board of Directors of the Company

DEFINITIONS

“Centerlab”	Center Laboratories, Inc. (晟德大藥廠股份有限公司), a company incorporated in Taiwan with limited liability on 4 November 1959 whose shares are listed on the Taipei Exchange (stock code: 4123)
“Company”	TOT BIOPHARM International Company Limited (東曜藥業股份有限公司) (formerly known as TOT BIOPHARM International Company Limited (東源國際醫藥股份有限公司)), a company incorporated in Hong Kong with limited liability on 4 December 2009 whose Shares are listed on the Stock Exchange (stock code: 1875)
“Connected Grant”	the grant of the Connected Grant Shares to Dr. Liu, Jun, an executive Director, pursuant to the 2022 Year-end Grant
“Connected Grant Shares”	2,958,390 Award Shares to be allotted and issued to Trustee A under a specific mandate to be sought from the Independent Shareholders
“Director(s)”	the director(s) of the Company
“Expiry Date”	the last date on which an Award Share may vest, immediately following which such Award Share shall lapse
“Extraordinary General Meeting”	a hybrid extraordinary general meeting of the Company to be held on Thursday, 22 December 2022 at 9:30 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Connected Grant and the allotment and issue of the Connected Grant Shares to Trustee A with the combination of a physical meeting at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong and a virtual meeting online or any adjournment thereof, the notice of which is set out on pages 66 to 68 of this circular
“Grant Consideration”	the consideration to be paid by a Selected Participant to the Company before the vesting of his/her Award Shares
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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“Independent Board Committee”	an independent committee of the Board comprising all three independent non-executive Directors, whose letter of advice in relation to the Connected Grant and the allotment and issue of the Connected Grant Shares to Trustee A is set out in the section headed “Letter from the Independent Board Committee” of this circular
“Independent Financial Adviser”	Grand Moore Capital Limited (中毅資本有限公司), a company incorporated in Hong Kong with limited liability on 14 May 2015, which is a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, whose letter of advice in relation to the Connected Grant and the allotment and issue of the Connected Grant Shares to Trustee A is set out in the section headed “Letter from the Independent Financial Adviser” of this circular
“Independent Shareholders”	those Shareholders who do not have a material interest in the Connected Grant and the allotment and issue of the Connected Grant Shares to Trustee A and are hence not required to abstain from voting on the Shareholders’ resolutions at the Extraordinary General Meeting
“Latest Practicable Date”	30 November 2022, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Non-connected Grant”	the grant of the Non-connected Grant Shares to 7 current non-Director employees of the Group pursuant to the 2022 Year-end Grant
“Non-connected Grant Shares”	4,600,000 Award Shares to be allotted and issued to Trustee B under the general mandate obtained at the 2022 Annual General Meeting
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong, Macau and Taiwan regions

DEFINITIONS

“Pre-IPO R&D Targets Fulfillment”	has the meaning ascribed to the term “R&D Targets Fulfillment” in the Company’s circular dated 3 August 2020 or the term “Pre-IPO R&D Targets Fulfillment” in the Company’s announcement dated 23 December 2021, which refers to the fulfillment of performance targets mainly relating to the research and development progress of certain drug candidates of the Group, and which occurred on 1 March 2022
“Pre-IPO Share Option(s)”	the share option(s) granted under the Pre-IPO Share Option Scheme
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 20 February 2013 and subsequently amended on 11 December 2017, 20 December 2018, 12 March 2019, 16 April 2019 and 22 July 2019
“Prospectus”	the prospectus dated 29 October 2019 published by the Company
“Restricted Share Award Scheme”	the restricted share award scheme adopted by the Company on 29 May 2020 and subsequently amended on 29 July 2020, 23 December 2021 and 1 November 2022, details of which are disclosed on (i) pages 2 to 6 of the Company’s announcement dated 29 May 2020; (ii) pages 8 to 14 of the Company’s circular dated 3 August 2020; (iii) pages 3 to 4 of the Company’s announcement dated 23 December 2021; and (iv) page 7 of the Company’s announcement dated 1 November 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Rules”	the rules of the Restricted Share Award Scheme, as restated, supplemented and amended from time to time
“Selected Participant(s)”	person(s) selected to receive a grant of Award Shares under the Restricted Share Award Scheme
“SFO”	the 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) of the Company
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taipei Exchange”	Taipei Exchange (證券櫃檯買賣中心) in Taiwan
“Trustee(s)”	Trustee A and Trustee B, which are trustees under the Restricted Share Award Scheme, or one of them as the context may so require
“Trustee A”	Teeroy Limited, a company incorporated in Hong Kong with limited liability on 8 February 1974
“Trustee B”	Tricor Trust (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on 20 October 1977
“United States”	the United States of America
“Unvested Share(s)”	such Award Shares which do not vest in the Selected Participants or which lapse
“Vesting Date”	a date on which an Award Share is to vest, subject to the allotment and issue of such Award Share by the Company to the relevant Trustee and the receipt of the full amount of the Grant Consideration by the Company in respect of such Award Share
“Vivo Suzhou Fund”	Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) (維梧(蘇州)健康產業投資基金(有限合夥)), a limited partnership organized in the PRC on 26 November 2021
“Vivo VIII Funds”	Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P., both of which are limited partnerships organized in the State of Delaware of the United States on 17 December 2014

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

东曜药业

TOT BIOPHARM International Company Limited

東曜藥業股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1875)

Executive Directors:

Dr. Liu, Jun

(Chief Executive Officer)

Ms. Yeh-Huang, Chun-Ying

(Vice Chairman of the Board)

Registered Office:

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

Non-Executive Directors:

Mr. Fu, Shan (Chairman of the Board)

Mr. Qiu, Yu Min

*Headquarters and Principal Place of
Business in the PRC:*

120 Changyang Street,
Suzhou Industrial Park, Suzhou,
PRC

Independent Non-Executive Directors:

Ms. Hu, Lan

Mr. Chang, Hong-Jen

Dr. Wang, De Qian

Share Registrar:

17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

8 December 2022

To the Shareholders

Dear Sir or Madam,

**GRANT OF AWARD SHARES UNDER RESTRICTED SHARE AWARD SCHEME
INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE,
CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO
TRUSTEE HOLDING SHARES ON TRUST FOR CONNECTED PERSONS,
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 1 November 2022 pursuant to which the Company announced that the Board has resolved to make the 2022 Year-end Grant under the Restricted Share Award Scheme to 8 grantees involving a total of 7,558,390 Award Shares, including:

- (a) the Connected Grant, namely the grant to Dr. Liu, Jun, an executive Director, of 2,958,390 Award Shares, which will be allotted and issued to Trustee A under a specific mandate to be sought from the Independent Shareholders in the Extraordinary General Meeting; and

LETTER FROM THE BOARD

- (b) the Non-connected Grant, namely the grant to 7 current non-Director employees of the Group of 4,600,000 Award Shares in total, which will be allotted and issued to Trustee B under the general mandate obtained at the 2022 Annual General Meeting.

On behalf of the Board, I would like to invite you to attend the Extraordinary General Meeting to be held on Thursday, 22 December 2022 at 9:30 a.m. with the combination of a physical meeting at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong and a virtual meeting online or any adjournment thereof. The purpose of this circular is to give you notice of the Extraordinary General Meeting and to provide you with, among other things, information regarding the connected transaction involving the allotment and issue of the Connected Grant Shares to Trustee A under specific mandate, which will be put forward at the Extraordinary General Meeting for the Shareholders' consideration. Such information includes:

- (a) further details of the Connected Grant, which involves the allotment and issue of the Connected Grant Shares to Trustee A under a specific mandate, and the connected transaction contemplated thereunder;
- (b) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Connected Grant and the connected transaction contemplated thereunder;
- (c) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Connected Grant and the connected transaction contemplated thereunder; and
- (d) other information as required under the Listing Rules.

2. DETAILS OF THE 2022 YEAR-END GRANT, THE CONNECTED GRANT AND THE CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

Introduction

Pursuant to the Scheme Rules, the maximum number of Shares which may be allotted and issued to the Trustees under the Restricted Share Award Scheme during each of the financial years from 2021 onwards and until the termination of the Restricted Share Award Scheme is 14,250,000 Shares. Also, as at the Latest Practicable Date, the remaining number of Shares capable of being allotted and issued to the Trustees under the Restricted Share Award Scheme was 12,833,303 Shares.

On 1 November 2022, the Board resolved to make the 2022 Year-end Grant under the Restricted Share Award Scheme to 8 grantees involving a total of 7,558,390 Award Shares, including:

- (a) the Connected Grant, namely the grant to Dr. Liu, Jun, an executive Director, of 2,958,390 Award Shares, which will be allotted and issued to Trustee A under a specific mandate to be sought from the Independent Shareholders; and

LETTER FROM THE BOARD

- (b) the Non-connected Grant, namely the grant to 7 current non-Director employees of the Group of 4,600,000 Award Shares in total, which will be allotted and issued to Trustee B under the general mandate obtained at the 2022 Annual General Meeting.

Reason for the 2022 Year-end Grant

The primary purpose of the Restricted Share Award Scheme is to attract and retain talent necessary for the Group's development, and to incentivize the Group's employees and enhance their cohesion and productivity, thereby creating value for the Company and its Shareholders. In line with this purpose, the Board resolved to make the 2022 Year-end Grant.

Grantees under the 2022 Year-end Grant

The 8 grantees under the 2022 Year-end Grant include (i) Dr. Liu, Jun, an executive Director; and (ii) 7 current non-Director employees of the Group, none of whom is a connected person of the Company.

Terms of the 2022 Year-end Grant

The principal terms of the 2022 Year-end Grant are set out as follows:

Allottee	Grantee(s)	Number of Award Shares	Grant Consideration (per Award Share) ⁽¹⁾	Vesting Date ⁽²⁾	Expiry Date ⁽³⁾	Subject to Independent Shareholders' approval?
<i>The Connected Grant:</i>						
Trustee A	Dr. Liu, Jun, an executive Director	2,958,390	HK\$0.6	35% (i.e. 1,035,436 Shares): The later of 31 March 2023 and the date of Pre-IPO R&D Targets Fulfillment ⁽⁴⁾	The date of the termination of the Restricted Share Award Scheme (currently expected to be 28 May 2030)	Yes, as the allotment and issue of the Award Shares is a connected transaction
				40% (i.e. 1,183,356 Shares): The later of 31 March 2024 and the date of Pre-IPO R&D Targets Fulfillment ⁽⁴⁾		
				25% (i.e. 739,598 Shares): The later of 31 March 2025 and the date of Pre-IPO R&D Targets Fulfillment ⁽⁴⁾		

LETTER FROM THE BOARD

Allottee	Grantee(s)	Number of Award Shares	Grant Consideration (per Award Share) ⁽¹⁾	Vesting Date ⁽²⁾	Expiry Date ⁽³⁾	Subject to Independent Shareholders' approval?
<i>The Non-connected Grant:</i>						
Trustee B	7 current non-Director employees of the Group	4,600,000 in total	HK\$0.6	20% (i.e. 920,000 Shares in total): The later of 31 March 2023 and the date of 2022 Year-end Business Target Fulfillment ⁽⁵⁾	The date of the termination of the Restricted Share Award Scheme (currently expected to be 28 May 2030)	No, as the Award Shares are to be allotted and issued under general mandate as a non-cash issuance
				20% (i.e. 920,000 Shares in total): The later of 31 March 2024 and the date of 2022 Year-end Business Target Fulfillment ⁽⁵⁾		
				30% (i.e. 1,380,000 Shares in total): The later of 31 March 2025 and the date of 2022 Year-end Business Target Fulfillment ⁽⁵⁾		
				30% (i.e. 1,380,000 Shares in total): The later of 31 March 2026 and the date of 2022 Year-end Business Target Fulfillment ⁽⁵⁾		

Notes:

- (1) Pursuant to the Scheme Rules, the Grant Consideration is to be paid by a Selected Participant to the Company as a condition to the vesting of his/her Award Shares on or after the relevant Vesting Date, but not when the Award Shares are allotted and issued to the relevant Trustee. As such, the allotment and issue of the 7,558,390 Award Shares in connection with the 2022 Year-end Grant is a non-cash issuance. As and when the Grant Consideration of the 2022 Year-end Grant is received, the Company intends to apply such Grant Consideration (after deducting relevant fees and expenses) as the general working capital of the Group.
- (2) The Vesting Date in respect of an Award Share refers to the earliest date on which such Award Share may vest, subject to the allotment and issue of such Award Share by the Company to the relevant Trustee and the receipt of the full amount of the Grant Consideration by the Company in respect of such Award Share. Pursuant to the Scheme Rules, there is no restriction on when a Selected Participant is required to pay the Grant Consideration to the Company in order to have his/her Award Shares vested.
- (3) The Expiry Date in respect of an Award Share refers to the last date on which such Award Share may vest. Pursuant to the Scheme Rules, the Restricted Share Award Scheme shall remain valid and effective for a period of ten years from the date of its adoption (being 29 May 2020), unless terminated on an earlier date or extended by a resolution of the Board.
- (4) On 1 March 2022, Pre-IPO R&D Targets Fulfillment occurred.
- (5) As at the Latest Practicable Date, 2022 Year-end Business Target Fulfillment had not occurred.

LETTER FROM THE BOARD

Basis for the Determination of the Number of Award Shares, the Grant Consideration and the Vesting Dates of the Connected Grant

The number of Connected Grant Shares granted to Dr. Liu, Jun was determined primarily with reference to (i) the intended effect of the Connected Grant in terms of talent retention and incentivization; and (ii) the maximum number of Award Shares capable of being granted to Dr. Liu, Jun (i.e. 2,958,391 Shares, being his personal limit of 5,700,000 Shares under the Restricted Share Award Scheme minus 2,741,609 Shares previously granted to him under the 2020 Compensatory Grant).

The Grant Consideration of the Connected Grant was determined primarily with reference to the following:

- (i) a balance being struck between (A) the intended effect of the Connected Grant in terms of talent retention and incentivization and (B) the expected profit and loss impact (i.e. share-based compensation expenses) of the Connected Grant on the Group. With respect to (A), since the Grant Consideration is the amount to be paid by a Selected Participant to the Company as a condition to the vesting of his/her Award Shares, a lower Grant Consideration would mean the grant being more valuable and attractive to a Selected Participant. With respect to (B), since the share-based compensation expenses in connection with a grant are linked to the fair value of the Award Shares (which is equal to the market price of the Shares on the grant date minus the Grant Consideration), a higher Grant Consideration would mean less expenses being recorded in the Group's financial statements; and
- (ii) the Grant Consideration of the Non-connected Grant and of the 2021 Year-end Grant, which is also HK\$0.6 per Award Share.

The Vesting Dates of the Connected Grant were determined primarily with reference to (i) the intended effect of the Connected Grant in terms of talent retention and incentivization; and (ii) the Vesting Dates in respect of 10 out of 28 grantees under the 2021 Year-end Grant (who, like Dr. Liu, Jun, are long-serving employees and had been with the Group for at least 5 years at the time of the grant), which are also linked to Pre-IPO R&D Targets Fulfillment.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Connected Grant are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Market Price for the Shares

The closing price of the Shares on 1 November 2022, being the date of the 2022 Year-end Grant, as quoted on the Stock Exchange is HK\$2.59 per Share. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of 2022 Year-end Grant as quoted on the Stock Exchange is approximately HK\$2.566 per Share (the “**Average Closing Price**”).

Based on the closing price of HK\$2.59 per Share on 1 November 2022, the total market value of the Connected Grant Shares and the Non-connected Grant Shares would be HK\$7,662,230 and HK\$11,914,000 respectively. Based on the Average Closing Price of approximately HK\$2.566 per Share, the total market value of the Connected Grant Shares and the Non-connected Grant Shares would be HK\$7,591,229 and HK\$11,803,600 respectively.

Use of Proceeds

Pursuant to the Scheme Rules, the Grant Consideration is to be paid by a Selected Participant to the Company as a condition to the vesting of his/her Award Shares on or after the relevant Vesting Date, but not when the Award Shares are allotted and issued to the relevant Trustee. As such, the allotment and issue of the 7,558,390 Award Shares to the Trustees in connection with the 2022 Year-end Grant is a non-cash issuance.

Assuming that all Connected Grant Shares and Non-connected Grant Shares are vested, the Company will receive a Grant Consideration of approximately HK\$1,775,034 and HK\$2,760,000 respectively, amounting to HK\$4,535,034 in aggregate. As and when the Grant Consideration of the 2022 Year-end Grant is received, the Company intends to apply such Grant Consideration (after deducting relevant fees and expenses) as the general working capital of the Group.

A detailed breakdown of the intended use of proceeds is not currently available because of the following reasons:

- (a) the total Grant Consideration will not be received as a lump sum, but will instead be received in batches as and when each relevant grantee pays the Grant Consideration in respect of part or all of his/her Award Shares in order to have such Shares vested, the timing of which payment is out of the Company’s control;
- (b) as explained in the subparagraph headed “Terms of the 2022 Year-end Grant” above, the vesting dates in respect of the Non-connected Grant Shares are linked to 2022 Year-end Business Target Fulfillment, which had not occurred as at the Latest Practicable Date; and

LETTER FROM THE BOARD

- (c) since some of the Connected Grant Shares and Non-connected Grant Shares may later become Unvested Shares^(Note) by reason of the relevant grantees' resignation from the Group, their inability or unwillingness to pay the Grant Consideration or otherwise, the Company eventually may not receive the full amount of HK\$4,535,034 stated above.

Note: Pursuant to the Scheme Rules, where any Award Shares granted to a Selected Participant and issued to the relevant Trustee subsequently become Unvested Shares, the relevant Trustee shall, after taking into account the recommendations of the Administration Committee, (i) (for Trustee B only) hold such Unvested Shares for the benefit of one or more Selected Participants in connection with one or more grants of Award Shares made or to be made; or (ii) (for both Trustee A and Trustee B) sell such Unvested Shares on the Stock Exchange at the then prevailing market price by way of market order. Please refer to pages 3 to 4 of the announcement of the Company dated 23 December 2021 for further details.

Fund Raising Activities in the Past 12 months

On 31 May 2022, the Company entered into share subscription agreements with Vivo Suzhou Fund and Centerlab and agreed to allot and issue 150,000,000 Shares in total at the price of HKD3.15 per Share. On 29 July 2022, all conditions precedent under each of the subscription agreements were satisfied and the subscriptions were completed in full. The total amount of funds raised by the Company from such share subscriptions amounted to HKD472.5 million (approximately RMB405.8 million). For further details, please refer to the announcements dated 31 May 2022 and 29 July 2022 and the circular dated 5 July 2022 of the Company.

Save as disclosed above, the Company had not conducted any equity fund-raising activities in the past 12 months immediately preceding the Latest Practicable Date.

Allotment and Issue of the Award Shares In Connection With the 2022 Year-end Grant

The aggregate of 7,558,390 Award Shares 2022 to be issued and allotted by the Company to the Trustees represent approximately 0.988% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.978% of the total number of Shares in issue as enlarged by the allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares (assuming that there will be no other changes in the total number of issued Shares between the Latest Practicable Date and the date of allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares).

The Connected Grant Shares and the Non-connected Grant Shares, when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.

LETTER FROM THE BOARD

The following table sets forth, to the Company's knowledge, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares, assuming that no outstanding option under the Pre-IPO Share Option Scheme will be exercised prior to such allotment and issue; and (iii) immediately after the allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares, assuming that all outstanding options under the Pre-IPO Share Option Scheme will have been exercised prior to such allotment and issue:

Shareholder	(i) As at the Latest Practicable Date		(ii) Immediately after the allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares, assuming that no outstanding option under the Pre-IPO Share Option Scheme will be exercised prior to such allotment and issue		(iii) Immediately after the allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares, assuming that all outstanding options under the Pre-IPO Share Option Scheme will have been exercised prior to such allotment and issue	
	Number of Shares	Approx. % shareholding	Number of Shares	Approx. % shareholding	Number of Shares	Approx. % shareholding
Shares not held in public hands:						
Centerlab and BioEngine Technology	219,937,600	28.74%	219,937,600	28.46%	219,937,600	28.14%
Vivo VIII Funds and Vivo Suzhou Fund	219,495,000	28.68%	219,495,000	28.40%	219,495,000	28.09%
Trustee A ⁽¹⁾	5,638,992	0.74%	8,597,382	1.11%	8,597,382	1.10%
Ms. Yeh-Huang, Chun-Ying ⁽¹⁾⁽⁵⁾	7,115,700	0.93%	7,115,700	0.92%	8,278,200	1.06%
Dr. Liu, Jun ⁽¹⁾⁽⁵⁾	-	-	-	-	1,100,000	0.14%
Shares held in public hands:						
Prime Success International Limited ⁽²⁾	56,573,500	7.39%	56,573,500	7.32%	56,573,500	7.24%
Advantech Capital Investment V Limited ⁽³⁾	49,136,800	6.42%	49,136,800	6.36%	49,136,800	6.29%
Trustee B ⁽⁴⁾	34,393,566	4.49%	38,993,566	5.05%	38,993,566	4.99%
Optionholders under the Pre-IPO Share Option Scheme (other than Directors) ⁽⁵⁾	-	-	-	-	6,452,600	0.83%
Other Shareholders	172,938,339	22.60%	172,938,339	22.38%	172,938,339	22.13%
Total⁽⁶⁾	765,229,497	100%	772,787,887	100%	781,502,987	100%

LETTER FROM THE BOARD

Notes:

- (1) Trustee A holds Award Shares for the benefit of grantees under the Restricted Share Award Scheme who are the Company's connected persons (currently comprising the two executive Directors, namely Ms. Yeh-Huang, Chun-Ying and Dr. Liu, Jun).
- (2) Prime Success International Limited is wholly-owned by Chengwei Evergreen Capital, L.P., a fund under venture capital firm Chengwei Ventures LLC. Mr. Kang, Pei, a former non-executive Director of the Company who resigned on 12 March 2022, has been an executive director of Chengwei Investment Management Advisory (Shanghai) Co., Ltd. (an entity under Chengwei Ventures LLC) since March 2003, and represents Chengwei Ventures LLC on the Board of the Company. Notwithstanding this, to the best of the Company's knowledge, Prime Success International Limited is not a close associate of Mr. Kang, Pei and hence is not a core connected person of the Company. Therefore, the Shares held by Prime Success International Limited are considered to be held in public hands.
- (3) Advantech Capital Investment V Limited is wholly-owned by Advantech Capital II L.P., a fund under private equity firm Advantech Capital. Mr. Qiu, Yu Min, a current non-executive Director of the Company, has been a partner of Advantech Capital since October 2017, and represents Advantech Capital on the Board of the Company. Notwithstanding this, to the best of the Company's knowledge, Advantech Capital Investment V Limited is not a close associate of Mr. Qiu, Yu Min and hence is not a core connected person of the Company. Therefore, the Shares held by Advantech Capital Investment V Limited are considered to be held in public hands.
- (4) Trustee B holds Award Shares for the benefit of grantees under the Restricted Share Award Scheme who are not the Company's connected persons (i.e. non-Director employees and consultants).
- (5) As at 30 November 2022, options representing 8,715,100 Shares were outstanding under the Pre-IPO Share Option Scheme, including (i) options held by Ms. Yeh-Huang, Chun-Ying representing 1,162,500 Shares; (ii) options held by Dr. Liu, Jun representing 1,100,000 Shares; and (iii) options held by non-Director optionholders representing 6,452,600 Shares.
- (6) Percentages may not add up to 100% due to rounding.

Non-connected Grant

At the 2022 Annual General Meeting, the Directors were granted a general mandate to exercise the power of the Company to allot and issue a maximum of 123,045,899 new Shares (being 20% of the Company's issued share capital as at the date of the 2022 Annual General Meeting). Such general mandate had not been utilized as at the Latest Practicable Date since it was granted. As neither any of the 7 grantees under the Non-connected Grant nor Trustee B is a connected person of the Company, the 4,600,000 Non-connected Grant Shares will be allotted and issued under such general mandate as a non-cash issuance, and hence no separate approval from the Shareholders is required.

The 4,600,000 Non-connected Grant Shares represent (i) approximately 0.601% of the Company's issued share capital as at the Latest Practicable Date; or (ii) approximately 0.595% of the Company's issued share capital as enlarged by the allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares.

Subject to the grant of the approval by Listing Committee of the Stock Exchange in respect of the listing of, and permission to deal in the Non-connected Grant Shares, the Non-connected Grant Shares are expected to be allotted and issued by the end of 2022.

LETTER FROM THE BOARD

Connected Grant

The 2,958,390 Connected Grant Shares granted to Dr. Liu, Jun, an executive Director, will be allotted and issued to Trustee A, which shall hold Award Shares only on behalf of Selected Participants who are connected persons of the Company. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, Trustee A (acting in its capacity as a trustee under the Restricted Share Award Scheme) is an associate of such connected persons and is hence a connected person of the Company. Given the status of Trustee A as a connected person of the Company, a specific mandate for the allotment and issue of the Connected Grant Shares will be sought by the Company from the Independent Shareholders at the Extraordinary General Meeting.

The 2,958,390 Connected Grant Shares represent (i) approximately 0.387% of the Company's issued share capital as at the Latest Practicable Date; or (ii) approximately 0.383% of the Company's issued share capital as enlarged by the allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares.

Subject to (i) the approval by the Independent Shareholders at the Extraordinary General Meeting in respect of the connected transaction involving the allotment and issue of the Connected Grant Shares to Trustee A under a specific mandate, and (ii) the grant of the approval by Listing Committee of the Stock Exchange in respect of the listing of, and permission to deal in the Connected Grant Shares, the Connected Grant Shares are expected to be allotted and issued by the end of 2022.

Application for Listing

Application(s) will be made by the Company to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in the Non-connected Grant Shares and (subject to the relevant Shareholders' resolutions being passed at the Extraordinary General Meeting) the Connected Grant Shares to be allotted and issued to the Trustees pursuant to the 2022 Year-end Grant.

3. LISTING RULES IMPLICATIONS

Specific Mandate

Given the status of Trustee A as a connected person of the Company, the general mandate granted to the Directors at the 2022 Annual General Meeting cannot be used for the allotment and issue of the Connected Grant Shares to Trustee A.

Therefore, a specific mandate for the allotment and issue of the Connected Grant Shares to Trustee A will be sought by the Company from the Independent Shareholders by way of the ordinary resolution numbered 1 to be put forward at the Extraordinary General Meeting.

LETTER FROM THE BOARD

Connected Transaction

The Connected Grant Shares are granted to Dr. Liu, Jun, an executive Director, and will be allotted and issued to Trustee A, which shall hold Award Shares only on behalf of Selected Participants who are connected persons of the Company. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, Trustee A (acting in its capacity as a trustee under the Restricted Share Award Scheme) is an associate of such connected persons and is hence a connected person of the Company.

Given the status of Trustee A as a connected person of the Company, the allotment and issue of the Connected Grant Shares to Trustee A constitutes a connected transaction of the Company, and is subject to the announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. Liu, Jun, being the grantee under the Connected Grant, has a material interest in the Connected Grant and have therefore abstained from voting on the relevant Board resolutions.

The ordinary resolution numbered 2 will be put forward by the Company at the Extraordinary General Meeting for the Independent Shareholders to consider and, if thought fit, approve the allotment and issue of the Connected Grant Shares to Trustee A.

The Independent Board Committee comprising all three independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the allotment and issue of the Connected Grant Shares to Trustee A. The letter of advice from the Independent Board Committee is set out on page 21 of this circular.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the allotment and issue of the Connected Grant Shares to Trustee A. The letter of advice from the Independent Financial Adviser is set out on pages 22 to 58 of this circular.

4. INFORMATION ABOUT THE PARTIES

The Company is a clinical-stage biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies, whose mission is to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals. Please refer to the 2021 Annual Report for the latest business and financial information of the Company.

The Group has a comprehensive portfolio of oncology drug candidates, which include monoclonal antibodies (mAbs), antibody drug conjugates (ADCs), oncolytic virus products and specialty oncology drugs such as liposome drugs, targeting various types of cancers. Since the Company's inception in 2009, it has built and established a fully integrated in-house platform of discovery, process development, quality management, pre-clinical and clinical development, as well as commercial-scale manufacturing facilities and proven sales and marketing capabilities, which provides flexibility and scalability for business of the Group to expand along the innovative drug industry value chain.

LETTER FROM THE BOARD

The Trustees are trust or company service provider licence holders registered with the Companies Registry of Hong Kong, and are members of the Tricor Group, a leading provider of business, corporate, investor, human resources and payroll as well as corporate trust and debt services in Asia. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for Trustee A (acting in its capacity as a trustee under the Restricted Share Award Scheme), the Trustees are third parties independent of the Company and its connected persons.

5. EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting will be held on Thursday, 22 December 2022 at 9:30 a.m. with the combination of a physical meeting at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong and a virtual meeting online or any adjournment thereof. The notice of the Extraordinary General Meeting is set out on pages 66 to 68 of this circular.

The Extraordinary General Meeting will be convened for the Shareholders to consider, and if thought fit, approve the connected transaction involving the allotment and issue of the Connected Grant Shares to Trustee A and the requisite specific mandate.

As far as the Company is aware having made all reasonable enquiry, as at the Latest Practicable Date, Trustee A and Trustee B held a total of 40,032,558 Shares, representing approximately 5.23% of the Company's issued share capital. Pursuant to the Scheme Rules, Trustee A and Trustee B shall not exercise any voting rights in respect of any Award Shares held by them as trustees, and there is no mechanism whereby the grantees may exercise, or may instruct the Trustees to exercise, any voting rights attached to any Award Shares held by the Trustees. Therefore, Trustee A and Trustee B will not exercise their voting rights in respect of Shares held by them at the Extraordinary General Meeting.

Save for the Trustees, to the best of the Directors' knowledge, information and belief, no other Shareholders has a material interest in the Connected Grant and is required to abstain from voting on any resolution to approve the connected transaction involving the allotment and issue of the Connected Grant Shares to Trustee A and the requisite specific mandate at the Extraordinary General Meeting.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to Tricor Investor Services Limited, the Company's share registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for holding the Extraordinary General Meeting (i.e. not later than 9:30 a.m. on Tuesday, 20 December 2022) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not prevent you from attending and voting in person at the Extraordinary General Meeting or any adjourned meeting if you so wish. If you attend and vote at the Extraordinary General Meeting, the authority of the proxy will be revoked.

LETTER FROM THE BOARD

Registered Shareholders are requested to provide a valid email address of himself/herself/itself or his/her/its proxy (except for the appointment of the chairman of the Extraordinary General Meeting) for the proxy to receive the login access code to participate online in the e-Meeting System.

In light of the recent COVID-19 pandemic, the Extraordinary General Meeting will be conducted in a hybrid manner with the combination of a physical meeting and a virtual meeting online. Shareholders will have the option of joining the Extraordinary General Meeting either (a) through the physical meeting at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong; or (b) through the Internet by using their computer, tablet device or smartphone.

Registered Shareholders will be able to attend the Extraordinary General Meeting, vote and submit questions online via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company.

Non-registered holders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend the Extraordinary General Meeting, vote and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

If any Shareholder has any question on the arrangements of the Extraordinary General Meeting, please contact Tricor Investor Services Limited, the Company's share registrar, at the following:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Telephone: (852) 2980-1333

during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong public holidays).

6. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 December 2022 to Thursday, 22 December 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 16 December 2022 for registration of transfer.

LETTER FROM THE BOARD

7. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote by shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted only by a show of hands. Therefore, the resolutions to be proposed at the Extraordinary General Meeting will be voted by way of poll.

An announcement on the poll results will be published after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

8. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 21 of this circular which contains its advice to the Independent Shareholders in connection with the allotment and issue of the Connected Grant Shares to Trustee A; (ii) the letter from the Independent Financial Adviser set out on pages 22 to 58 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the allotment and issue of the Connected Grant Shares to Trustee A, and the principal factors and reasons taken into consideration in arriving at its advice; and (iii) the additional information set out in the appendix on pages 59 to 65 of this circular.

In relation to the Connected Grant, which Involves the Allotment and Issue of the Connected Grant Shares under the Specific Mandate

The Board (excluding Dr. Liu, Jun, who has abstained from voting on the relevant Board resolutions) considers that the number of Connected Grant Shares, the Grant Consideration per Award Share and the other terms and conditions of the Connected Grant are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Independent Shareholders as a whole to vote in favour of the relevant resolution to approve the specific mandate (i.e. the ordinary resolution numbered 1) in the terms as set out in the notice of the Extraordinary General Meeting.

In relation to the Allotment and Issue of the Connected Grant Shares to Trustee A, which Constitutes a Connected Transaction of the Company

The Board (including the members of the Independent Board Committee, whose views after reviewing and considering the advice of the Independent Financial Adviser are set out in the letter from the Independent Board Committee in this circular; but excluding Dr. Liu, Jun, who has abstained from voting on the relevant Board resolutions) considers that the allotment and issue of the Connected Grant Shares to Trustee A, although not in the ordinary and usual course of business of the Group, is on normal commercial terms, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Accordingly, the Board (including the members of the Independent Board Committee, whose views after reviewing and considering the advice of the Independent Financial Adviser are set out in the letter from the Independent Board Committee in this circular) recommend the Independent Shareholders to vote in favor of the resolution to approve the allotment and issue of the Connected Grant Shares to Trustee A (i.e. the ordinary resolution numbered 2 in the notice of the Extraordinary General Meeting).

Yours faithfully,

For and on behalf of the Board

TOT BIOPHARM International Company Limited

Dr. Liu, Jun

Chief Executive Officer and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the allotment and issue of the Connected Grant Shares to Trustee A.

东曜药业

TOT BIOPHARM International Company Limited

東曜藥業股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1875)

8 December 2022

To the Independent Shareholders

Dear Sir or Madam,

GRANT OF AWARD SHARES UNDER RESTRICTED SHARE AWARD SCHEME INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE, CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO TRUSTEE HOLDING SHARES ON TRUST FOR CONNECTED PERSONS

We refer to the circular of the Company dated 8 December 2022 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise you in respect of the allotment and issue of the Connected Grant Shares to Trustee A, details of which are set out in the “Letter from the Board” contained in the Circular. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and us in this regard.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 22 to 58 of the Circular, we are of the opinion that the allotment and issue of the Connected Grant Shares to Trustee A, albeit not in the ordinary and usual course of business of the Group, is on normal commercial terms, is fair and reasonable so far as the Shareholders (including the Independent Shareholders) are concerned, and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favor of the resolution to be proposed at the Extraordinary General Meeting to approve the allotment and issue of the Connected Grant Shares to Trustee A (i.e. the ordinary resolution numbered 2 in the notice of the Extraordinary General Meeting).

Yours faithfully,

For and on behalf of the Independent Board Committee

Hu, Lan

*Independent Non-Executive
Director*

Chang, Hong-Jen

*Independent Non-Executive
Director*

Wang, De Qian

*Independent Non-Executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Grant, and prepared for the purpose of incorporation into this circular.



中毅資本有限公司
Grand Moore Capital Limited

Unit 1401, 14/F, Lippo Sun Plaza, 28 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

8 December 2022

*To the Independent Board Committee
and the Independent Shareholders of
TOT BIOPHARM International Company Limited*

Dear Sirs,

CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE TO TRUSTEE HOLDING SHARES ON TRUST FOR CONNECTED PERSONS

INTRODUCTION

We refer to our engagement by the Company as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Grant, the particulars of which have been set out in the “Letter from the Board” (the “**Board Letter**”) in a circular to the Shareholders dated 8 December 2022 (the “**Circular**”) and in which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the announcement of the Company dated 1 November 2022 pursuant to which the Company announced that the Board has resolved to make the 2022 Year-end Grant under the Restricted Share Award Scheme to 8 grantees involving a total of 7,558,390 Award Shares, including:

- (a) the Connected Grant, namely the grant to Dr. Liu, Jun (the “**Connected Grantee**”), an executive Director, of 2,958,390 Award Shares, which will be allotted and issued to Trustee A under a specific mandate to be sought from the Independent Shareholders in the Extraordinary General Meeting; and
- (b) the Non-connected Grant, namely the grant to 7 current non-Director employees (the “**Non-connected Grantee(s)**”) of the Group of 4,600,000 Award Shares in total, which will be allotted and issued to Trustee B under the general mandate obtained at the 2022 Annual General Meeting.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Connected Grant Shares are granted to Dr. Liu, Jun, an executive Director, and will be allotted and issued to Trustee A, which shall hold Award Shares only on behalf of Selected Participants who are connected persons of the Company. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, Trustee A (acting in its capacity as a trustee under the Restricted Share Award Scheme) is an associate of such connected persons and is hence a connected person of the Company.

Given the status of Trustee A as a connected person of the Company, the allotment and issue of the Connected Grant Shares to Trustee A constitutes a connected transaction of the Company, and is subject to the announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given the status of Trustee A as a connected person of the Company, the general mandate granted to the Directors at the 2022 Annual General Meeting cannot be used for the allotment and issue of the Connected Grant Shares to Trustee A. Therefore, a specific mandate for the allotment and issue of the Connected Grant Shares to Trustee A will be sought by the Company from the Independent Shareholders by way of the ordinary resolution numbered 1 to be put forward at the Extraordinary General Meeting.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Connected Grant.

In the past two years, we have not acted as any financial adviser role to the Company but we have acted as an independent financial adviser to the independent board committee of the Company in its connected transaction involving subscription of new Shares by two connected person, the details of which are set out in the Company's circular dated 5 July 2022 (the "**Previous Appointment**"). Save for the current engagement as the Independent Financial Adviser and the Previous Appointment, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling Shareholders that could reasonably be regarded as relevant to our independence; (ii) we have maintained our independence from the Company during the Previous Appointment, and our independence from the Company has not been compromised because of the Previous Appointment; and (iii) the aggregate professional fees paid/to be paid to us do not make up a significant portion of our revenue during the relevant periods which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Connected Grant pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the Company's interim report for the six months ended 30 June 2022 (the "**2022 Interim Report**"); (iii) other information provided by the Directors and the management of the Company (the "**Management**"); and (iv) the opinions expressed by and the representations of the Management. We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, the Management (where applicable), which have been provided to us.

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

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules.

We, as the independent financial adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company and its respective subsidiaries or associates (if applicable) or any of the other parties involved in the Connected Grant, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Connected Grant. The Company has been separately advised by its own professional advisers with respect to the Connected Grant and the preparation of the Circular (other than this letter).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have assumed that the Connected Grant will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all necessary consents, authorizations and approvals in respect of the Connected Grant, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Connected Grant. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

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

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following factors:

1. Background information on the Group

The Company is a clinical-stage biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies, whose mission is to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals. Set out below is the key consolidated financial information of the Group for the six months ended 30 June 2021 and 2022 as extracted from the Company's 2022 Interim Report.

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	182,019	23,132
Loss attributable to equity holders of the Company	(15,724)	(115,005)

Revenue of the Group amounted to approximately RMB182,019,000 in the six months ended 30 June 2022 which represents an increase of approximately RMB158,887,000, or approximately 686.9%, from approximately RMB23,132,000 in the six months ended 30 June 2021. As per the 2022 Interim Report, the Group's diversified revenue mainly includes sales revenue, revenue for providing contract development and manufacturing organization ("CDMO") and contract manufacturing organization ("CMO") services, revenue from licenses granted, etc. The 2022 Interim Report carries on to explain that (i) the increase in sales revenue was mainly due to the steady increase in the sales volume of the Group's core product, Pusintin®; (ii) the increase in revenue from CDMO and CMO is primarily attributable to the new orders bought about by the strategic expansion of the CDMO and CMO business segments; and (iii) the revenue from licenses granted represented the milestone payments received in connection with the Group's projects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Loss attributable to equity holders of the Company amounted to approximately RMB15,724,000 during the six months ended 30 June 2022, representing a decrease of approximately RMB99,281,000 or approximately 86.3% as compared to the loss attributable to equity holders of the Company of approximately RMB115,005,000 recorded during the six months ended 30 June 2021. The 2022 Interim Report attributes the significant decrease in loss attributable to equity holders of the Company to the combined effects of (i) the increase in revenue as discussed above; (ii) the decrease in research and development expenses; (iii) increase in selling expenses; (iv) decrease in general and administrative expenses; (v) decrease in finance income; and (vi) increase in finance costs.

Apart from the above, we also note from the 2022 Interim Report that the Group continued to push forward its strategic upgrade, and actively carried out the Phase III clinical trial of its self-developed antibody drug conjugate (“ADC”) drug TAA013 (an ADC composed of recombinant humanized anti-HER2 (human epidermal growth factor receptor 2) monoclonal antibody (“mAB”) covalently linked to the microtubule inhibitor DM1 through linker SMCC (full name: N-Succinimidyl 4-(N-maleimidomethyl) cyclohexane-1-carboxylate)). Patient enrollment for the Phase III clinical trial of TAA013 has been completed, and is currently undergoing follow-up interviews with the subjects as for the market cooperation in respect of TAA013, the Company’s business team has been actively seeking domestic and overseas cooperation opportunities, and will submit European Medicines Agency (EMA) consultation paper.

Set out below are certain key consolidated financial information of the Group as extracted from the consolidated balance sheet set out in the 2022 Interim Report.

	As at	
	30 June 2022 RMB’000 (unaudited)	31 December 2021 RMB’000 (audited)
Total assets	812,277	710,263
Total liabilities	484,109	375,172
Net assets attributable to equity holders of the Company	328,168	335,091

The total assets of the Group amounted to approximately RMB812,277,000 as at 30 June 2022, representing an increase of approximately RMB102,014,000, or approximately 14.4%, as compared to RMB710,263,000 as at 31 December 2021. Besides, the Group’s net assets attributable to equity holders of the Company decreased from approximately RMB335,091,000 as at 31 December 2021 to approximately RMB328,168,000 as at 30 June 2022, representing a decrease of approximately RMB6,923,000 or approximately 2.1%. The 2022 Interim Report attributes the decrease in the Group’s net assets to the net loss during the period.

2. Information on Dr. Liu, Jun and Trustee A

2.1 *Biographical information of Dr. Liu, Jun*

The following is the biographical information of Dr. Liu, Jun as extracted from the Company's annual report for the year ended 31 December 2021:

Dr. Liu, Jun, aged 54, joined the Group on 17 October 2016 and was appointed as an executive Director, chief scientific officer and chief executive officer on 26 October 2018, 12 March 2019 and 15 October 2020, respectively. He is also a member of the Strategy and ESG Committee. Dr. Liu, Jun served as vice general manager of the Company between 17 October 2016 and 15 October 2020, and as chief operating officer of the Company between 21 April 2020 and 15 October 2020. He is now responsible for the research and development, operations management and business development of the Group.

Prior to joining the Group, Dr. Liu, Jun was the executive director of biologics research and development department in Shanghai ChemPartner Co., Ltd. between July 2010 and October 2016. Prior to that, he was employed by Bayer US LLC between April 2005 and July 2010 working with Bayer Healthcare as a senior scientist in the United States.

Dr. Liu, Jun obtained a Ph.D. in bioanalytical chemistry from the University of California, Davis in the United States in December 2002 and a bachelor's degree in chemistry from the University of Science & Technology of China in Hefei, Anhui Province, the PRC in July 1991.

We are of the view that the Connected Grantee's extensive experience in the biopharmaceutical industry, as evidenced by his working profile, academic background and other experience discussed directly above, is contributory to the management, operation and development of the Group. In particular, the Connected Grantee has over 20 years of experience in the biotech industry and having joined the Group in 2016 and assumed the roles of chief scientific officer, chief operating officer and chief executive officer of the Group since March 2019, April 2020 and October 2020 respectively and is the key person leading the Group's new drug development on which the Group's development and success heavily depend. The Connected Grantee's proven track record in management, drug discovery and development, clinical development, manufacturing, quality control and assurance and commercialization form the foundation of the Group's sustained growth.

2.2 *Information on Trustee A*

As stated in the Board Letter, the Trustees (inclusive of Trustee A) are trust or company service provider license holders registered with the Companies Registry of Hong Kong, and are members of the Tricor Group, a leading provider of business, corporate, investor, human resources and payroll as well as corporate trust and debt services in Asia. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for Trustee A (acting in its capacity as the trustee of Restricted Share Award Scheme), the Trustees are third parties independent of the Company and its connected persons.

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3. The 2022 Year-end Grant

3.1 Reason for the 2022 Year-end Grant

As per the Board Letter, the primary purpose of the Restricted Share Award Scheme is to attract and retain talent necessary for the Group's development, and to incentivize the Group's employees and enhance their cohesion and productivity, thereby creating value for the Company and its Shareholders. In line with this purpose, the Board resolved to make the 2022 Year-end Grant.

3.2 Grantees under the 2022 Year-end Grant

The 8 grantees under the 2022 Year-end Grant include (i) Dr. Liu, Jun, an executive Director; and (ii) 7 current non-Director employees of the Group, none of whom is a connected person of the Company.

3.3 Terms of the 2022 Year-end Grant

The principal terms of the 2022 Year-end Grant as extracted from the Board Letter are set out as follows:

Allottee	Grantee(s)	Number of Award Shares	Grant Consideration (per Award Share) ⁽¹⁾	Vesting Date ⁽²⁾	Expiry Date ⁽³⁾	Subject to Independent Shareholders' approval?
<i>The Connected Grant:</i>						
Trustee A	Dr. Liu, Jun, an executive Director	2,958,390	HK\$0.6	35% (i.e. 1,035,436 Shares): The later of 31 March 2023 and the date of Pre-IPO R&D Targets Fulfillment ⁽⁴⁾ 40% (i.e. 1,183,356 Shares): The later of 31 March 2024 and the date of Pre-IPO R&D Targets Fulfillment ⁽⁴⁾ 25% (i.e. 739,598 Shares): The later of 31 March 2025 and the date of Pre-IPO R&D Targets Fulfillment ⁽⁴⁾	The date of the termination of the Restricted Share Award Scheme (currently expected to be 28 May 2030)	Yes, as the allotment and issue of the Award Shares is a connected transaction

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Allottee	Grantee(s)	Number of Award Shares	Grant Consideration (per Award Share) ⁽¹⁾	Vesting Date ⁽²⁾	Expiry Date ⁽³⁾	Subject to Independent Shareholders' approval?
<i>The Non-connected Grant:</i>						
Trustee B	7 current non-Director employees of the Group	4,600,000 in total	HK\$0.6	20% (i.e. 920,000 Shares in total): The later of 31 March 2023 and the date of 2022 Year-end Business Target Fulfillment ⁽⁵⁾ 20% (i.e. 920,000 Shares in total): The later of 31 March 2024 and the date of 2022 Year-end Business Target Fulfillment ⁽⁵⁾ 30% (i.e. 1,380,000 Shares in total): The later of 31 March 2025 and the date of 2022 Year-end Business Target Fulfillment ⁽⁵⁾ 30% (i.e. 1,380,000 Shares in total): The later of 31 March 2026 and the date of 2022 Year-end Business Target Fulfillment ⁽⁵⁾	The date of the termination of the Restricted Share Award Scheme (currently expected to be 28 May 2030)	No, as the Award Shares are to be allotted and issued under general mandate as a non-cash issuance

Notes:

- (1) Pursuant to the Scheme Rules, the Grant Consideration is to be paid by a Selected Participant to the Company as a condition to the vesting of his/her Award Shares on or after the relevant Vesting Date, but not when the Award Shares are allotted and issued to the relevant Trustee. As such, the allotment and issue of the 7,558,390 Award Shares in connection with the 2022 Year-end Grant is a non-cash issuance. As and when the Grant Consideration of the 2022 Year-end Grant is received, the Company intends to apply such Grant Consideration (after deducting relevant fees and expenses) as the general working capital of the Group.
- (2) The Vesting Date in respect of an Award Share refers to the earliest date on which such Award Share may vest, subject to the allotment and issue of such Award Share by the Company to the relevant Trustee and the receipt of the full amount of the Grant Consideration by the Company in respect of such Award Share. Pursuant to the Scheme Rules, there is no restriction on when a Selected Participant is required to pay the Grant Consideration to the Company in order to have his/her Award Shares vested.
- (3) The Expiry Date in respect of an Award Share refers to the last date on which such Award Share may vest. Pursuant to the Scheme Rules, the Restricted Share Award Scheme shall remain valid and effective for a period of ten years from the date of its adoption (being 29 May 2020), unless terminated on an earlier date or extended by a resolution of the Board.
- (4) On 1 March 2022, Pre-IPO R&D Targets Fulfillment occurred.
- (5) As at the Latest Practicable Date, 2022 Year-end Business Target Fulfillment has not occurred.

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The 2,958,390 Connected Grant Shares represent (i) approximately 0.387% of the Company's issued share capital as at the Latest Practicable Date; or (ii) approximately 0.383% of the Company's issued share capital as enlarged by the allotment and issue of the Connected Grant Shares and the Non-connected Grant Shares.

3.4 Basis of determination of the number of Award Shares, the Grant Consideration and the Vesting Dates of the Connected Grant

With reference to the Board Letter, the number of Connected Grant Shares granted to Dr. Liu, Jun was determined primarily with reference to (i) the intended effect of the Connected Grant in terms of talent retention and incentivization; and (ii) the maximum number of Award Shares capable of being granted to Dr. Liu, Jun (i.e. 2,958,391 Shares, being his personal limit of 5,700,000 Shares under the Restricted Share Award Scheme minus 2,741,609 Shares previously granted to him under the 2020 Compensatory Grant).

The Grant Consideration of the Connected Grant was determined primarily with reference to the following:

- (i) a balance being struck between (A) the intended effect of the Connected Grant in terms of talent retention and incentivization and (B) the expected profit and loss impact (i.e. share-based compensation expenses) of the Connected Grant on the Group. With respect to (A), since the Grant Consideration is the amount to be paid by a Selected Participant to the Company as a condition to the vesting of his/her Award Shares, a lower Grant Consideration would mean the grant being more valuable and attractive to a Selected Participant. With respect to (B), since the share-based compensation expenses in connection with a grant are linked to the fair value of the Award Shares (which is equal to the market price of the Shares on the grant date minus the Grant Consideration), a higher Grant Consideration would mean less expenses being recorded in the Group's financial statements; and
- (ii) the Grant Consideration of the Non-connected Grant of the 2021 Year-end Grant, which is also HK\$0.6 per Award Share.

The Vesting Dates of the Connected Grant were determined primarily with reference to (i) the intended effect of the Connected Grant in terms of talent retention and incentivization; and (ii) the Vesting Dates in respect of 10 out of 28 grantees under the 2021 Year-end Grant (who, like Dr. Liu, Jun, are long-serving employees and had been with the Group for at least 5 years at the time of the grant), who are also linked to Pre-IPO R&D Targets Fulfillment.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Connected Grant are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

3.5 Comparative analysis on the 2022 Year-end Grant (inclusive of the Connected Grant) with other comparable grants

In order to assess the fairness and reasonableness of the terms of the Connected Grant, we have identified 27 comparable grants of award shares (the “**Comparable Grant(s)**”) by Hong Kong listed companies that have announced a grant / allotment / issue of award shares (including restricted shares) for the three months period ended on the date which the Board resolved to make the Connected Grant (i.e. 1 November 2022) (the “**Review Period**”). The Comparable Grants comprise of 10 grants of award shares to solely independent third parties (the “**Comparable Independent Grants**”), 8 grant of award shares to solely connected person (the “**Comparable Connected Grants**”), 9 grants of award shares to both connected parties and independent third parties (the “**Comparable Connected and Independent Grants**”). Based on our best information, knowledge and belief and save for the exclusion of JOINN Laboratories (China) Co., Ltd. (6127) for the reason that it announced a grant of restricted A shares on 15 August 2022 which is considered to be no comparable to the Connected Grant as its A shares are not traded on the Stock Exchange, the Comparable Grants represent an exhaustive list of all suitable comparable companies meeting the aforementioned criteria as identified by us. We consider analysis of merely the Comparable Connected Grants may produce a biased result given that (i) there were only 8 Comparable Connected Grants during the Review Period; and (ii) all of the Comparable Connected Grants only issued to a few number of connected person(s) of the respective company, and thus the percentage figures of total number of award shares issued to total number of shares then in issue are by nature much smaller in magnitude. We consider the length of the Review Period is appropriate because (i) it has generated a reasonable number of samples for our analysis and having a shorter period would result in an inadequate number of samples; and (ii) it would capture the recent market trends while having a longer period may have been too distant in time, and making the samples less relevant in relation to the dynamic financial markets. Shareholders should note that the business, operations and financial performance of the companies offering the Comparable Grants are not the same as the Group and we have not conducted any in-depth investigation into the businesses and operations of the companies offering the Comparable Grants. However, we consider that the Comparable Grants are fair and representative samples that could provide the Independent Shareholders with a general reference of companies listed on the Stock Exchange granting/allotting/issuing awarded shares and the length of the vesting period, and the analysis of the Comparable Grants could provide Independent Shareholders a meaningful quantitative reference on how the other companies, which are all listed on the Stock Exchange, reward their management and/or employees and align the interest of their management and/or employees by way of equity incentive under the recent market situation and allow Independent Shareholders to assess whether the Connected Grant Shares are fair and reasonable and in the interests of the Shareholders as a whole.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
1-Nov-2022	Activation Group Holdings Limited (9919)	3 connected grantees	1.48%	14.24	4.75	n/a ³
24-Oct-2022	Alphamab Oncology (9966)	5 grantees, all are independent third parties	0.05%	2.42	0.48	(a) as to approximately 87.1% of the Award Shares on 24 October 2022; (b) as to approximately 2.6% of the Award Shares on 24 October 2023; (c) as to approximately 2.6% of the Award Shares on 24 October 2024; (d) as to approximately 2.6% of the Award Shares on 24 October 2025; and (e) as to approximately 5.1% of the Award Shares on 24 October 2026
23-Oct-2022	Joy Spreader Group Inc. (6988)	1 connected grantee	0.19%	6.16	6.16	The Awarded Shares shall be deemed as vested when the Board grants awards.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
9-Oct-2022	KINTOR PHARMACEUTICAL LIMITED (9939)	16 grantees, all are independent third parties	0.28%	12.81	0.80	(a) as to 50% of the Awards on 31 March 2024 or 30 September 2024; (b) as to 25% of the Awards on 31 March 2025 or 30 September 2025; and (c) as to the remaining 25% of the Awards on 31 March 2026 or 30 September 2026.
28-Sep-2022	Sincere Pharmaceutical Group Limited (2096)	212 grantees, all are independent third parties	0.51%	97.37	0.46	(a) One third of 13,881,000 RSUs granted to the Grantees shall vest on 28 September 2023, 2024 and 2025, respectively; (b) One third of 528,000 RSUs granted to the Grantees shall vest on 11 May 2023, 2024 and 2025, respectively; and (c) One half of 80,000 RSUs granted to the Grantees shall vest on 11 May 2023 and 2024.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
28-Sep-2022	IMAX China Holding, Inc. (1970)	1 connected grantee	0.04%	0.76	0.76	The RSUs granted to Jiande Chen shall vest in full on the earlier of (1) the date on which the Company appoints a Chief Executive Officer; (2) the date on which Jiande Chen or the Company terminates the employment agreement pursuant to the termination provision therein, and (3) the date of the annual general meeting of the Company held in 2023.
23-Sep-2022	Meituan (3690)	3 connected grantees	0.00%	6.21	2.07	12.5% of the RSUs granted to each Independent Non-executive Director shall vest in each quarter commencing from 20 December 2022 until 20 September 2024.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
22-Sep-2022	Antengene Corporation Limited (6996)	370 grantees, including 7 connected persons	2.77%	62.08	0.17	Grantees who joined the Group prior to or on the date of Listing
						The RSUs and the underlying Awarded Shares shall be vested in five tranches of which:
						(a) 25% of the Awarded Shares under the RSUs shall be vested immediately on the Grant Date;
						(b) 25% of the Awarded Shares under the RSUs shall be vested on the first anniversary of the Grant Date;
						(c) 16.6% of the Awarded Shares under the RSUs shall be vested on the second anniversary of the Grant Date;
						(d) 16.7% of the Awarded Shares under the RSUs shall be vested on the third anniversary of the Grant Date; and
						(e) 16.7% of the Awarded Shares under the RSUs shall be vested on the fourth anniversary of the Grant Date.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/ announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
						Grantees who joined the Group after the Listing
						The RSUs and the underlying Awarded Shares shall be vested in four tranches of which:
						(a) 25% of the Awarded Shares under the RSUs shall be vested on the first anniversary of the Grant Date;
						(b) 25% of the Awarded Shares under the RSUs shall be vested on the second anniversary of the Grant Date;
						(c) 25% of the Awarded Shares under the RSUs shall be vested on the third anniversary of the Grant Date; and
						(d) 25% of the Awarded Shares under the RSUs shall be vested on the fourth anniversary of the Grant Date.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
21-Sep-2022	Brii Biosciences Limited (2137)	88 grantees, including 6 connected persons	0.91%	37.11	0.42	<p>(a) in relation to 5,801,000 RSUs: 25%, 25%, 25% and 25% of the grant will vest on each of the first, second, third and fourth anniversaries of the RSU Vesting Start Date of each RSU Grantee, respectively, where the "RSU Vesting Start Date" for these grants refers to:</p> <ul style="list-style-type: none"> • the employment commencement date of each RSU Grantee for new hire grants; • the promotion date of each RSU Grantee for promotion grants; or • the Grant Date for annual grants; <p>(b) in relation to 327,000 RSUs: one-third, one-third and one-third of the grant will vest on each of the first, second and third anniversaries of the effective date of appointment of the relevant RSU Grantee, respectively;</p> <p>(c) in relation to 180,000 RSUs: the grant will vest on the first anniversary of the Grant Date; and</p>

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
20-Sep-2022	Zengame Technology Holding Limited (2660)	104 grantees, including 3 connected persons	2.71%	43.00	0.41	<p>(d) in relation to 271,000 RSUs: the grant shall vest over three years from the employment commencement date of the RSU Grantees upon the achievements by the Group of certain program milestones determined by the Board which are specified in the relevant award agreement entered into between the Company and the RSU Grantees, subject to their continuous employment with the Company throughout the whole vesting period.</p> <p>(a) 25% of the total number of Restricted Shares granted shall vest on 8 October 2022;</p> <p>(b) 25% of the total number of Restricted Shares granted shall vest on 18 August 2023;</p> <p>(c) 25% of the total number of Restricted Shares granted shall vest on 18 August 2024; and</p> <p>(d) 25% of the total number of Restricted Shares granted shall vest on 18 August 2025.</p>

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
19-Sep-2022	Everest Medicines Limited (1952)	1 connected grantee	0.28%	7.65	7.65	The Awards shall vest on the first anniversary of the date of Mr. Luo's appointment as an executive Director and Chief Executive Officer of the Company (i.e. 19 September 2023).
19-Sep-2022	WuXi AppTec Co., Ltd. (2359)	30 grantees, all are independent third parties	0.01%	15.25	0.51	(a) 0% First Vesting Date, the first trading day in the Shares of the Company immediately following the first anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group; (b) 25% Second Vesting Date, the first trading day in the Shares of the Company immediately following the second anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group;

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
9-Sep-2022	Alibaba Pictures Group Limited (1060)	28 grantees, all are independent third parties	0.07%	10.57	0.38	<p>(c) 25% Third Vesting Date, the first trading day in the Shares of the Company immediately following the third anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group; and</p> <p>(d) 50% Fourth Vesting Date, the first trading day in the Shares of the Company immediately following the fourth anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group.</p>

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/ announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
9-Sep-2022	Ocumenion Therapeutics (1477)	300 grantees, including 2 connected persons	2.26%	160.09	0.53	Awards granted to 298 employees of the Group shall vest as follows: (a) 10% of the Awards shall vest on the first anniversary of the Grant Date; (b) 20% of the Awards shall vest in four equal instalments (with each instalment vesting at the end of each quarter) during the period from the first anniversary of the Grant Date to the second anniversary of the Grant Date; (c) 30% of the Awards shall vest in four equal instalments (with each instalment vesting at the end of each quarter) during the period from the second anniversary of the Grant Date to the third anniversary of the Grant Date; (d) 40% of the Awards shall vest in four equal instalments (with each instalment vesting at the end of each quarter) during the period from the third anniversary of the Grant Date to the fourth anniversary of the Grant Date.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/ announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
						<p>4,320,000 Awards to be granted to Mr. Liu shall vest as follows:</p> <p>(a) 25% of the Awards shall vest immediately on the Grant Date;</p> <p>(b) 25% of the Awards shall vest on the first anniversary of the Grant Date, conditional upon the achievement of certain performance targets relating to the overall performance of the Company as set out in the grant letter entered into between Mr. Liu and the Company, including R&D and registration progress of drug candidates, marketing and sales of commercialized products, daily operation and management of the Group. Partial achievement of the performance targets will result in proportionate vesting at the Board's discretion;</p> <p>(c) 25% of the Awards shall vest on the second anniversary of the Grant Date, conditional upon the performance targets to be achieved by the Company and/or Mr. Liu, which shall be determined by the Board in due course; and</p>

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/ announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
						<p>(d) 25% of the Awards shall vest on the third anniversary of the Grant Date, conditional upon the performance targets to be achieved by the Company and/or Mr. Liu, which shall be determined by the Board in due course.</p> <p>137,000 Awards to be granted to Dr. Hu shall vest as follows:</p> <p>(a) 10% of the Awards shall vest on the first anniversary of the Grant Date;</p> <p>(b) 20% of the Awards shall vest in four equal instalments (with each instalment vesting at the end of each quarter) during the period from the first anniversary of the Grant Date to the second anniversary of the Grant Date;</p>

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
5-Sep-2022	Semiconductor Manufacturing International Corporation (981)	1 connected grantee	0.00%	4.20	4.20	<p>(c) 30% of the Awards shall vest in four equal instalments (with each instalment vesting at the end of each quarter) during the period from the second anniversary of the Grant Date to the third anniversary of the Grant Date;</p> <p>(d) 40% of the Awards shall vest in four equal instalments (with each instalment vesting at the end of each quarter) during the period from the third anniversary of the Grant Date to the fourth anniversary of the Grant Date.</p> <p>277,500 Restricted Share Units to be granted will vest over a period of three years at the rate of 33%, 33% and 34% for each 12-month period commencing on 11 August 2022</p>

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/ announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
5-Sep-2022	Netjoy Holdings Limited (2131)	5 grantees, including 1 connected person	0.24%	2.37	0.47	The 1,868,186 RSUs granted to the RSU Grantees shall vest as follows: (a) as to approximately one-third of the RSUs on September 5, 2023; (b) as to approximately one-third of the RSUs on September 5, 2024; and (c) as to approximately one-third of the RSUs on September 5, 2025.
2-Sep-2022	Genscript Biotech Corporation (1548)	Undisclosed number of grantees, all are independent third parties ⁴	0.01%	6.05	n/a ⁴	The RSA Shares will be vested in two or three batches, and that the last batch of the RSA Shares will be vested on 2 September 2025

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
2-Sep-2022	Cherish Sunshine International Limited (1094)	44 grantees, including 5 connected persons	3.67%	11.85	0.27	<p>(a) 25% shall be vested immediately following the first anniversary of the Date of Grant;</p> <p>(b) 25% shall be vested immediately following the second anniversary of the Date of Grant;</p> <p>(c) 25% shall be vested immediately following the third anniversary of the Date of Grant; and</p> <p>(d) the remaining 25% shall be vested immediately following the fourth anniversary of the Date of Grant.</p>
1-Sep-2022	RemeGen Co., Ltd (9995)	1 connected grantee	0.01%	3.08	3.08	The award shares granted will be vested in four equal tranches, i.e., 25% each year over the four years since the date of grant of the award shares.
30-Aug-2022	JNBY Design Limited (3306)	43 grantees, including 3 connected persons	1.73%	66.53	1.55	The newly granted RSUs to the 2022 August Participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2023, 2024, 2025 and 2026, respectively.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
26-Aug-2022	KML Technology Group Limited (8065)	31 grantees, all are independent third parties	0.61%	0.05	0.00	n/a ³
26-Aug-2022	Cloud Music Inc. (9899)	47 grantees, all are independent third parties	0.11%	16.60	0.35	Each of the RSUs is granted for nil consideration; each of the RSUs represents the right to receive one share of our company on the date it vests; and the number of RSUs to vest on such date is subject to individual performance objectives as set out in the RSU award agreement entered into between our company and each grantee.
25-Aug-2022	IGG Inc (799)	6 grantees, all are independent third parties	0.01%	0.31	0.05	(a) 25% of the total number of Awarded Shares granted shall vest on 25 August 2023; (b) 25% of the total number of Awarded Shares granted shall vest on 25 August 2024; (c) 25% of the total number of Awarded Shares granted shall vest on 25 August 2025; and (d) 25% of the total number of Awarded Shares granted shall vest on 25 August 2026.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
21-Aug-2022	Xiaomi Corporation (1810)	3142 grantees, including 1 connected person	0.37%	1081.45	0.34	The Award Shares shall vest between 22 August 2022 and 21 August 2026.
18-Aug-2022	WuXi Biologics (Cayman) Inc. (2269)	151 grantees, all are independent third parties	0.04%	125.06	0.83	n/a ³
15-Aug-2022	WUXI APPTEC CO., LTD. (2359)	14 connected grantees	0.05%	135.99	9.71	(a) First Vesting Period: 25% of the Awards shall vest within the year immediately following the first anniversary of the Grant Date; (b) Second Vesting Period: 25% of the Awards shall vest within the year immediately following the second anniversary of the Grant Date; (c) Third Vesting Period: 25% of the Awards shall vest within the year immediately following the third anniversary of the Grant Date; and (d) Fourth Vesting Period: 25% of the Awards shall vest within the year immediately following the fourth anniversary of the Grant Date.

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement¹	Market value of the awarded shares on the date of grant/announcement² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
12-Aug-2022	AGTech Holdings Limited (8279)	9 grantees, including 1 connected person	0.40%	12.81	1.42	The Award Shares granted typically shall vest in the Grantees within four years from the date of Grant.
		<i>Max:</i>	3.67%	1,081.45	9.71	
		<i>Min:</i>	0.00%	0.05	0.00	
		<i>Average:</i>	0.70%	71.93	1.84	

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/ announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
1-Nov-2022	TOT BIOPHARM-B (1875)	8 grantees, including 1 connected person	0.99%	19.58	2.45	<p>Dr. Liu, Jun:</p> <ul style="list-style-type: none"> • 35%: The later of 31 March 2023 and the date of Pre-IPO R&D Target Fulfillment – in effect meaning 31 March 2023 • 40%: The later of 31 March 2024 and the date of Pre-IPO R&D Target Fulfillment – in effect meaning 31 March 2024 • 25%: The later of 31 March 2025 and the date of Pre-IPO R&D Target Fulfillment – in effect meaning 31 March 2025

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Date of announcement	Company name (stock code)	Number of grantee(s)	Percentage of total number of award shares to total number of shares in issue on the date of announcement ¹	Market value of the awarded shares on the date of grant/announcement ² (HK\$ million)	Approximate average market value of the awarded shares per grantee (HK\$ million)	Vesting date/period
						<p>7 current non-Director employees of the group:</p> <ul style="list-style-type: none"> • 20%: The later of 31 March 2023 and the date of 2022 Year-end Business Target Fulfilment • 20%: The later of 31 March 2024 and the date of 2022 Year-end Business Target Fulfilment • 30%: The later of 31 March 2025 and the date of 2022 Year-end Business Target Fulfilment • 30%: The later of 31 March 2026 and the date of 2022 Year-end Business Target Fulfilment

Source: www.hkexnews.hk

Notes:

1. The percentage of total number of award shares to total number of shares in issue on the date of announcement of the Comparable Grants is extracted from the relevant announcement, where such information is not available from the relevant announcement, the percentage is calculated by dividing the number of award shares granted by the total issued share capital as extracted from the monthly return of equity issuer on movement in securities prior to the relevant announcement.
2. Closing price of the awarded shares on the date of announcement is adopted if the price of the awarded shares is not disclosed in the announcement of the relevant Comparable Grant.
3. The relevant information is not disclosed in the announcement of this Comparable Grant.
4. The number of grantee(s) is not disclosed in the announcement of this Comparable Grant.

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We consider that the amount of 27 Comparable Grants over the Review Period of three months demonstrates that the alignment of interests of selected employees by way of grant and ownership of award shares is not uncommon and is in line with the market practice.

We note that the percentage of total number of award shares to total number of shares in issue on the date of announcement of the Comparable Grants ranges from a low of approximately 0.00% to a high of approximately 3.67%, with the average thereof being approximately 0.70%. The Connected Grant Shares and total number of Award Shares granted to the Connected Grantee and Non-connected Grantees represent approximately 0.387% and 0.99% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, both such figures fall within the range of the Comparable Grants with the percentage of the Connected Grant Shares falling below the average figure of the Comparable Grants while the percentage of the total number of Award Shares granted to the Connected Grantee and Non-connected Grantee falling above the average figure of the Comparable Grants.

Meanwhile, the market value of the award shares of the Comparable Grants ranges from a low of HK\$0.05 million to a high of approximately HK\$1,081.45 million with the average figure being approximately HK\$71.93 million. The market value of the Connected Grant and the Non-connected Grant of approximately HK\$19.58 million therefore falls within the range of the Comparable Grants and is below the average figure thereof.

We also note that the market value of the award shares per grantee of the Comparable Grants ranges from a low of HK\$0.00 million to a high of approximately HK\$9.71 million with the average thereof being approximately HK\$1.84 million. The market value of the Connected Grant and the Non-connected Grant of approximately HK\$2.45 million per grantee therefore falls within the range of the Comparable Grants and is above the average figure thereof.

Moreover, the vesting period of the Comparable Grants ranges from immediate vesting up to approximately four years. With reference to the Board Letter, Non-connected Grant Shares granted to the Non-connected Grantees shall expire on the date of termination of the Restricted Share Award Scheme (currently expected to be 28 May 2030) and shall be vested on various dates over a period that is roughly 3 years and 4 months from the date of grant which are linked to 2022 Year-end Business Target Fulfillment. The Connected Grant Shares granted to the Connected Grantee shall expire on the date of termination of the Restricted Share Award Scheme (currently expected to be 28 May 2030) and shall be vested in three tranches with the Vesting Date on 31 March of each year from 2023 to 2025 over a period that is roughly 2 years and 4 months from the date of grant, which falls within the range as represented by the Comparable Grants, and are linked to the Pre-IPO R&D Targets Fulfillment which had already taken place on 1 March 2022 as per the Board Letter.

The vesting period of the Award Shares granted under the Connected Grant and Non-connected Grant are in line with those of the Comparable Grants, and the vesting period in years should be positively correlated with the continuing commitment and long-term contribution of the Connected Grantee and Non-connected Grantees towards the development of the Company, and hence better serve the purpose of retaining and

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incentivize the Connected Grantee and Non-connected Grantees. In particular, the linkage between the Vesting Date of the Connected Grantee's Award Shares shall hopefully motivate him to continue with his current employment with the Group such that his continued leadership of and participation in the research and development progress of certain drug candidates of the Group as the success of the Group is highly dependent of the successful new drug development of the Group's R&D team led by the Connected Grantee. As to the Connected Grantee's vesting conditions, i.e. the Pre-IPO R&D Target Fulfillment, we note from the Board Letter that it has already occurred on 1 March 2022. In other words, the Connected Grantee's vesting conditions have already been fulfilled as at the date of grant which is unlike the vesting conditions of the Non-connected Grantees, i.e. 2022 Year-end Business Target Fulfillment, which are yet to be fulfilled as at the date of grant and as at the Latest Practicable Date. In that connection, we understand from the Management that:

- (i) As the Connected Grantee joined the Group in October 2016 with roughly 6 years of contribution to the Group's development, the Connected Grant to the Connected Grantee was supposed to take place in conjunction with the 2021 Year-end Grant whose grantees were not connected persons of the Company and all had minimum 5 years of continuous employment with the Group. The vesting conditions under the Connected Grant are the same as those of the 2021 Year-end Grant. But due to connected nature of the Connected Grantee and lumping his grant of Award Shares with the 2021 Year-end Grant would have a delaying effect on the 2021 Year-end Grant which was announced by the Company on 23 December 2021, the Connected Grantee voluntarily gave up his participation in the 2021 Year-end Grant which is now postponed to proceed with the current 2022 Year-end Grant to non-Director employee of the Group with less than 5 years of employment with the Group which was announced earlier in the year on 1 November 2022 to facilitate the compliance requirements of the Connected Grants (including but not limited to requirements on circular, independent financial advice and approval by the independent shareholders) before the end of 2022. As such, it would be more appropriate to compare the vesting conditions of the Connected Grantee with those under the 2021 Year-end Grant.
- (ii) The natures of the Connected Grant and the Non-connected Grant are distinctively different as the purpose of the Connected Grant is to reward the *past* contribution already made by the Connected Grantee whereas the purpose of the Non-connected Grant is to provide incentive and motivation to the Non-connected Grantees, who are relatively new joiners within the Group with an average tenure of approximately 12 months, to put in their efforts in reaching the 2022 Year-end Business Target which are yet to be fulfilled as at the Latest Practicable Date;
- (iii) In respect of the *past* contribution already made by the Connected Grantee, we are given to understand that the Connected Grantee joined the Group in October 2016 as vice general manager and was subsequently appointed to the roles of executive Director in October 2018, chief scientific officer in March 2019, chief operating officer in April 2020 and chief executive officer in October 2020. Under the stewardship of the Connected Grantee and in

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particular after he has been appointed to the role of chief executive officer, the Group has attained various milestones which include (i) obtaining market approval for the Group's self-developed products such as TOZ309 and TAB008 in 2021; (ii) assisting the Board to implement changes on the Group's operational strategies; (iii) achieving historical breakthrough in the Group's CDMO business in 2021 which recorded revenue in excess of RMB70,000,000 and represents a growth of over 6 times; (iv) the Group registering revenue of approximately RMB182,019,000 in the six months ended 30 June 2022 which represents an increase of approximately RMB158,887,000, or approximately 686.9%, from approximately RMB23,132,000 in the six months ended 30 June 2021 as discussed in section 1 of this letter while registering the Group's first positive cash flow from operating activities during the same period; and (v) receiving not less than RMB20,000,000 in government grants in the last 5 years. In terms of responsibilities, the Connected Grantee (i) holds overall responsibilities and management of the Group's research and development, operational management and business development activities; and (ii) has built up the Group's quality control, quality assurance and analytical development departments.

Based on the above, we concur with the view of the Directors that it would be more appropriate to compare the vesting conditions of the Connected Grant with that of the 2021 Year-end Grant to 28 grantees who were non-Director employees of the Group and not connected persons of the Company.

3.6 Comparative analysis on the expected annual package (inclusive of the expected upside arising out of the Connected Grant) of the Connected Grantee with other annual packages of executive directors of biotech companies listed under Chapter 18A of the Listing Rules

As further assessment on the fairness and reasonableness of the terms of the Connected Grant, we have identified 18 biotech companies listed under Chapter 18A of the Listing Rules (the "**Annual Package Comparable(s)**") with market capitalization that falls within a range of 50% to 200% of that of the Company which is approximately HK\$1.98 billion as at the date of the Connected Grant, i.e. 1 November 2022 based on information obtained from www.etnet.com.hk. Based on our best information, knowledge and belief and save for the exclusion of (i) Acotec Scientific Holdings Limited (stock code: 6669) for the reason that none of its executive directors as disclosed in its latest annual report had served a full year; and (ii) Shanghai Bio-heart Biological Technology Co., Ltd. (stock code: 2185) for the reason that its average package per suitable executive director is approximately RMB109.7 million which is approximately 257.4% of the next highest sample Jiangsu Recbio Technology Co., Ltd. (stock code: 2179) which has an average package per suitable executive director of approximately RMB42.6 million, the Annual Package Comparables represent an exhaustive list of all suitable comparable companies meeting the aforementioned criteria as identified by us. Shareholders should note that although all of the Average Package Comparables are also biotech companies listed on the Stock Exchange under Chapter 18A of the Listing Rules just like the Company, the business, operations and financial performance of the Annual Package Comparables are not exactly the same as the Group and we have not conducted any in-depth investigation into the businesses and

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operations of the Annual Package Comparables. However, we consider that the Annual Package Comparables are fair and representative samples that could provide the Independent Shareholders with a general reference of the average annual package of executive directors of other comparable biotech companies listed under Chapter 18A of the Listing Rules. Our analysis on the Annual Package Comparables with the estimated package of the Connected Grantee based on his package during the year ended 31 December 2021 plus the estimated upside derived from the Connected Grant is set out below:

Company name (stock code)	Market capitalization <i>HK\$'billion</i>	Total share-based payment of suitable executive directors ¹ <i>RMB'000</i>	Total package of suitable executive directors ¹ <i>RMB'000</i>	Number of suitable executive directors ¹	Average package per suitable executive director <i>RMB'000</i>	Percentage of share-based payment over total package %	
Zhaoke Ophthalmology Limited (6622)	1.13	33,302	43,574	2	21,787	76.4	
CANbridge Pharmaceuticals Inc. (1228)	1.17	5,749	10,298	1	10,298	55.8	
JW (Cayman) Therapeutics Co. Ltd (2126)	1.27	36,617	40,904	1	40,904	89.5	
Mabpharm Limited (2181)	1.49	5,686	9,481	4	2,370	60.0	
Transcenta Holding Limited (6628)	1.75	1,086	5,174	1 ²	5,174	21.0	
SinoMab BioScience Limited (3681)	1.80	–	4,352	1	4,352	0.0	
Abbisko Cayman Limited (2256)	2.00	28,236	34,316	2 ²	17,158	82.3	
Everest Medicines Limited (1952)	2.03	65,106	104,266	4	26,067	62.4	
Clover Biopharmaceuticals, Ltd. (2197)	2.19	10,915	22,021	2	11,011	49.6	
HUA MEDICINE (2552)	2.26	15,710	30,942	2	15,471	50.8	
Jiangsu Recbio Technology Co., Ltd. (2179)	2.32	80,445	85,267	2 ²	42,634	94.3	
ANTENGENE-B (6996)	2.35	7,798	21,936	2 ²	10,968	35.5	
Immunotech Biopharm Ltd (6978)	2.69	41,428	50,103	3	16,701	82.7	
Rainmed Medical Limited (2297)	2.77	61,285	66,416	4	16,604	92.3	
JACOBIO PHARMACEUTICALS GROUP CO., LTD. (1167)	2.81	5,047	11,954	4	2,989	42.2	
Asclepis Pharma Inc. (1672)	2.83	–	22,445	2	11,223	0.0	
BIOCYTOGEN PHARMACEUTICALS (BEIJING) CO., LTD. (2315)	2.90	3,731	6,801	3	2,267	54.9	
Zylox-Tonbridge Medical Technology Co., Ltd (2190)	2.94	20,877	30,763	3	10,254	67.9	
					Max:	42,634	94.3
					Min:	2,267	0.0
					Average:	14,902	56.5
The Connected Grantee		1,826			5,268³	56.8⁴	

Source: www.hkexnews.hk and www.etnet.com.hk

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Notes:

1. The relevant information has been extracted from the Annual Package Comparables' latest annual report or prospectus issued in connection with its initial public offer on the Stock Exchange.
2. The executive director(s) of this Annual Package Comparable who had not served for a whole year has/ have been removed from our analysis for an apple-to-apple comparison with the Connected Grantee.
3. The estimated package of the Connected Grantee was calculated based on (i) his total package of RMB3,442,000 for the year ended 31 December 2021 as disclosed in the Company's annual report for the said year; (ii) 2,958,390 Award Shares to be granted to him under the Connected Grant; (iii) the difference between the closing price of the Shares on the date of grant of HK\$2.59 per Share and the Grant Consideration of HK\$0.60 per Award Share indicating the Connected Grantee's estimated upside of approximately HK\$5,887,000; (iv) the aforementioned upside divided by three representing the vesting period by three phases up to 31 March 2025 resulting in an annualized estimated upside of approximately HK\$1,962,000; and (v) an exchange rate of approximately RMB1 = HK\$1.0747 for the conversion of the aforementioned upside from HK\$ to RMB resulting in an annualized estimated upside of approximately RMB1,826,000.
4. This percentage is calculated based on (i) the "share-based compensation expenses" of the Connected Grantee of approximately RMB1,166,000 during the year ended 31 December 2021 as extracted from the Company's annual report for the said year; (ii) the annualized estimated upside of the Connected Grantee arising out of the Connected Grant of approximately RMB1,826,000 as explained in note 3 above; and (iii) the estimated package of the Connected Grantee of approximately RMB5,268,000, the calculation of which is detailed in note 3 above.

As illustrated in our analysis above, the average package per suitable executive director of Annual Package Comparables range from a low of approximately RMB2.3 million to a high of approximately RMB42.6 million with the average figure being approximately RMB14.9 million. As such, the estimated package of the Connected Grantee (inclusive of the estimated upside derived from the Connected Grant) of approximately RMB5.3 million falls within the range of the Annual Package Comparables and is below the average figure thereof. Accordingly, we can conclude that the estimated package of the Connected Grantee (inclusive of the estimated upside derived from the Connected Grant) is competitive from the Company's perspective.

As also illustrated in our analysis above, the percentage of share-based payment over total package of Annual Package Comparables range from a low of 0.0% to a high of approximately 94.3% with the average figure being approximately 56.5%. As such, the percentage of share-based payment over total package of the Connected Grantee of approximately 56.8%, being calculated with reference to the estimated upside derived from the Connected Grant of approximately RMB1.83 million plus the Connected Grantee's "share-based compensation expenses" of approximately RMB1.2 million during the year ended 31 December 2021 over his estimated total package of approximately RMB5.3 million, falls within the range of the Annual Package Comparables and is marginally above the average figure thereof. We consider that the percentage of share-based payment over total package of a director provides a general reference only depending on how the respective company decides on rewarding the director and as such, the total package should provide a more meaningful reference.

3.7 Conclusion on the Connected Grant

Taking into account (i) the purpose of the Connected Grant is to restore the Connected Grantee's Award Shares which were supposed to be granted with the 2021 Year-end Grant but voluntarily postponed to 2022 as discussed in section 3.5 of this letter; (ii) the alignment of interests of selected employees by way of grant and ownership of award shares is not uncommon and is in line with the market practice as discussed in section 3.5 in this letter; (iii) the Grant Consideration of the Connected Grant is the same as the Non-connected Grant and are accordingly fair and reasonable and are likely to motivate and incentivize the Connected Grantee's continued employment with the Group as discussed in section 3.5 in this letter; (iv) although the vesting conditions of the Connected Grantee, i.e. the Pre-IPO R&D Target Fulfillment, have been fulfilled as at the Latest Practicable Date while the vesting conditions of the Non-connected Grantees, i.e. the 2022 Year-end Business Target Fulfillment are yet to be fulfilled as at the Latest Practicable Date, the purposes and underlying rationales of the Connected Grant and Non-connected Grants are distinctively different as discussed in section 3.5 of this Letter; (v) the terms of the Connected Grant are in line with that of the Comparable Grants as discussed in section 3.5 of this letter; (vi) the expected annual package (inclusive of the expected upside arising out of the Connected Grant) of the Connected Grantee compares favorably with the Annual Package Comparables from the Company's perspective as discussed in section 3.6 of the letter; and (vii) the extensive experience of the Connected Grantee and his importance to the as evidenced by his biographical information discussed in section 2.1 in this letter, we are of the view that the terms of the Connected Grant are fair and reasonable and are in the interest of the Company and Shareholders as a whole.

4. Use of proceeds

It is stated in the Board Letter that pursuant to the Scheme Rules, the Grant Consideration is to be paid by a Selected Participant to the Company as a condition to the vesting of his/her Award Shares on or after the relevant Vesting Date, but not when the Award Shares are allotted and issued to the relevant Trustee. As such, the allotment and issue of the 7,558,390 Award Shares to the Trustees in connection with the 2022 Year-end Grant is a non-cash issuance.

Assuming that all Connected Grant Shares and Non-connected Grant Shares are vested, the Company will receive a Grant Consideration of approximately HK\$1,775,034 and HK\$2,760,000 respectively, amounting to HK\$4,535,034 in aggregate. As and when the Grant Consideration of the 2022 Year-end Grant is received, the Company intends to apply such Grant Consideration (after deducting relevant fees and expenses) as the general working capital of the Group.

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CONCLUSION

Having considered the above principal factors, we are of the opinion that (i) the Connected Grant is, although not in the ordinary and usual course of business of the Group, on normal commercial terms; and (ii) the terms of the Connected Grant are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Therefore, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the ordinary resolution(s) to approve the Connected Grant contemplated thereunder at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Kevin So
Director – Investment Banking Department

Note:

Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Mr. So has over 20 years of experience in the corporate finance industry in Hong Kong.

1. RESPONSIBILITY STATEMENT

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

2. CONFIRMATION IN RELATION TO CENTERLAB AND MR. LIN, JUNG-CHIN

As disclosed on pages 282 to 283 of the Prospectus, as part of the measures adopted by the Company to address any potential competition and conflict of interest between the Company on one hand and Centerlab and its then chairman Mr. Lin, Jung-Chin on the other hand, the Company has undertaken to the Stock Exchange to include the following statement in this circular.

The Company confirms that, as at the Latest Practicable Date, (i) none of Mr. Lin, Jung-Chin or any of his associates and relatives as defined in Rules 14A.12 and 14A.21(1)(a) of the Listing Rules respectively (the “**Relevant Persons**”) had discussed or voted on any matters relating to the exercise of voting rights by Centerlab as a Shareholder at the Extraordinary General Meeting (the “**Relevant Matters**”) at any relevant meeting of the board of directors of Centerlab; and (ii) where the Relevant Matters involved the approval or deliberation by the board of directors or the investment committee of Centerlab, none of Mr. Lin, Jung-Chin or any of the Relevant Persons was a member of the investment committee of Centerlab at the material time.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 765,229,497 Shares, all of which were fully paid. Immediately after the full allotment and issue of the Connected Grant Shares and Non-connected Grant Shares, and assuming that no other Shares are issued or bought back in the interim, the issued share capital of the Company will comprise 772,787,887 Shares.

As at 30 November 2022, under the Pre-IPO Share Option Scheme, there were outstanding Pre-IPO Share Options which, if fully exercised, would result in the allotment and issue of 8,715,100 Shares.

The Shares are listed and traded, and the Connected Grant Shares and the Non-connected Grant Shares will be listed and traded, on the Main Board of the Stock Exchange. No Shares are listed on or dealt in, nor is any listing of or permission to deal in the Shares being, or proposed to be, sought on any other stock exchange.

On 31 May 2022, the Company entered into share subscription agreements with Vivo Suzhou Fund and Centerlab and agreed to allot and issue 150,000,000 Shares in total at the price of HKD3.15 per Share. On 29 July 2022, all conditions precedent under each of the subscription agreements were satisfied and the subscriptions were completed in full. For further details, please refer to the announcements dated 31 May 2022 and 29 July 2022 and the circular dated 5 July 2022 of the Company. Save as disclosed above, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date, there had not been any alteration in the issued share capital of the Company.

4. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director or chief executive	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Ms. Yeh-Huang, Chun-Ying	Beneficial owner	7,115,700 (L)	0.93%
	Interest through equity derivatives ⁽³⁾	1,162,500 (L)	0.15%
	Beneficiary of a trust ⁽⁴⁾	2,897,383 (L)	0.38%
Dr. Liu, Jun	Interest through equity derivatives ⁽³⁾	1,100,000 (L)	0.14%
	Beneficiary of a trust ⁽⁴⁾	2,741,609 (L)	0.36%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The calculation is based on the total number of 765,229,497 Shares in issue as at Latest Practicable Date and rounded off to two decimal places.
- (3) These interests represent the interests in Shares underlying the Pre-IPO Share Options (being unlisted physically-settled equity derivatives) held by Ms. Yeh-Huang, Chun-Ying and Dr. Liu, Jun, respectively.
- (4) These interests represent the Restricted Award Shares held by Teeroy Limited on trust for Ms. Yeh-Huang, Chun-Ying and Dr. Liu, Jun, respectively.

Save as disclosed above, as at the Latest Practicable Date, so far as it was known to the Directors or chief executives of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

5. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as it was known to the Directors or chief executives of the Company, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Center Laboratories, Inc.	Beneficial owner	213,311,700 (L)	27.88%
Mr. Pang Kee Chan Hebert ⁽³⁾	Interest in controlled corporation	49,136,800 (L)	6.42%
Advantech Capital Partners II Limited ⁽³⁾	Interest in controlled corporation	49,136,800 (L)	6.42%
Advantech Capital II L.P. ⁽³⁾	Interest in controlled corporation	49,136,800 (L)	6.42%
Advantech Capital II Master Investment Limited ⁽³⁾	Interest in controlled corporation	49,136,800 (L)	6.42%
Advantech Capital Investment V Limited ⁽³⁾	Beneficial owner	49,136,800 (L)	6.42%
Chengwei Evergreen Management, LLC ⁽⁴⁾	Interest in controlled corporation	56,573,500 (L)	7.39%
Chengwei Evergreen Capital, L.P. ⁽⁴⁾	Interest in controlled corporation	56,573,500 (L)	7.39%

Name of Shareholder	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Prime Success International Limited ⁽⁴⁾	Beneficial owner	56,573,500 (L)	7.39%
Vivo Capital LLC ⁽⁵⁾	Interest in controlled corporation	103,245,000 (L)	13.49%
Vivo Capital VIII, LLC ⁽⁵⁾	Interest in controlled corporation	103,245,000 (L)	13.49%
Vivo Capital Fund VIII, L.P. ⁽⁵⁾	Beneficial owner	90,718,100 (L)	11.86%
Suzhou Vivo Management Consulting Partnership (Limited Partnership)	Interest in controlled corporation	116,250,000 (L)	15.19%
Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) ⁽⁶⁾	Beneficial owner	116,250,000 (L)	15.19%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) The calculation is based on the total number of 765,229,497 Shares in issue as at Latest Practicable Date and rounded off to two decimal places.
- (3) Advantech Capital Investment V Limited, an exempted company with limited liability incorporated under the laws of Cayman Islands, directly held 49,136,800 Shares. Advantech Capital Investment V Limited is wholly owned by Advantech Capital II Master Investment Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is in turn wholly owned by Advantech Capital II L.P., a private equity fund incorporated under the laws of the Cayman Islands. The general partner of Advantech Capital II L.P. is Advantech Capital Partners II Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands. Advantech Capital Partners II Limited is wholly owned by Mr. Pang Kee Chan Hebert. For the purpose of the SFO, Advantech Capital II Master Investment Limited, Advantech Capital II L.P., Advantech Capital Partners II Limited and Mr. Pang Kee Chan Hebert are deemed to have an interest in the Shares held by Advantech Capital Investment V Limited.
- (4) Prime Success International Limited directly held 56,573,500 Shares. Prime Success International Limited is a company with limited liability incorporated under the laws of Hong Kong, which is wholly owned by Chengwei Evergreen Capital, L.P., a venture capital fund incorporated under the laws of the Cayman Islands. The general partner of Chengwei Evergreen Capital, L.P. is Chengwei Evergreen Management, LLC, a limited liability company incorporated under the laws of the Cayman Islands. For the purpose of the SFO, Chengwei Evergreen Capital, L.P. and Chengwei Evergreen Management, LLC are deemed to have an interest in the Shares held by Prime Success International Limited.

- (5) Vivo Capital Fund VIII, L.P. directly held 90,718,100 Shares, and Vivo Capital Surplus Fund VIII, L.P. directly held 12,526,900 Shares. Both Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P. (referred to collectively as Vivo VIII Funds) are limited partnerships organized under the laws of the State of Delaware of the United States. The general partner of Vivo VIII Funds is Vivo Capital VIII, LLC, which is registered in the State of Delaware of the United States. Vivo Capital LLC, registered in the State of California of the United States, serves as the management company of Vivo VIII Funds and has a form of advisory agreement with Vivo Capital VIII, LLC. For the purpose of the SFO, Vivo Capital VIII, LLC and Vivo Capital LLC are deemed to have an interest in the Shares held by Vivo VIII Funds.
- (6) Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) directly held 116,250,000 Shares. Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) is a limited partnership organized under the laws of the PRC. The general partner of Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) is Suzhou Vivo Management Consulting Partnership (Limited Partnership), which is a limited partnership organized under the laws of the PRC. For the purpose of the SFO, Suzhou Vivo Management Consulting Partnership (Limited Partnership) is deemed to have an interest in the Shares held by Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership).

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors or chief executives of the Company whose interests are set out in the paragraph headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of its Associated Corporations” in this Appendix, had any interests or short positions in the Shares or underlying Shares as disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

6. DIRECTORS’ INFORMATION

Directors’ Service Contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring and not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Directors’ Interests in Certain Matters

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which had, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group;
- (b) none of the Directors was materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the business of the Group; and

- (c) none of the Directors or their respective close associates had any interest in a business, apart from the business of the Group, which competed or was likely to compete, directly or indirectly, with the business of the Group, which would require disclosure under Rule 8.10 of the Listing Rules.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there had been no material adverse change since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, in the financial or trading position of the Group.

8. EXPERT AND CONSENT

The following are the name and qualifications of the expert who has given its opinion or advice which is included in this circular:

Name	Qualifications
Grand Moore Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, the expert named above:

- (a) had given and had not withdrawn its written consent (to be dated the date of this circular) to the issue of this circular with the inclusion of its advice, letter, report and/or summary of its opinions and references to its name and logo in the form and context in which they are included;
- (b) was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.totbiopharm.com.cn>) for a period of not less than 14 days before the date of the Extraordinary General Meeting and will also be available for inspection at the Extraordinary General Meeting:

- (a) the letter of advice from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- (c) the written consent from the Independent Financial Adviser referred to in the paragraph headed “Expert and Consent” in this Appendix; and
- (d) this circular.

10. LANGUAGE

In the event of any inconsistency, the English language text of this circular and the proxy form shall prevail over the Chinese language text.

东曜药业

TOT BIOPHARM International Company Limited

東曜藥業股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1875)

NOTICE IS HEREBY GIVEN that a hybrid extraordinary general meeting of TOT BIOPHARM International Company Limited (the “**Company**”) will be held on Thursday, 22 December 2022 at 9:30 a.m. with the combination of a physical meeting at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong and a virtual meeting online for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions with or without amendments:

ORDINARY RESOLUTIONS

1. “**THAT**, in connection with the Restricted Share Award Scheme (as defined in the circular of the Company dated 8 December 2022 (the “**Circular**”)), conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited having granted the approval for the listing of, and permission to deal in, the relevant ordinary shares of the Company to be allotted and issued (each, a “**Share**”), the board of directors of the Company (the “**Board**”) be and is hereby granted a specific mandate to exercise the powers of the Company to allot and issue 2,958,390 Shares to Teeroy Limited on such terms and for such purposes as described in the Circular, where such specific mandate is in addition to, and shall not prejudice nor revoke, any other general and/or other specific mandate(s) which has/have been granted prior to the passing of this resolution or may from time to time be granted to the Board, and the Board or a committee or sub-committee thereof be and is hereby authorized to do all such acts and things, to sign and execute all such documents, agreements or deeds on behalf of the Company and to do all such other things and to take all such actions as it considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or implementing or in connection with such allotment and issue.”
2. “**THAT**, conditional upon the ordinary resolution numbered 1 above having been passed, the allotment and issue of 2,958,390 Shares to Teeroy Limited as a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited be and is hereby approved, and the Board or a committee or sub-committee thereof be and is hereby authorized to do all such acts and things, to sign and execute all such documents, agreements or deeds on behalf of the Company and to do all such other things and to take all such actions as it considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or implementing or in connection with such allotment and issue.”

By order of the Board

TOT BIOPHARM International Company Limited

Dr. Liu, Jun

Chief Executive Officer and Executive Director

Hong Kong, 8 December 2022

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. In light of the recent COVID-19 pandemic, the above meeting or any adjournment thereof (the “EGM”) will be conducted in a hybrid manner with the combination of a physical meeting and a virtual meeting online. Shareholders will have the option of joining the EGM either (a) through the physical meeting at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong; or (b) through the Internet by using their computer, tablet device or smartphone.

Registered Shareholders will be able to attend the EGM, vote and submit questions online via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company.

Non-registered holders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend the EGM, vote and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

2. Every member entitled to attend and vote at the EGM is entitled to appoint another person as his proxy. Any member who holds two or more Shares may appoint more than one proxy. A proxy need not be a member of the Company. The number of proxies appointed by a clearing house (or its nominee) is not subject to the aforesaid limitation.
3. Where there are joint holders of any Shares, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares will alone be entitled to vote in respect thereof.
4. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power or authority), must be deposited at the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 9:30 a.m. on Tuesday, 20 December 2022) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person if he so wishes. In the event of a member who has lodged a form of proxy attending the EGM, the form of proxy will be deemed to have been revoked.

Registered Shareholders are requested to provide a valid email address of himself/herself/itself or his/her/its proxy (except for the appointment of the chairman of the EGM) for the proxy to receive the login access code to participate online in the e-Meeting System.

5. The register of members of the Company will be closed from Monday, 19 December 2022 to Thursday, 22 December 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 16 December 2022 for registration of transfer.
6. All the resolutions set out in this notice shall be decided by poll.
7. References to time and dates in this notice are to Hong Kong time and dates.
8. In light of the epidemic situation of COVID-19 and to safeguard Shareholders’ health and safety, the Company encourages Shareholders to consider joining the EGM through the Internet and voting online, or appointing the chairman of the EGM as their proxy to vote on the resolutions, instead of attending the meeting in person. The Directors may attend the meeting remotely through video or telephone conference facilities.

NOTICE OF EXTRAORDINARY GENERAL MEETING

9. The Company will take all practicable precautions to ensure the health and safety of Shareholders attending the EGM in person, including but not limited to mandatory screening of body temperatures, requiring attendees to bring and wear their own surgical masks, physical distancing, setting up separate rooms or partitioned areas, no food or beverage service, no handing out of gifts, restricting the number of non-Shareholder attendees, and prohibiting persons under quarantine or in contravention of the above precautions from entering the venue. The Company will continue to monitor the epidemic situation of COVID-19 and may alter the EGM arrangements at short notice. Shareholders are advised to check any future announcement(s) which may be published by the Company.

As at the date of this notice, the executive directors of the Company are Dr. Liu, Jun and Ms. Yeh-Huang, Chun-Ying; the non-executive directors of the Company are Mr. Fu, Shan and Mr. Qiu, Yu Min; and the independent non-executive directors of the Company are Ms. Hu, Lan, Mr. Chang, Hong-Jen and Dr. Wang, De Qian.