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

If you have sold or transferred all your shares in InnoCare Pharma Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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INNOCARE

诺诚健华

InnoCare Pharma Limited

諾誠健華醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9969)

- (1) 2022 ANNUAL REPORT;**
 - (2) 2022 WORK REPORT OF THE BOARD OF DIRECTORS;**
 - (3) PROFIT DISTRIBUTION PLAN OF THE COMPANY IN 2022;**
 - (4) PROPOSALS FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;**
 - (5) RE-ELECTION OF RETIRING DIRECTORS;**
 - (6) RE-APPOINTMENT OF AUDITOR;**
 - (7) PROPOSED ADOPTION OF THE 2023 RMB SHARE INCENTIVE SCHEME;**
 - (8) PROPOSED ADOPTION OF THE INCENTIVE SCHEME ASSESSMENT MANAGEMENT MEASURES;**
 - (9) PROPOSED ISSUE AND GRANT OF NEW RMB SHARES UNDER THE 2023 RMB SHARE INCENTIVE SCHEME PURSUANT TO THE SCHEME MANDATE LIMIT;**
 - (10) PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2023 RMB SHARE INCENTIVE SCHEME;**
 - (11) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS;**
 - (12) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
 - (13) PROPOSED PURCHASE OF LIABILITIES INSURANCE FOR THE DIRECTORS AND SENIOR MANAGEMENT;**
- AND**
- NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of InnoCare Pharma Limited to be held at Building 8, No. 8 Life Science Park Road, Zhongguancun Life Science Park, Changping District, Beijing, PRC on Friday, 2 June 2023 at 3:00 p.m. is set out on pages AGM-1 to AGM-7 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.innocarepharma.com).

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. by no later than 3:00 p.m. on Wednesday, 31 May 2023). Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the Annual General Meeting or any adjournment thereof if they so wish and in such event, the form of proxy shall be deemed to be revoked. The Company will make further announcements on the website of the SSE regarding the attendance of shareholders of RMB Shares listed on the STAR Market of the SSE in accordance with the SSE's regulations.

3 May 2023

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SPECIAL ARRANGEMENT FOR THE AGM

1. ONLINE AGM

(i) Meeting Website

Shareholders may view and listen to the AGM through a live webcast of the AGM (the “**Online AGM**”) which can be accessed via website – <http://meetings.computershare.com/InnocareAGM2023> on a smartphone, computer, tablet device or other browser enabled device. Please follow the instructions on the landing page on how to access the webcast. The online platform will be opened for registered Shareholders and non-registered Shareholders to log in approximately 30 minutes prior to the commencement of the AGM. Shareholders will be able to access the live webcast from the beginning of the AGM until its conclusion. No electronic voting system will be provided. For the avoidance of doubt, presence at the Online AGM will not be counted as quorum or attendance of the AGM, and will not revoke any proxy instrument delivered to the Company by the same Shareholder.

(ii) Login details for registered Shareholders

Details regarding the Online AGM arrangements including login details to access the online platform are included in the Company’s notification letter to registered Shareholders sent together with this circular.

(iii) Login details for non-registered Shareholders

Non-registered Shareholders who wish to attend the Online AGM should (1) contact and instruct your banks, brokers, custodians, nominees or the Hong Kong Securities Clearing Company Limited through which your Shares are held (together, the “**Intermediary**”) to appoint yourselves as proxy to attend the Online AGM; and (2) provide your e-mail address to the Intermediary before the time limit required by the relevant Intermediary. Details regarding the Online AGM arrangements including login details to access the online platform will be sent by the Company’s Hong Kong share registrar to the e-mail addresses of the non-registered Shareholders provided by the Intermediary.

Registered and non-registered Shareholders should note that only one device is allowed per login. Please also keep the login details in safe custody for use at the Online AGM and do not disclose them to anyone else.

The Company is not required to, and will not, independently verify the accuracy of the e-mail addresses or other information provided by registered or non-registered Shareholders. The Company and its agents take no responsibility for all or any loss or other consequence caused by or resulting from any inaccuracy and/or deficiency in the information provided or any unauthorised use of the login details.

SPECIAL ARRANGEMENT FOR THE AGM

2. QUESTIONS FOR THE COMPANY AT THE ONLINE AGM

Shareholders can submit questions during the Online AGM through the online platform in accordance with the instructions on the platform. Whilst the Company will endeavour to address these questions at the Online AGM, if time permits, the Company may respond to any unanswered questions after the Online AGM as appropriate.

3. VOTE BY APPOINTING THE CHAIRMAN OF THE AGM OR ANY OTHER PERSON AS PROXY

All resolutions at the AGM will be decided on a poll. Shareholders who, whether or not are able to attend the AGM, wish to vote on any resolution at the AGM should appoint the chairman of the AGM or any other person as his/her/its proxy to exercise the right to vote at the AGM in accordance with as his/her/its instructions. In appointing the chairman of the AGM or other person as proxy, Shareholders (whether individual or corporate) must give specific instructions as to vote in the proxy forms. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the AGM or any adjournment thereof if they so wish and in such event, the form of proxy shall be deemed to be revoked.

The proxy form has been posted to Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company at www.innocarepharma.com. For Shareholders who are not a registered Shareholder (e.g. the Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), Shareholders should consult directly with their banks or brokers or custodians (as the case may be) for assistance in the appointment of a proxy.

The proxy form should be returned to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the AGM (i.e. by no later than 3:00 p.m. on Wednesday, 31 May 2023) or any adjournment thereof (as the case may be).

If Shareholders have any questions relating to the Online AGM, please contact Computershare Hong Kong Investor Services Limited, the Company's share registrar in Hong Kong.

Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong

Telephone: (852) 2862 8555

Facsimile: (852) 2865 0990

Website: www.computershare.com/hk/contact

Should any changes be made to the AGM arrangements, we will notify Shareholders via an announcement posted on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.innocarepharma.com.

DEFINITIONS

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

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| “2020 RSU Scheme” | the restricted share unit scheme in its present or any amended form as adopted by the Company on 6 July 2020, the maximum number of Shares in respect of which RSU may be granted under the RSU Scheme when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of 6 July 2020 (or of the refreshment of the 10% limit), the details of which are set out in the Company’s announcement dated 6 July 2020 |
| “2022 Profit Distribution Plan” | the profit distribution plan of the Company for the year ended 31 December 2022 |
| “2023 RMB Share Incentive Scheme” or “Incentive Scheme” or “Scheme” | the 2023 STAR Market Restricted Share Incentive Scheme of the Company |
| “Administration Measures” | Measures for the Administration of Equity Incentives of Listed Companies (上市公司股權激勵管理辦法) |
| “AGM” or “Annual General Meeting” | the annual general meeting of the Company to be held at Building 8, No. 8 Life Science Park Road, Zhongguancun Life Science Park, Changping District, Beijing, PRC on Friday, 2 June 2023 at 3:00 p.m. or any adjournment thereof, the notice of which is set out on pages AGM-1 to AGM-7 of this circular |
| “Articles of Association” | the third amended and restated memorandum and articles of association of the Company |
| “associate(s)” | has the meaning ascribed to it under Rule 14A.06(2) of the Listing Rules |
| “Board” | the board of Directors |

DEFINITIONS

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| “China” or “PRC” | the People’s Republic of China, but for the purpose of this circular and for geographical reference only and except where the context requires, references in this circular to “China” and the “PRC” do not apply to Taiwan, Macau and Hong Kong |
| “Company” | InnoCare Pharma Limited, incorporated in the Cayman Islands as an exempted company with limited liability on 3 November 2015, whose Hong Kong Shares are listed on the Main Board of the Stock Exchange (Stock Code: 9969) and whose RMB Shares are listed on the SSE (stock code: 688428) |
| “Company Law” | the Company Law of the People’s Republic of China (《中華人民共和國公司法》) |
| “Compensation Committee” | the compensation committee of the Board |
| “Connected Holder(s)” | holder(s) who is a connected person of the Company |
| “Connected Participant(s)” | participant(s) who is a connected person of the Company |
| “connected person(s)” | has the meaning ascribed to it under Rule 14A.06(7) of the Listing Rules |
| “CSDC” | China Securities Depository and Clearing Corporation Limited |
| “CSRC” | China Securities Regulatory Commission |
| “de facto controller” | has the meaning ascribed to it under the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “First Grant” | the proposed first grant of not more than 7,209,000 Restricted Shares, representing approximately 80.56% of the total number of Restricted Shares under the Incentive Scheme |
| “Grant Date” | the date on which the Company grants the Restricted Shares to the Participants, which must be a trading date |

DEFINITIONS

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| “Group” | the Company and its subsidiaries |
| “Guidelines for Self-discipline” | the Guidelines for Self-discipline Supervision of Companies Listed on the STAR Market No. 4 – Disclosure of Information on Share Incentives (科創板上市公司自律監管指南第4號–股權激勵信息披露) |
| “HK\$” | Hong Kong Dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Hong Kong IPO” | the initial public offering of the Company on the Hong Kong Stock Exchange |
| “Hong Kong Shareholder(s)” | holder(s) of Hong Kong Shares |
| “Hong Kong Share(s)” | ordinary share(s) in the share capital of the Company with a par value of US\$0.000002 each, which are listed on the Stock Exchange |
| “Incentive Scheme Assessment Management Measures” | the Assessment Management Measures for the Implementation of the 2023 STAR Market Restricted Share Incentive Scheme of InnoCare Pharma Limited (諾誠健華醫藥有限公司2023年科創板限制性股票激勵計劃實施考核管理辦法) |
| “Independent Shareholders” | Shareholders who are not required to abstain from voting on the relevant resolutions in relation to the Incentive Scheme and the issue and grant of the Restricted Shares by the Company under Scheme Mandate Limit to be considered and, if thought fit, approved at the AGM |
| “Latest Practicable Date” | 20 April 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Listing Date” | the date on which dealings in the Hong Kong Shares on the Stock Exchange first commenced, being 23 March 2020 |
| “Listing Rules” ” or “Hong Kong Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented or otherwise modified from time to time |

DEFINITIONS

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| “Nomination Committee” | the nomination committee of the Board |
| “Participant(s)” or “Incentive Participant(s)” | the participant(s) of the 2023 RMB Share Incentive Scheme, including Directors, senior management and core technical personnel of the Company (including controlled subsidiaries and branches) and other employees that the Board considers necessary to be motivated, excluding independent non-executive directors, shareholders who individually or collectively hold more than 5% of the shares of the listed company (except Dr. Jisong Cui and Dr. Renbin Zhao) and their spouses, parents and children |
| “Policy on Board Diversity” | the policy on Board diversity adopted by the Company at the Board meeting held on 3 January 2020 |
| “Repurchase Mandate” | a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Hong Kong Shares on the terms set out in the notice convening the Annual General Meeting |
| “Pre-IPO Incentive Plans” | the 2015 Pre-IPO Incentivisation Plan, the 2016 Pre-IPO Incentivisation Plan and the 2018 Pre-IPO Incentivisation Plan, the terms of each being substantially similar |
| “Reserved Grant” | the reserved grant of not more than 1,739,750 Restricted Shares, representing approximately 19.44% of the total number of Restricted Shares under the Incentive Scheme |
| “Restricted Share(s)” | the RMB Share(s) to be obtained in tranches and registered by the Participants who meet the conditions for grant under the Incentive Scheme after meeting the corresponding Vesting Conditions |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “RMB Share Issue” | the initial public offering of RMB Shares of the Company on 21 September 2022 |
| “RMB Share(s)” | the RMB ordinary share(s) with a par value of US\$0.000002 each, which are listed on the STAR Market |

DEFINITIONS

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| “Scheme Mandate Limit” | has the meaning defined in the section headed “11. PROPOSED ISSUE AND GRANT OF THE NEW RMB SHARES UNDER THE 2023 RMB SHARE INCENTIVE SCHEME PURSUANT TO THE SCHEME MANDATE LIMIT” |
| “Securities Law” | the Securities Law of the People’s Republic of China (中華人民共和國證券法) |
| “SFC” | the Securities and Futures Commission |
| “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 par value of US\$0.000002 each in the share capital of the Company, comprising RMB Shares and Hong Kong Shares |
| “Shareholder(s)” or “Member(s)” | the holder(s) of the Share(s) |
| “SSE” | the Shanghai Stock Exchange |
| “STAR Market” | the Science and Technology Innovation Board of the Shanghai Stock Exchange |
| “STAR Market Listing Rules” | the Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange |
| “Stock Exchange” or “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” or “subsidiaries” | shall have the meaning ascribed to it under the Listing Rules |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules Rule 1.01 |
| “Takeovers Code” | the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time |
| “Underlying Shares” | the RMB Shares of the Company |

DEFINITIONS

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| “US\$” | United States dollars, the lawful currency of the United States of America |
| “Vesting” | the act of registering the Restricted Shares by the Company to the account of an Participant after the Vesting Conditions having been satisfied by the Participant |
| “Vesting Conditions” | the vesting conditions as stipulated under the Incentive Scheme which must be satisfied by a Participant in order to obtain the incentive shares |
| “Vesting Date” | the date on which the registration of the granted Restricted Shares is completed after the Vesting Conditions having been satisfied by a Participant, which must be a trading day |
| “%” | per cent |

LETTER FROM THE BOARD



INNOCARE

诺诚健华

InnoCare Pharma Limited
諾誠健華醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9969)

Executive Directors:

Dr. Jisong Cui
Dr. Renbin Zhao

Non-executive Directors:

Dr. Yigong Shi
Mr. Ronggang Xie
Mr. Ming Jin

Independent non-executive Directors:

Dr. Zemin Jason Zhang
Ms. Lan Hu
Dr. Kaixian Chen

Registered office:

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

***Head Office and Principal Place of
Business in the PRC:***

Building 8, No. 8 Life Science Park Road
Zhongguancun Life Science Park
Changping District
Beijing
PRC

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

To the Shareholders

Dear Sir or Madam

- (1) 2022 ANNUAL REPORT;
 - (2) 2022 WORK REPORT OF THE BOARD OF DIRECTORS;
 - (3) PROFIT DISTRIBUTION PLAN OF THE COMPANY IN 2022;
 - (4) PROPOSALS FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
 - (5) RE-ELECTION OF RETIRING DIRECTORS;
 - (6) RE-APPOINTMENT OF AUDITOR;
 - (7) PROPOSED ADOPTION OF THE 2023 RMB SHARE INCENTIVE SCHEME;
 - (8) PROPOSED ADOPTION OF THE INCENTIVE SCHEME ASSESSMENT MANAGEMENT MEASURES;
 - (9) PROPOSED ISSUE AND GRANT OF NEW RMB SHARES UNDER THE 2023 RMB SHARE INCENTIVE SCHEME PURSUANT TO THE SCHEME MANDATE LIMIT;
 - (10) PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2023 RMB SHARE INCENTIVE SCHEME;
 - (11) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS;
 - (12) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
 - (13) PROPOSED PURCHASE OF LIABILITIES INSURANCE FOR THE DIRECTORS AND SENIOR MANAGEMENT;
- AND
NOTICE OF ANNUAL GENERAL MEETING

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to, among other things, provide the Shareholders with the notice of Annual General Meeting, which is set out on pages AGM-1 to AGM-7 of this circular and information of certain proposals to be considered Company so as to enable you to make an informed decision as to whether voting in favor of or against such resolutions.

Resolutions to be proposed at the AGM for the Shareholders' consideration and approval by way of ordinary resolutions, including but not limited to (1) the 2022 annual report; (2) the 2022 work report of the Board of Directors; (3) proposed 2022 Profit Distribution Plan of the Company in 2022; (4) the proposals for granting general mandates to issue and repurchase shares; (5) the proposed re-election of retiring directors; (6) the proposed re-appointment of the auditor for 2023; (7) the proposed adoption of the 2023 RMB Share Incentive Scheme; (8) the proposed adoption of the Incentive Scheme Assessment Management Measures; (9) the proposed issue and grant of new RMB Shares under the 2023 RMB Share Incentive Scheme pursuant to the Scheme Mandate Limit; (10) proposed authorization to the Board to handle matters pertaining to the 2023 RMB Share Incentive Scheme; (11) the proposed amendments to the rules of procedures for the Board of Directors; and (13) proposed purchase of liabilities insurance for the directors and senior management.

Resolution to be proposed at the AGM for the Shareholders' consideration and approval by way of special resolution includes: (12) the Proposed Amendments to the Articles of Association.

2. 2022 ANNUAL REPORT

An ordinary resolution will be proposed at the AGM to consider and approve the 2022 Annual Report.

The 2022 annual report of the Group (prepared in accordance with PRC GAAP) were set out and published on the websites of the Shanghai Stock Exchange (<http://www.sse.com.cn>), the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.innocarepharma.com) on April 27, 2023.

The 2022 annual report of the Group (prepared in accordance with HKFRS) were set out and published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>), the Shanghai Stock Exchange (<http://www.sse.com.cn>), and the Company (www.innocarepharma.com) on April 26, 2023.

3. 2022 WORK REPORT OF THE BOARD OF DIRECTORS

An ordinary resolution will be proposed at the AGM to consider and approve the 2022 work report of the Board, the full text of which is set out in Appendix I.

LETTER FROM THE BOARD

4. PROFIT DISTRIBUTION PLAN OF THE COMPANY IN 2022

An ordinary resolution will be proposed at the AGM to consider and approve the 2022 Profit Distribution Plan. Based on the consolidated operating results, financial position and future development of the Company, the Board recommended not to distribute the final dividend for 2022.

The above 2022 Profit Distribution Plan has been considered and approved by the Board on 26 April 2023, and is hereby proposed at the AGM.

5. GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

In order to ensure greater flexibility for the Company to issue new Shares, an ordinary resolution no. 5 will be proposed at the Annual General Meeting to grant to the Directors a general mandate to exercise the powers of the Company to allot and issue new Shares in the share capital of the Company of up to 20% of the total number of Hong Kong Shares and RMB Shares, respectively, in issue as at the date of the passing of the resolution in relation to such general mandate. As at the Latest Practicable Date, the Company had 1,499,673,235 Hong Kong Shares and 264,648,217 RMB Shares, respectively, in issue. Subject to the passing of the ordinary resolution no. 5 and on the basis that there is no change to the number of issued shares before the Annual General Meeting, the Company will be allowed to issue a maximum of 299,934,647 Hong Kong Shares and 52,929,643 RMB Shares, respectively. In addition, subject to a separate approval of the ordinary resolution no. 7, the number of Hong Kong Shares bought back by the Company under ordinary resolution no. 6 will also be added to the 20% general mandate with regard to Hong Kong Shares only, as mentioned in the ordinary resolution no. 5. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to such general mandate.

In addition, an ordinary resolution will be proposed at the Annual General Meeting to approve the general mandate to the Directors to exercise the powers of the Company to repurchase Hong Kong Shares only, representing up to 10% of the total number of Hong Kong Shares in issue as at the date of the passing of the resolution in relation to such general mandate.

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

6. RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 114.(a) of the Articles of Association, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting by rotation at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Dr. Renbin Zhao, Mr. Ronggang Xie and Dr. Kaixian Chen will retire and be subject to re-election at the Annual General Meeting.

LETTER FROM THE BOARD

The Board is of the view that each of the Directors proposed to be re-elected has extensive working experience in the industry and will contribute to the Group in promoting diversity of the Board. The biographical details of the above retiring Directors who are subject to re-election at the Annual General Meeting are set out in Appendix II to this circular in accordance with the relevant requirements of the Listing Rules.

7. RECOMMENDATION OF THE NOMINATION COMMITTEE

The Nomination Committee will recommend to the Board for the appointment of a Director, including an independent non-executive Director, in accordance with the following selection criteria and nomination procedures:

- (a) identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard to the Company's Policy on Board Diversity, the requirements in the Company's constitution, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experiences, independence and gender diversity;
- (b) assess the independence of independent non-executive Director to determine his/her eligibility with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board. If a proposed independent non-executive Director will be holding his/her seventh (or more) listed company directorship, to assess his/her ability to devote sufficient time to the Board matters; and
- (c) develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in light of this evaluation prepare a description of the role and capabilities required for a particular appointment.

The Nomination Committee has considered Dr. Renbin Zhao, Mr. Ronggang Xie and Dr. Kaixian Chen's extensive experience, their working profile and other experience and factors as set out in their biographical details in Appendix II to this circular. The Nomination Committee is satisfied that each of Dr. Renbin Zhao, Mr. Ronggang Xie and Dr. Kaixian Chen has the required character, integrity and experience to continuously fulfill their roles as Directors effectively. The Board believed that the re-election of Dr. Renbin Zhao as executive Director, Mr. Ronggang Xie as non-executive Directors and Dr. Kaixian Chen as an independent non-executive Director would be in the best interests of the Company and its Shareholders as a whole.

Furthermore, all independent non-executive Directors including Dr. Kaixian Chen, who is eligible for re-election at the Annual General Meeting, have each made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. During their appointment, they have demonstrated their abilities to provide an independent view to the Company's matters.

LETTER FROM THE BOARD

The Nomination Committee has considered the extensive experience of each of Dr. Renbin Zhao, Mr. Ronggang Xie and Dr. Kaixian Chen, respectively and is of the view that they are able to continue to fulfill their role as Directors and thus recommends them to the Board for it to propose to Shareholders for re-election at the Annual General Meeting.

8. RE-APPOINTMENT OF THE AUDITOR OF THE COMPANY

Ernst & Young will retire as the auditor of the Company at the Annual General Meeting and, being eligible, offer itself for re-appointment.

The Board proposed to re-appoint Ernst & Young and Ernst & Young Hua Ming LLP as the auditors of the Company for the audits of the Company's financial statements to be filed with the Stock Exchange and the SSE, respectively. and to hold office until the conclusion of the next annual general meeting of the Company.

9. PROPOSED ADOPTION OF THE 2023 RMB SHARE INCENTIVE SCHEME

Reference is made to the Company's announcement dated 28 April 2023 in relation to, among others, the proposed adoption of the 2023 RMB Share Incentive Scheme and the proposed issue and grant of new RMB Shares under the 2023 RMB Share Incentive Scheme pursuant to the Scheme Mandate Limit.

To achieve and realize the purpose of the 2023 RMB Share Incentive Scheme as set out in the paragraph headed "(i) Purpose and Principle of the 2023 RMB Share Incentive Scheme" below, the Board passed the resolution on 26 April 2023 on the proposed adoption of the 2023 RMB Share Incentive Scheme. An ordinary resolution will be proposed at the AGM to consider, and if thought fit, approve the adoption of the draft 2023 RMB Share Incentive Scheme.

The full text of the 2023 RMB Share Incentive Scheme is set out in Appendix IV to this circular. The 2023 RMB Share Incentive Scheme was prepared in Chinese. In the event of any discrepancy between the English translation and the Chinese version of the 2023 RMB Share Incentive Scheme, the Chinese version shall prevail.

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The principal terms of the 2023 RMB Share Incentive Scheme are summarized as follows:

(i) **Purpose and Principle of the 2023 RMB Share Incentive Scheme**

I. Purpose and Principle of the Incentive Scheme

To improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's employees, effectively bring together the interests of shareholders, the Company and core teams, enable all parties share a common concern for the long-term development of the Company, and under the premise of fully safeguarding the interests of shareholders, the Incentive Scheme is formulated following the principle of income equivalent to contribution in accordance with the relevant laws, regulations and regulatory documents, including the Securities Law, the Administration Measures, the STAR Market Listing Rules, the Guidelines for Self-discipline and the Hong Kong Listing Rules, as well as the relevant provisions of the Articles of Association.

As of the Latest Practicable Date, all the share options under the Pre-IPO Incentive Plans of the Company have been granted and fully exercised. No further options may be granted under the Pre-IPO Incentive Plans. The number of ordinary shares underlying the outstanding RSUs granted by the Company under the Pre-IPO Incentive Plans is 30,629,507, representing 1.74% of the total number of issued shares as at the Latest Practicable Date. The number of ordinary shares underlying the remaining RSUs to be granted under the Pre-IPO Incentive Plans is 51,481,607 representing 2.92% of the total number of issued shares as at the Latest Practicable Date (the "**Remaining RSU Limit**"). All Shares underlying all outstanding RSUs granted and may be granted pursuant to the Pre-IPO Incentive Plans (including the Remaining RSU Limit) have already been issued to relevant grantees upon vesting or to trustees, prior to the Hong Kong IPO. For details, please refer to "Statutory and General Information" in Appendix V of the Company's prospectus dated 11 March 2020. The Scheme Mandate Limit for the Incentive Scheme is 8,948,750 Restricted Shares, which is expected to represent not more than 0.51% of the total issued Shares of the Company as of the date of the AGM. For details of the relevant resolutions, please see "11. Proposed issue and grant of new RMB shares under the 2023 RMB Share Incentive Scheme pursuant to the Scheme Mandate Limit." in this Letter from the Board. The Company expects that there is no difference between the total number of issued shares as at the date on which the Scheme is approved at the general meeting and the total number of issued shares as at the Latest Practicable Date.

On 6 July 2020, the Board of the Company approved the 2020 RSU Scheme (the "**2020 RSU Scheme**"), together with the Pre-IPO Incentive Plans, the "**Existing Schemes**"). The maximum number of ordinary shares available for issue by the Company under the 2020 RSU Scheme, and shares underlying share options or awards may be granted pursuant to any other share incentive scheme (including the Incentive Scheme) shall not, in aggregate, exceed 10% (or such 10% limit is refreshed) of the total issued share capital of the same class of the Company as at the adoption date of the 2020 RSU Scheme. The 2020 RSU Scheme permits the grant of RSUs to eligible employees or officers of the Company or any of its subsidiaries, including but not limited to executive directors and non-executive directors of the Company or any of its subsidiaries. The Scheme became effective on 6 July 2020 and will remain in force for 10 years from the date of adoption. As of the Latest Practicable Date, the Company has not granted any RSU under the 2020 RSU Scheme.

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Since the Latest Practicable Date, the Company has not made any grant under any of the Existing Schemes. The Company further undertakes that it will not make any further grant under any of the Existing Schemes through the time leading to the AGM and any time thereafter, unless the Incentive Scheme is not approved by the Shareholders at the AGM.

Conditional upon the Incentive Scheme being approved by the Shareholders, the Company will terminate all Existing Schemes as soon as practicable in accordance with the applicable scheme rules thereof and in any event no later than the time when the Compliant Scheme (as defined below) is approved for adoption by the Shareholders at a separate general meeting. The Company further undertakes that, it will, no later than 31 December 2023, convene another general meeting to approve the adoption of a share award scheme the terms of which will comply with Chapter 17 of the Listing Rules (the “**Compliant Scheme**”) to make grants thereunder to continue to be satisfied by the Remaining RSU Limit, being also the scheme mandate limit for the Compliant Scheme, through the Hong Kong Shares issued prior to the Hong Kong IPO and currently held by the relevant trustees. For the avoidance of doubt, and for Shareholders’ information only, in the event the Compliant Scheme together with the Remaining RSU Limit has been approved by the Shareholders in a separate general meeting, the total scheme limit for all share schemes of the Company will be not more than 3.43% of the total issued Shares of the Company as of the date of the AGM, that is the aggregate of (i) the Scheme Mandate Limit and (ii) the Remaining RSU Limit. In relation to the grants made under the Existing Schemes that remain outstanding and unvested upon the termination of the Existing Schemes, the provisions of the Existing Schemes shall remain in full force and effect despite the Existing Schemes would be terminated following approval of the Incentive Scheme by the Shareholders.

The Incentive Scheme proposed herein to be adopted by the Company that is limited by the Scheme Mandate Limit, if approved by the Shareholders, will, until the adoption of the Compliant Scheme, be the only share scheme pursuant to which the Company may grant share awards.

The total number of Underlying Shares involved in all share incentive schemes of the Company within the validity period shall not exceed 20% of the total number of issued shares of the Company as at the date on which the Incentive Scheme is approved at the general meeting, and the total number of shares available for issue under all incentive schemes shall not exceed 10% of the total number of issued shares of the Company as at the date on which the Incentive Scheme is approved at the general meeting. Under the Incentive Scheme, the number of issued Shares granted to any Participant through all share incentive schemes of the Company within the validity period does not exceed 1% of the total issued Shares of the Company as at the Latest Practicable Date. In addition, for the Participants who are Directors or chief executives of the Company, the grant of share awards to such persons must be approved by the Independent Non-executive Directors, and the grant of share awards to such persons in any 12-month period will be subject to the approval of the Independent Shareholders if such grant exceeds 0.1% of the total issued Shares of the Company. The Company expects that there is no difference between the total number of issued Shares as at the date on which the Scheme is approved at the general meeting and the total number of issued Shares as at the Latest Practicable Date.

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The Incentive Scheme and the above Existing Schemes are independent of, and not connected with, each other.

II. Incentive Method and Source of Shares under the Incentive Scheme

(I) Share Incentive Method

The incentive instruments adopted in the Incentive Scheme are Class-II Restricted Shares.

(II) Source of the Underlying Shares

The source of the Underlying Shares is the RMB ordinary Shares to be issued to the Incentive Participants by the Company.

III. Number of Restricted Shares to be Granted

The number of Restricted Shares to be granted to the Incentive Participants under the Incentive Scheme is 8,948,750 shares, representing approximately 0.51% of the total issued shares of the Company of 1,764,321,452 shares under the Incentive Scheme as at the Latest Practicable Date, among which 7,209,000 shares were granted under the First Grant, representing approximately 0.41% of the total issued shares of the Company of 1,764,321,452 shares under the Incentive Scheme as at the Latest Practicable Date, and the portion granted under the First Grant accounted for 80.56% of the total equity interest under this grant; 1,739,750 shares were reserved, representing approximately 0.10% of the total issued shares of the Company of 1,764,321,452 shares under the Incentive Scheme as at the Latest Practicable Date, and the reserved portion accounted for 19.44% of the total equity interest under this grant.

IV. Basis for Determination and Scope of the Incentive Participants and their Respective Amount of Interests Granted

(I) Basis for determination of the Incentive Participants

1. Legal basis for determining the Incentive Participants

The Incentive Participants of the Incentive Scheme are determined after taking into account the actual circumstances of the Company and in accordance with the relevant laws, regulations, regulatory documents including the Company Law, the Securities Law, the Administration Measures, the STAR Market Listing Rules, the Guidelines for Self-discipline and the Hong Kong Listing Rules, as well as the relevant provisions of the Articles of Association.

2. Functional basis for determining the Incentive Participants

The Incentive Participants of the First Grant under the Incentive Scheme are the Directors, senior management and core technicians of the Company (including its controlled subsidiaries and branches) and other employees (excluding independent non-executive directors and other shareholders who individually or jointly hold 5% or more of the Shares of the Company and their spouses, parents and children, except Dr. Jisong Cui and Dr. Renbin Zhao) whom the Board considers necessary to be incentivised.

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(II) Scope of the Incentive Participants

1. The total number of Incentive Participants proposed for the First Grant under the Incentive Scheme is 115, representing approximately 12.25% of the total number of 939 employees of the Company as at 31 December 2022, including:
 - (1) the Directors, senior management and core technicians;
 - (2) other employees whom the Board considers necessary to be incentivised.

All Incentive Participants must have an employment or labor relationship with the Company (including its controlled subsidiaries and branches) at the time of the grant of the Restricted Shares and during the assessment period specified in the Incentive Scheme. If the circumstances of the Incentive Participants change before the actual grant of the Restricted Shares by the Board, the Board may make appropriate adjustments to the actual Incentive Participants.

Among the Incentive Participants of the First Grant, Dr. Jisong Cui and Dr. Renbin Zhao are shareholders holding more than 5% of the shares of the Company and foreign employees. Dr. Jisong Cui and Dr. Renbin Zhao are the Chairperson of the Board and the Executive Director of the Company, respectively, both of whom are key members of the Board of the Company, fully responsible for the operation management and research and development of the Company, setting the management objectives and operating policies of the Company, ensuring the healthy and sustainable development of the Company, and playing an important role in the future operation and development of the Company. It is necessary and reasonable for the Incentive Scheme to include Dr. Jisong Cui and Dr. Renbin Zhao as Incentive Participants in line with the actual situation and development needs of the Company and the requirements of the STAR Market Listing Rules and other relevant laws and regulations.

2. Incentive Participants for the Reserved Grant shall be determined within 12 months from the date on which the Incentive Scheme is considered and approved at the general meeting. Upon the proposal by the Board, the opinions of the independent non-executive directors, the professional opinions of the lawyers and the issuance of legal opinions, the Company shall disclose the relevant information of the Incentive Participants on the designated website in a timely and accurate manner as required. If the Incentive Participants are not determined for more than 12 months, the reserved interests shall lapse. The basis for determining the Incentive Participants of the Reserved Grant shall refer to the basis of the First Grant.

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(III) Allocation of the Restricted Shares Granted to the Incentive Participants

No Directors nor chief executive of the Company who is a Incentive Participant under the Incentive Scheme shall be granted of Restricted Shares under the First Grant that will exceed 0.1% of the total issued Shares of the Company. Each Incentive Participant who is a Director or chief executive of the Company has been approved by the Independent Non-executive Director. Allocation of Restricted Shares to be granted to each Incentive Participant under the Incentive Scheme is as follows:

| Name | Nationality | Position(s) | Number of Restricted Shares granted (0'000 shares) | Percentage of the total interests to be granted | Percentage of the total number of issued Shares under the Incentive Scheme as at the Latest Practicable Date |
|---|-------------|--|---|---|--|
| 1. Directors, Senior Management and Core Technicians | | | | | |
| Dr. Jisong Cui (崔霽松博士) | American | Chairman of the Board, Executive Director, CEO, Core Technical Personnel | 165.000 | 18.44% | 0.09% |
| Dr. Xiangyang Chen (陳向陽博士) | American | Chief Technology Officer, Core Technical Personnel | 50.000 | 5.59% | 0.03% |
| Dr. Renbin Zhao (趙仁濱博士) | American | Executive Director, Vice President of Regulatory Affairs and Clinical Development, Core Technical Personnel | 40.000 | 4.47% | 0.02% |
| Total | | | <u>255.000</u> | <u>28.50%</u> | <u>0.14%</u> |
| 2. Other Incentive Participants | | | | | |
| Other employees whom the Board considers necessary to be incentivised (112 persons) | | | <u>465.900</u> | <u>52.06%</u> | <u>0.26%</u> |
| Total of the First Grant | | | 720.900 | 80.56% | 0.41% |
| 3. Reserved Grant | | | <u>173.975</u> | <u>19.44%</u> | <u>0.10%</u> |
| Total | | | <u>894.875</u> | <u>100.00%</u> | <u>0.51%</u> |

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Note 1: The number of shares of the Company to be granted to any one of the above Participants under all share incentive schemes of the Company within the validity period dose not exceed 1% of the total number of issued shares of the Company under the Incentive Scheme as at the Latest Practicable Date. For the Participants who are Directors or chief executives of the Company, the grant of share awards to such persons in any 12-month period will be subject to the approval of the Independent Shareholders if such grant exceeds 0.1% of the total issued Shares. The total number of Underlying Shares involved in all the share incentive schemes of the Company within the validity period shall not exceed 20% of the total number of issued shares of the Company under the Incentive Scheme as at the Latest Practicable Date, and the total number of shares available for issue under all the incentive schemes (including the 2020 RSU Scheme) shall not exceed 10% of the total number of issued shares of the Company as at the Latest Practicable Date.

Note 2: Incentive Participants in the Incentive Scheme exclude independent non-executive directors and other shareholders who individually or jointly hold 5% or more of the Shares and their spouses, parents and children, except Dr. Jisong Cui and Dr. Renbin Zhao.

Note 3: Any difference between the total number and the sum of the breakdowns in the above table is due to rounding.

(IV) Verification of Incentive Participants

1. After the Incentive Scheme has been reviewed and approved by the Board, the Company shall publish a public notice on the names and positions of the Incentive Participants within the Company via the Company's website or other channels for a period of not less than 10 days.
2. After the end of the public notice period, the Company will make an announcement on the results of the public notice based on internal feedback 5 days prior to the consideration of the Incentive Scheme at the general meeting.

V. Validity Period, Grant Date, Vesting Arrangement and Black-Out Period of Incentive Scheme

(I) Validity Period of the Incentive Scheme

The validity period of the Incentive Scheme (the “**Validity Period**”) commences from the date of the First Grant of the Restricted Shares until the date on which all Restricted Shares granted to the Incentive Participants have been vested or lapsed. The Validity Period shall not exceed 72 months.

(II) Grant Date of the Incentive Scheme

The Grant Date shall be determined by the Board after the Incentive Scheme is considered and approved at the general meeting of the Company. The Company shall, within 60 days after the consideration and approval at the general meeting, convene a Board meeting to make grants to the Incentive Participants under the First Grant in accordance with the relevant requirements, and complete the announcement(s) and other relevant procedures. If the Company fails to complete the above work within the 60-day period, it shall disclose the reasons for such failure and terminate the implementation of

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the Scheme, and the Restricted Shares that have not been granted shall lapse. Pursuant to the Administrative Measures, the period during which a listed company shall not make grant is not counted within the 60 days. The Reserved Grant shall be within 12 months after the Incentive Scheme is considered and approved at the general meeting of the Company. If the Incentive Participants are not determined for more than 12 months, the Reserved Grant shall lapse. The Grant Date must be a trading day and no grants shall be made during the following periods:

1. The Company shall not grant the relevant interests after inside information has come to its knowledge until (and including) the trading day after the announcement of the relevant information. In particular, no such interest shall be granted within one month immediately before the earliest of:
 - (1) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Hong Kong Listing Rules) for approving any annual, half-year, quarterly or any other interim results of the Company (whether or not required under the Hong Kong Listing Rules); and
 - (2) the deadline by which the Company is required to announce its annual, half-year results, or the deadline for announcing quarterly or any other interim results under the Hong Kong Listing Rules (whether or not required under the Hong Kong Listing Rules). The relevant restrictions end on the date of the announcement of the results. No interest may be granted for the period during which the announcement of the results is delayed.

The Company shall not grant any interests to the Participants who are Directors 60 days before and including the date of publishing the annual results.

2. Other periods as prescribed by the Stock Exchange and the SSE.

(III) Vesting arrangements of the Incentive Scheme

The Restricted Shares granted under the Incentive Scheme may be vested in tranches as per the agreed proportions upon the Incentive Participants satisfying the corresponding Vesting Conditions. The Vesting Date must be a trading day, and the period during which Vesting is not permitted under the listing rules of the stock exchanges is not included.

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The Restricted Shares granted to the Incentive Participants shall not be vested in the following periods:

1. Within thirty days prior to the announcement of the annual reports and of the semi-annual reports prepared by the Company in accordance with the Securities Law, the STAR Market Listing Rules and other laws, regulations, regulatory documents and rules, or in the event of postponement in publishing the foresaid annual reports and the semi-annual reports for special reasons, from thirty days prior to the original announcement date and ending on the day prior to the announcement date;
2. Within ten days prior to the release of the quarterly reports, results forecast or preliminary report prepared by the Company in accordance with the Securities Law, the STAR Market Listing Rules and other laws, regulations, regulatory documents and rules;
3. From the date of a significant event which may have a material impact on the trading price of the Company's securities and derivatives or during the process of decision making until the date of disclosure in accordance with laws;
4. Other periods as prescribed by the Stock Exchange and the SSE.

If the relevant regulations of the stock exchanges regarding the vesting period change during the Validity Period of the Incentive Scheme, the Vesting Date shall comply with the relevant amended laws, regulations and regulatory documents.

The Vesting terms and Vesting arrangements for the Restricted Shares of the First Grant under the Incentive Scheme are as follows:

The specific Vesting arrangements are as follows:

| Vesting arrangement | Time of Vesting | Percentage of the vesting interests to the total interests granted under the First Grant |
|---|--|---|
| First Vesting Period of the First Grant | The first trading day after 12 months from the date of the First Grant to the last trading day within 24 months from the date of the First Grant | 25% |

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| Vesting arrangement | Time of Vesting | Percentage of the vesting interests to the total interests granted under the First Grant |
|--|--|---|
| Second Vesting Period of the First Grant | The first trading day after 24 months from the date of the First Grant to the last trading day within 36 months from the date of the First Grant | 25% |
| Third Vesting Period of the First Grant | The first trading day after 36 months from the date of the First Grant to the last trading day within 48 months from the date of the First Grant | 25% |
| Fourth Vesting Period of the First Grant | The first trading day after 48 months from the date of the First Grant to the last trading day within 60 months from the date of the First Grant | 25% |

The Vesting period and Vesting arrangement of the Reserved Restricted Shares of the Incentive Scheme are as follows:

| Vesting arrangement | Time of Vesting | Percentage of the vesting interests to the total interests granted under the Reserved Granted |
|---|--|--|
| First Vesting Period of the Reserved Grant | The first trading day after 12 months from the date of the Reserved Grant to the last trading day within 24 months from the date of the Reserved Grant | 25% |
| Second Vesting Period of the Reserved Grant | The first trading day after 24 months from the date of the Reserved Grant to the last trading day within 36 months from the date of the Reserved Grant | 25% |

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| Vesting arrangement | Time of Vesting | Percentage of the vesting interests to the total interests granted under the Reserved Granted |
|---|--|--|
| Third Vesting Period of the Reserved Grant | The first trading day after 36 months from the date of the Reserved Grant to the last trading day within 48 months from the date of the Reserved Grant | 25% |
| Fourth Vesting Period of the Reserved Grant | The first trading day after 48 months from the date of the Reserved Grant to the last trading day within 60 months from the date of the Reserved Grant | 25% |

Prior to the Vesting, the Restricted Shares granted to the Incentive Participants under the Incentive Scheme shall not be transferred, or used as security or debt repayment. For the Restricted Shares granted to the Incentive Participants but not yet vested, shares increased due to reasons such as capitalisation issue, bonus issue, are also subject to the Vesting Conditions, and shall not be transferred or used as security or debt repayment prior to the Vesting. Where the Restricted Shares are not allowed to be vested at that time, shares obtained for the aforementioned reasons shall also not be vested.

(IV) Black-out period under the Incentive Scheme

The black-out period refers to the period during which the Restricted Shares granted to the Incentive Participants are restricted to be sold after Vesting. There is no black-out period for the shares granted under the Restricted Incentive Scheme after they are vested. For the Incentive Participants who are Directors and senior management of the Company, the black-out provisions shall be implemented in accordance with the Securities Law, the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (《上市公司股東、董監高減持股份的若干規定》), the Rules on the Administration of Shares held by Directors, Supervisors and Senior Management of Listed Companies and the Changes of Such Shares (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》) and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (《上海證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) and other relevant laws, regulations and regulatory documents as well as the Articles of Association, including but not limited to:

1. Where the Incentive Participant is a Director and a member of the senior management of the Company, the number of RMB ordinary shares which may be transferred each year during his/her term of office shall not exceed 25% of the total number of RMB ordinary shares held by him/her in the Company. No RMB ordinary shares held by him/her may be transferred within 6 months after his/her termination of office.

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2. For Incentive Participants who are Directors and members of the senior management of the Company, if they sell the Shares held by them within 6 months after purchasing such Shares, or if they purchase the Shares within 6 months after the sale, the gains obtained therefrom shall be attributed to the Company and the Board shall take back the gains.

During the Validity Period of the Incentive Scheme, if the the relevant laws, regulations, regulatory documents including the Securities Law, the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies, the Rules on the Administration of Shares held by Directors, Supervisors and Senior Management of Listed Companies and the Changes of Such Shares and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies as well as the relevant provisions of the Articles of Association regarding the transfer of shares held by the Directors and senior management of the Company are changed, the transfer of the Shares held by these Incentive Participants shall comply with the amended requirements at the time of transfer.

VI. Grant Price of the Restricted Shares and the Basis For Determination Thereof

(I) Grant Price of the Restricted Shares

The Grant Price of the Restricted Shares under the Scheme (including the Reserved Grant) shall be RMB6.95 per share, which means the Incentive Participants can purchase the RMB ordinary Shares issued by the Company to the Incentive Participants at the price of RMB6.95 per share upon satisfaction of the Vesting Conditions.

(II) Basis for determining the Grant Price of the Restricted Shares

The Grant Price of the Restricted Shares under the Incentive Scheme shall be not less than par value of the Shares and shall not be lower than the highest of:

1. 50.00% of the average trading price of the RMB ordinary Shares of the Company on the last trading day preceding the date of the announcement of the draft Incentive Scheme (the total transaction value of the shares on the last trading day divided by the total transaction volume of the shares on the last trading day) (i.e. RMB13.57 per share), which is RMB6.79 per share;
2. 50.00% of the average trading price of RMB ordinary Shares of the Company for the 20 trading days preceding the date of announcement of the draft Incentive Scheme (the total transaction value of the shares for the 20 trading days divided by the total transaction volume of the shares for the 20 trading days) (i.e. RMB13.64 per share), which is RMB6.82 per share;

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3. 50.00% of the average trading price of RMB ordinary Shares of the Company for the 60 trading days preceding the date of announcement of the draft Incentive Scheme (the total transaction value of the shares for the 60 trading days divided by the total transaction volume of the shares for the 60 trading days) (i.e. RMB13.16 per share), which is RMB6.58 per share;
4. 50.00% of the average trading price of RMB ordinary Shares of the Company for the 120 trading days preceding the date of announcement of the draft Incentive Scheme (the total transaction value of the shares for the 120 trading days divided by the total transaction volume of the shares for the 120 trading days) (i.e. RMB13.89 per share), which is RMB6.95 per share.

VII. Grant and Vesting Conditions of the Restricted Shares

(I) Conditions for grant of the Restricted Shares

The Company shall grant the Restricted Shares to the Incentive Participants upon satisfaction of all of the following granting conditions; or conversely, if any of the following granting conditions has not been satisfied, no Restricted Shares shall be granted to the Incentive Participants.

1. None of the following circumstances has occurred on the part of the Company:
 - (1) an audit report on the financial accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (2) an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (3) in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
 - (4) laws and regulations stipulate that share incentives shall not be implemented;
 - (5) other circumstances as determined by the CSRC.
2. None of the following circumstances has occurred on the part of the Incentive Participants:
 - (1) being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;

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- (2) being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
- (3) being subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations within the most recent 12 months;
- (4) being prohibited from acting as a director or a member of the senior management of a company under the Company Law;
- (5) being prohibited from participation in share incentive schemes of listed companies by laws and regulations;
- (6) other circumstances as determined by the CSRC.

(II) Conditions for Vesting of the Restricted Shares and Clawback Mechanism

Restricted Shares granted to the Incentive Participants shall satisfy all of the following Vesting Conditions (the “**Clawback Events**”) before they are vested in tranches:

1. None of the following circumstances has occurred on the part of the Company:
 - (1) an audit report on the financial accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (2) an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (3) in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
 - (4) laws and regulations stipulate that share incentives shall not be implemented;
 - (5) other circumstances as determined by the CSRC.
2. None of the following circumstances has occurred on the part of the Incentive Participants:
 - (1) being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;

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- (2) being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
- (3) being subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations within the most recent 12 months;
- (4) being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
- (5) being prohibited from participation in share incentives of listed companies by laws and regulations;
- (6) other circumstances as determined by the CSRC.

In the event that any one of the Clawback Events specified in the above subparagraph 1 arises, the Restricted Shares that have been granted but have not yet been vested to all of the Incentive Participants under the Incentive Scheme shall not be vested and shall lapse. In the event that the Restricted Shares shall not be granted to an Incentive Participant as specified in the above subparagraph 2, the Restricted Shares that have been granted but have not yet been vested to such Incentive Participant shall not be vested and shall be canceled.

3. Incentive Participants satisfying the requirements on length of employment in each Vesting period

Before each tranche of Restricted Shares granted to the Incentive Participants is vested, the length of employment of the Incentive Participant must be more than 12 months in the Company.

4. Performance assessment requirements at the Company level

The assessment year for the Restricted Shares of the First Grant under the Incentive Scheme shall be the four accounting years from 2023 to 2026. The assessment shall be conducted once in each accounting year. The specific assessment targets are set out below:

| Vesting Arrangements | Assessment year | Performance assessment target A 100% shares to be vested by the Company | Performance assessment target B 80% shares to be vested by the Company | Performance assessment target C 70% shares to be vested by the Company |
|---|-----------------|---|--|--|
| First Vesting Period of the First Grant | 2023 | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB1 billion 2. Six new clinical trials are initiated in 2023 (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB900 million 2. Five new clinical trials are initiated in 2023 (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB800 million 2. Four new clinical trials are initiated in 2023 (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). |

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| Vesting Arrangements | Assessment year | Performance assessment target A 100% shares to be vested by the Company | Performance assessment target B 80% shares to be vested by the Company | Performance assessment target C 70% shares to be vested by the Company |
|--|-----------------|---|--|---|
| Second Vesting Period of the First Grant | 2024 | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the accumulated operating revenue shall not be less than RMB2.5 billion 2. From 2023 to 2024, 12 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the accumulated operating revenue shall not be less than RMB2.15 billion 2. From 2023 to 2024, 10 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the accumulated operating revenue shall not be less than RMB1.8 billion 2. From 2023 to 2024, 8 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). |
| Third Vesting Period of the First Grant | 2025 | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the accumulated operating revenue shall not be less than RMB4.5 billion 2. From 2023 to 2025, 20 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the accumulated operating revenue shall not be less than RMB3.9 billion 2. From 2023 to 2025, 17 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the accumulated operating revenue shall not be less than RMB3.3 billion 2. From 2023 to 2025, 14 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). |
| Fourth Vesting Period of the First Grant | 2026 | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB8.5 billion 2. From 2023 to 2026, 28 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB6.9 billion 2. From 2023 to 2026, 24 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB5.3 billion 2. From 2023 to 2026, 20 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). |

Note: The above “operating revenue” is calculated based on the data set out in the consolidated statements audited by the accounting firm engaged by the Company. (same below)

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The assessment year for the Restricted Shares under the Reserved Grant granted before the disclosure of the third quarterly report for 2023 shall be the four accounting years from 2023 to 2026. The assessment shall be conducted once in each accounting year. The specific assessment targets are in line with the First Grant; The assessment year for the Restricted Shares under the Reserved Grant granted after the disclosure of the third quarterly report for 2023 shall be the four accounting years from 2024 to 2027. The assessment shall be conducted once in each accounting year. The specific assessment targets are set out below:

| | | Performance assessment target A | Performance assessment target B | Performance assessment target C |
|--|----------------------------|--|---|---|
| Vesting Arrangements | Assessment year | 100% shares to be vested by the Company | 80% shares to be vested by the Company | 70% shares to be vested by the Company |
| First Vesting Period of the Reserved Grant | 2024 | <p>The Company satisfies any one of the following conditions:</p> <p>1. From 2023 to 2024, the accumulated operating revenue shall not be less than RMB2.5 billion</p> <p>2. From 2023 to 2024, 12 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled).</p> | <p>The Company satisfies any one of the following conditions:</p> <p>1. From 2023 to 2024, the accumulated operating revenue shall not be less than RMB2.15 billion</p> <p>2. From 2023 to 2024, 10 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled).</p> | <p>The Company satisfies any one of the following conditions:</p> <p>1. From 2023 to 2024, the accumulated operating revenue shall not be less than RMB1.8 billion</p> <p>2. From 2023 to 2024, eight new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled).</p> |

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| Vesting Arrangements | Assessment year | Performance assessment target A 100% shares to be vested by the Company | Performance assessment target B 80% shares to be vested by the Company | Performance assessment target C 70% shares to be vested by the Company |
|---|-----------------|---|---|---|
| Second Vesting Period of the Reserved Grant | 2025 | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the accumulated operating revenue shall not be less than RMB4.5 billion 2. From 2023 to 2025, 20 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the accumulated operating revenue shall not be less than RMB3.9 billion 2. From 2023 to 2025, 17 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the accumulated operating revenue shall not be less than RMB3.3 billion 2. From 2023 to 2025, 14 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). |
| Third Vesting Period of the Reserved Grant | 2026 | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB8.5 billion 2. From 2023 to 2026, 28 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB6.9 billion 2. From 2023 to 2026, 24 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB5.3 billion 2. From 2023 to 2026, 20 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). |

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| Vesting Arrangements | Assessment year | Performance assessment target A | Performance assessment target B | Performance assessment target C |
|---|-----------------|--|--|---|
| | | 100% shares to be vested by the Company | 80% shares to be vested by the Company | 70% shares to be vested by the Company |
| Fourth Vesting Period of the Reserved Grant | 2027 | The Company satisfies any one of the following conditions: 1. From 2023 to 2027, the accumulated operating revenue shall not be less than RMB13.5 billion 2. From 2023 to 2027, 36 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2027, the accumulated operating revenue shall not be less than RMB10.9 billion 2. From 2023 to 2027, 31 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). | The Company satisfies any one of the following conditions: 1. From 2023 to 2027, the accumulated operating revenue shall not be less than RMB8.3 billion 2. From 2023 to 2027, 26 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled). |

If the Company fails to meet the above performance indicators, all the Restricted Shares that are not vested to the Incentive Participants for the current period shall not be vested or deferred to the next Vesting Period, and shall be canceled.

5. Performance assessment requirements at the Incentive Participant's individual level

The Company conducts individual performance assessment on the Incentive Participants during the assessment year and determines the actual number of Restricted Shares to be vested to the Incentive Participants based on their assessment results. The performance assessment results of the Incentive Participants are divided into three levels, namely ME & ME Above, ME- and BE, and the actual number of Shares to be vested to the Incentive Participants will be determined according to the proportion of Vesting at the individual level corresponding to the following assessment rating table:

| Assessment results | ME & ME Above | ME- | BE |
|--------------------------------|---------------|-----|----|
| Individual-level Vesting ratio | 100% | 80% | 0 |

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The actual number of Restricted Shares to be vested to the Incentive Participants in the current year = the number of Restricted Shares planned to be vested to individuals in the current year × Company-level Vesting ratio × Individual-level Vesting ratio.

If the Restricted Shares planned to be vested to the Incentive Participants for the current period cannot be vested or cannot be fully vested due to assessment reasons, the Restricted Shares shall be canceled and shall not be deferred to the following years.

(III) Explanation on the scientificity and reasonableness of the assessment indicators

The assessment indicators of the Incentive Scheme are divided into two levels, namely performance assessment at the Company level and performance assessment at the individual level.

The performance indicators at the Company level include operating revenue and number of clinical trials. Operating revenue indicators can truly reflect the Company's operating conditions and market conditions, and are effective indicators for predicting the trend of business expansion and measuring the growth of the Company. The long R&D cycle of original innovative drugs, large capital investment, high technical barriers, and the number of clinical trials can truly reflect the Company's R&D progress, which is an important indicator to measure the Company's future development potential. The Company has set the performance assessment indicators for the Incentive Scheme after taking into account the macroeconomic environment, the Company's historical performance, industry development, market competition and the Company's future development plan and other relevant factors. The assessment indicators set in the Incentive Scheme are challenging to a certain extent, which will help enhance the Company's competitiveness and motivate the employees, ensure the realisation of the Company's future development strategy and business objectives, and bring more efficient and lasting returns to the Shareholders.

In addition to performance assessment at the Company level, the Company has also set up a strict performance assessment system for individuals, which can make a relatively accurate and comprehensive evaluation of the work performance of the Incentive Participants. The Company will determine whether each of the Incentive Participant has met the Vesting Conditions based on their performance assessment results for the previous year.

In summary, the assessment system of the Incentive Scheme is all-round, comprehensive and practicable, and the assessment indicators are scientific and reasonable, which are binding on the Incentive Participants and can serve the assessment purpose of the Incentive Scheme.

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VIII. Procedures for the Implementation of the Restricted Share Incentive Scheme

(I) Procedures for the implementation of the Restricted Share Incentive Scheme

1. The Compensation Committee of the Board is responsible for preparing the draft and summary of the Incentive Scheme.
2. The Board shall resolve on the Incentive Scheme in accordance with the laws. When the Board considers the Incentive Scheme, the Directors who are the Incentive Participants or related thereto shall abstain from voting. The Board shall submit the Incentive Scheme to the general meeting for consideration after considering and approving the Incentive Scheme and performing the publicity and announcement procedures, and propose to the general meeting to authorize the Board (and its authorized person) to implement the Grant and Vesting (registration) of the Restricted Shares.
3. The independent non-executive directors shall express their opinions on whether the Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole. The Company will engage an independent financial adviser with securities qualifications to give its professional opinion on the feasibility of the Incentive Scheme, whether the Incentive Scheme is conducive to the sustainable development of the Company, and whether it is detrimental to the interests of the Company, and the impact on the interests of shareholders. The law firm shall issue a legal opinion on the Incentive Scheme.
4. The Company shall carry out self-examination on the trading of RMB ordinary shares of the Company and their derivatives by insiders within 6 months prior to the announcement of the draft Incentive Scheme.
5. The Incentive Scheme shall be subject to the consideration and approval at the general meeting of the Company. Before convening the general meeting, the Company shall publish a public notice on the names and positions of the Incentive Participants internally through the Company's website or other channels for a period of not less than 10 days. After the end of the public notice period, the Company will make an announcement on the results of the public notice based on internal feedback 5 days prior to the consideration of the Incentive Scheme at the general meeting.
6. The independent non-executive directors shall solicit proxy voting rights from all shareholders in respect of the Incentive Scheme.

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7. The general meeting of the Company shall vote by ballot on the Incentive Scheme, and shall be approved by more than half of the voting rights held by the shareholders present at the meeting. The voting of the shareholders of RMB ordinary shares (other than the directors, senior management of the Company and shareholders individually or collectively holding more than 5% of the shares of the Company) shall be separately counted and disclosed.

When the Incentive Scheme is considered at the Company's general meeting, shareholders who are Incentive Participants or shareholders who are related to the Incentive Participants shall abstain from voting thereon.

8. The Company shall grant the Restricted Shares to the Incentive Participants within the prescribed period upon consideration and approval of the Incentive Scheme at the general meeting of the Company and the fulfillment of grant conditions stipulated under the Incentive Scheme. The Board (and their authorized person) shall be responsible for the grant and Vesting of the Restricted Shares in accordance with the mandate granted at the general meeting.

(II) Procedures for granting the Restricted Shares

1. Upon consideration and approval of the Incentive Scheme at the general meeting and passing the resolution of granting interests to the Incentive Participants at the board meeting, the Company shall sign an "Agreement on the Grant of Restricted Shares" with the Incentive Participants in order to set out their respective rights and obligations.
2. The Board shall consider and announce whether the conditions of a grant of interests to an Incentive Participant as set out in the Incentive Scheme have been satisfied before the Company makes a grant of interests to such Incentive Participant, and the Reserved Grant of Restricted Shares shall be determined, considered and approved by the Board. The independent non-executive directors shall simultaneously express clear opinions (including approving any grant of Restricted Shares to a Director or a chief executive of the Company). The law firm shall issue legal opinions on whether the conditions of a grant of interests to the Incentive Participants are fulfilled or not.
3. Where there is any discrepancy between the grant of interests by the Company to the Incentive Participants and the arrangement of the Incentive Scheme, the independent non-executive directors and the law firm shall simultaneously express clear opinions.

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4. The Company shall grant Restricted Shares to Incentive Participants under the First Grant and make an announcement within 60 days after the Incentive Scheme is considered and approved at the general meeting of the Company. In the event the Company fails to make the First Grant within 60 days, the Incentive Scheme shall be terminated, and the Board shall disclose the reason for such failure in a timely manner and announce the termination of the Incentive Scheme, and shall be prohibited from considering a share incentive scheme again within three months commencing from the date of such announcement.

Incentive Participants eligible for Reserved Grant shall be determined within 12 months after the Incentive Scheme is considered and approved at the general meeting. If Incentive Participants are not confirmed within 12 months, the Reserved Grant will lapse.

(III) Procedures for the Vesting of the Restricted Shares

- (1) Before the Vesting of the Restricted Shares, the Board of the Company shall consider whether the Vesting Conditions of the Incentive Participants as set out in the Incentive Scheme have been fulfilled, and the independent non-executive directors shall also issue clear opinions, and the law firm shall issue legal opinions on whether the conditions for the exercise of interests by the Incentive Participants have been fulfilled. For the Incentive Participants who have fulfilled the Vesting Conditions, the Company shall handle the Vesting in a unified manner, and for the Incentive Participants who have not fulfilled the Vesting Conditions, the Restricted Shares in the relevant tranche shall not be vested and shall lapse. The Company shall disclose the announcement of the resolutions of the Board in a timely manner after the Vesting of the Incentive Participants, and announce the opinions of the independent non-executive directors and the law firm and the relevant implementation thereof.
- (2) Before handling the Vesting of the Restricted Shares in a unified manner, the Company shall apply to the Shanghai Stock Exchange. The Company shall apply to the securities depository and clearing institution for the registration and settlement matters after confirmation by the Shanghai Stock Exchange.

(IV) Procedures for amendments to the Incentive Scheme

1. In the event that the Company intends to amend the Incentive Scheme before it is considered and approved at the general meeting, such amendment shall be considered and approved by the Board.

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2. In the event that the Company intends to amend the Incentive Scheme after it is considered and approved at the general meeting, such amendment shall be considered and determined at the general meeting given that such amendment shall not result in the following:
 - (1) accelerating the Vesting;
 - (2) reducing the Grant Price (except for circumstances where the Grant Price is lowered due to capitalisation issue, bonus issue, rights issue and other reasons).
3. The independent non-executive directors of the Company shall express their independent opinions on whether the amended scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and its Shareholders as a whole. The law firm shall issue professional opinions on whether the amended scheme complies with the provisions of the Administration Measures and relevant laws and regulations, and whether it is obviously detrimental to the interests of the Company and its Shareholders as a whole.

(V) Procedures for Termination of the Incentive Scheme

1. If the Company intends to terminate the implementation of the Incentive Scheme before it is considered at the general meeting, such termination shall be considered and approved by the Board.
2. If the Company intends to terminate the implementation of the Incentive Scheme after it is considered and approved at the general meeting, such termination shall be considered and determined at a general meeting.
3. The law firm shall issue professional opinions on whether the Company's termination of the Incentive Scheme complies with the provisions of the Administration Measures and relevant laws and regulations, and whether it is obviously detrimental to the interests of the Company and its Shareholders as a whole.

Since the date when the Company considered and approved to terminate the implementation of the Incentive Scheme at the general meeting, the Restricted Shares outstanding under the Incentive Scheme shall not be granted, and the granted but not vested Restricted Shares shall not be vested and become invalid.

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IX. Adjustment Method and Procedures of the Restricted Share Incentive Scheme

(I) Adjustment method of the number of Restricted Shares granted and the number vested

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company in the period from the date of announcement of the Incentive Scheme to the completion of Vesting and registration of Restricted Shares by the Incentive Participants, the number of Restricted Shares granted/vested shall be adjusted accordingly. The adjustment method is as follows:

1. Capitalisation issue, bonus issue and sub-division of share capital

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

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; n represents the ratio of increase per Share resulting from the capitalisation issue, bonus issue or sub-division of Shares (i.e., the number of Shares increased per Share upon capitalisation issue, bonus issue or sub-division of Shares); Q represents the adjusted number of Restricted Shares granted/vested.

2. Rights issue

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

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of Restricted Shares granted/vested.

3. Share consolidation

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; n represents the ratio of consolidation of shares (i.e., one share shall be consolidated into n shares); Q represents the adjusted number of Restricted Shares granted/vested.

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4. New issue of shares

In the event of issue of new shares, no adjustment shall be made to the number of Restricted Shares granted/vested.

(II) Adjustment method of the Grant Price of the Restricted Shares

In the event of any capitalisation issue, bonus issue, sub-division, rights issue, share consolidation or dividend distribution of the Company in the period from the date of announcement of the Incentive Scheme to the completion of Vesting and registration of Restricted Shares by the Incentive Participants, an adjustment to the Grant Price of Restricted Shares shall be made by the Company accordingly. The adjustment method is as follows:

1. Capitalisation issue, bonus issue and sub-division of share capital

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

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue and sub-division of share capital; P represents the adjusted Grant Price.

2. Rights issue

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

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Grant Price.

3. Share consolidation

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of share consolidation; P represents the adjusted Grant Price.

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4. Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the adjusted Grant Price. P shall be greater than 1 after the dividend distribution.

5. Additional issue of new shares

Under the circumstance of additional issue of new shares, no adjustment will be made on the Grant Price of the Restricted Shares.

(III) Adjustment procedures of the Restricted Share Incentive Scheme

In the event of the above circumstances, the Board of the Company shall consider and approve the resolution on the adjustment of the number of Restricted Shares to be granted/vested and the Grant Price (if the number and price of Restricted Shares to be granted/vested needs to be adjusted for matters other than the above circumstances, such resolution shall be submitted to the general meeting of the Company for consideration, in addition to the Board's consideration of the relevant resolution). The Company shall engage a law firm to issue professional opinions to the Board on whether the above adjustments are in compliance with the Administration Measures, the Articles of Association and the Incentive Scheme. After the adjustment proposal is considered and approved by the Board, the Company shall timely make an announcement on the resolutions of the Board and the legal opinions.

X. Accounting Treatment on the Restricted Shares

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments (《企業會計準則第11號-股份支付》) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第22號-金融工具確認和計量》), the Company shall, on each balance sheet date during the period from the Grant Date to the Vesting Date, revise the number of Restricted Shares expected to be vested according to the latest information such as the change in the number of persons entitled to be vested and the completion of performance indicators, and recognise the services obtained in the current period in relevant costs or expenses and capital reserve according to the fair value of the Restricted Shares on the Grant Date.

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(I) Fair value of the Restricted Shares and the determination method

With reference to the “Application of Share-based Payment Standards – Grant of Restricted Shares (《股份支付準則應用案例–授予限制性股票》)” issued by the Accounting Department of the Ministry of Finance of the People’s Republic of China, the measurement of the share-based payment expenses for Class-II Restricted Shares is based on share options. In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments (《企業會計準則第11號–股份支付》) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第22號–金融工具確認和計量》), the Company selected the Black-Scholes model to calculate the fair value of the Class-II Restricted Shares, and measured the fair value of the 7,209,000 Restricted Shares under the First Grant on 04/26/2023. Specific parameters are as follows:

1. Underlying share price: RMB13.53/share (assuming the closing price on the date of the First Grant is the closing price on 26 April 2023);
2. Validity Period: 12 months, 24 months, 36 months and 48 months (the period from the Grant Date of the Restricted Shares to the Vesting Date of each tranche);
3. Historical volatility: 31.9489%, 34.9121%, 35.7182% and 36.3346% (adopting the volatility rate of peer companies for the past 12 months, 24 months, 36 months and 48 months, respectively);
4. Risk-free interest rate: 2.1754%, 2.4056%, 2.4887% and 2.5758% (using the 1-year, 2-year, 3-year and 4-year yield maturity of treasury bonds, respectively).

(II) Estimated impact on operating performance in each period due to implementation of the Restricted Shares

The fair value of the Restricted Shares on the Grant Date will be determined by the Company in accordance with the requirements of accounting standards, and the share-based payments under the Incentive Scheme will be further determined accordingly, which will be amortized according to the percentage as set out in the Vesting arrangement during the implementation of the Incentive Scheme. The costs of incentives arising from the Incentive Scheme will be charged to the recurring profit and loss.

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According to the requirements of the PRC Accounting Standards, the impact of the Restricted Shares under the First Grant of the Incentive Scheme on the accounting costs for each period is as follows (assuming the Company makes the grant in early June 2023):

| Number of Restricted Shares under the First Grant (0'000 shares) | Total costs to be amortized (RMB0'000) | 2023 (RMB0'000) | 2024 (RMB0'000) | 2025 (RMB0'000) | 2026 (RMB0'000) | 2027 (RMB0'000) |
|--|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| 7,209,000 | 5,217.51 | 1,543.50 | 1,936.37 | 1,058.37 | 533.97 | 145.31 |

Notes:

- The above calculation results do not represent the final accounting costs. The actual accounting costs are related to the Grant Date, the Grant Price and the number of Restricted Shares vested. If an Incentive Participant resigns before Vesting, or the Company or the Participant fails to meet the corresponding performance assessment standards, the actual number of shares vested will be reduced accordingly and thus the share-based payment will be lowered. Besides, the possible dilutive effects are brought to the attention of Shareholders.
- The final result of the above impact on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

The above calculation does not include the Reserved Grant of Restricted Shares, and additional share-based payment expenses will be incurred when the Restricted Shares under the Reserved Grant are granted.

According to the preliminary evaluation by the Company based on the information available, the amortisation of expenses of the Restricted Shares will have an impact on the net profit each year within the Validity Period. But at the same time, the implementation of the Incentive Scheme will further enhance the cohesion of employees and team stability, and effectively motivate the management team, thereby improving operating efficiency and bringing higher operating performance and intrinsic value to the Company.

XI. Rights and Obligations of the Company/Incentive Participants

(I) Rights and obligations of the Company

- The Company shall have the right to construe and execute the Incentive Scheme and shall appraise the performance of Incentive Participants based on the requirements under the Incentive Scheme. If an Incentive Participant fails to fulfil the Vesting Conditions required under the Incentive Scheme, according to the principles of the Incentive Scheme, the Restricted Shares that have been granted to Incentive Participants but not yet vested shall not be vested and shall lapse.

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2. The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Incentive Participants to obtain relevant Restricted Shares according to the Incentive Scheme.
3. The Company shall make timely, true, accurate and complete disclosure of information disclosure documents related to the Incentive Scheme in accordance with relevant laws, regulations and regulatory documents, and ensure that there are no false records, misleading statements or material omissions, and timely fulfil the relevant reporting obligations of the Incentive Scheme.
4. The Company shall proactively procure the Vesting of Restricted Shares for Incentive Participants who have satisfied the Vesting Conditions pursuant to the Incentive Scheme and the relevant requirements of the CSRC, the Shanghai Stock Exchange and the Shanghai Branch of CSDC. The Company shall not be held liable for losses incurred by the Incentive Participants who fail to complete the Vesting of their Restricted Shares due to reasons caused by the CSRC, the Shanghai Stock Exchange and CSDC.
5. If the Incentive Participants violate the laws or professional ethics, disclose confidential information of the Company, or involve in dereliction of duty or malfeasance and other acts which may cause serious damage to the interests or reputation of the Company, upon being reviewed by the Compensation Committee of the Board and reported to the Board of the Company for approval, the Restricted Shares that have been granted to such Incentive Participants but not yet vested shall not be vested and shall lapse. At the same time, in the event of serious circumstances, the Company may also recover the losses suffered by the Company in accordance with relevant laws and regulations.
6. In accordance with the relevant provisions of the national tax laws and regulations, the Company shall withhold and pay the individual income tax and other taxes payable by the Incentive Participants for participation in the Incentive Scheme.
7. The Company's determination of the Incentive Participants under the Incentive Scheme does not imply a guarantee of the Incentive Participants right to continue to serve the Company, and does not constitute the Company's commitment to the term of employment of employees. The Company's employment and employment management of employees are still implemented in accordance with the employment contract or labor contract signed between the Company and the Incentive Participants.

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8. Other relevant rights and obligations as stipulated by laws, administrative regulations and regulatory documents.

(II) Rights (including rights attaching to the Restricted Shares) and obligations of the Incentive Participants

1. Incentive Participants shall, based on the requirement of the position, perform their responsibilities diligently in compliance with professional ethic and strive to contribute to the development of the Company.
2. The source of funding of Incentive Participants shall derive from their own or self-raised funds.
3. Prior to the Vesting, the Restricted Shares granted to the Incentive Participants shall not be transferred or used as security or debt repayment.
4. The Restricted Shares granted to the Incentive Participants according to the requirements of the Incentive Scheme do not carry any voting rights before Vesting and registration.
5. Any Restricted Shares vested and registered to a Incentive Participant shall be subject to the provisions of the Articles and will rank pari passu with the fully paid Shares in issue on the date of the registration or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members, and accordingly will entitle the Incentive Participant to participate in all dividends or other distributions paid or made on or after the date of registration or, if that date falls on a day when the register of members of the Company closed, the first day of the reopening of the register of members. An Incentive Participant will not be entitled to participate in the foregoing dividends or other distributions before vesting of any Restricted Shares.
6. The gains acquired by the Incentive Participants as a result of the Incentive Scheme shall be subject to individual income tax and other taxes and fees according to tax laws and regulations of the PRC.
7. Incentive Participants undertake that where false statements or misleading representations in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or Vesting arrangements, the Incentive Participants concerned shall return to the Company all interests gained through the Incentive Scheme after the relevant information disclosure documents of the Company are confirmed to contain false statements or misleading representations or material omissions.

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8. Upon consideration and approval of the Incentive Scheme at the general meeting and passing of the resolution on granting interest to the Incentive Participants at the Board meeting, the Company shall sign an “Agreement on the Grant of Restricted Shares” with the Incentive Participants in order to set out their respective rights and obligations as well as other relevant matters.
9. Other relevant rights and obligations under the laws, regulations and the Incentive Scheme.

XII. Handling Unusual Changes to the Company/the Incentive Participants

(I) Handling unusual changes to the Company

1. In the event that any of the circumstances below occurs to the Company, the Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Incentive Participants but not yet vested shall not be vested:
 - (1) an audit report on the financial accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (2) an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (3) in the last 36 months after listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
 - (4) laws and regulations stipulate that share incentives shall not be implemented;
 - (5) other circumstances where the Incentive Scheme should be terminated as determined by the CSRC.
2. The Incentive Scheme shall remain unchanged if any of the following events occurs to the Company:
 - (1) a change of control of the Company;
 - (2) a merger or division of the Company.

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3. Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with conditions for the grant or Vesting of Restricted Shares, the Restricted Shares granted to Incentive Participants but not yet vested shall not be vested and shall lapse. In respect of the Restricted Shares already vested, the Incentive Participants concerned shall return to the Company all interests granted. The Board shall recover the proceeds of Incentive Participants in accordance with the provisions of the preceding paragraph. The Incentive Participants who bear no responsibility for the aforesaid matters and who incur losses as a result of the return of interests granted may seek compensation from the Company or responsible parties.

(II) Change in personal particulars of the Incentive Participants leading to cancellation of the Restricted Shares

1. If an Incentive Participant ceases to be eligible to participate in the Incentive Scheme due to the occurrence of any of the following circumstances, the Board may decide that the Restricted Shares granted to the Incentive Participant but not yet vested shall not be vested and shall be canceled on the date of occurrence of the circumstances under the Incentive Scheme:
 - (1) being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;
 - (2) being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
 - (3) subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations within the most recent 12 months;
 - (4) being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
 - (5) being prohibited from participation in share incentive schemes of listed companies by laws and regulations;
 - (6) other circumstances as determined by the CSRC.
2. If an Incentive Participant's position(s) has been changed but he/she still works in the Company, the Restricted Shares granted to him/her shall be carried out in full accordance with the procedures stipulated in the Incentive Scheme prior to the change of his/her position(s); however, if the Incentive Participant's

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position(s) has been changed due to his/her incompetence to his/her position, violation of laws, violation of professional ethics, leakage of confidential information of the Company, dereliction of duty or malfeasance, serious violation of the Company's system and other acts that damage the interests or reputation of the Company, or the Company terminates his/her labor relationship or employment relationship with the Incentive Participant due to the above reasons, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested and shall be canceled.

3. Where an Incentive Participants resigns, including voluntary resignation, resignation due to layoffs of the Company, labor contract/employment agreement being expired and not renewed, dismissal by the Company due to personal fault, negotiated termination of labor contract or employment agreement, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested and shall be canceled since the date of resignation. The Incentive Participant shall pay the Company the individual income tax involved in the vested Restricted Shares before resignation.

The Company has the right to recover the losses incurred from an Incentive Participant in accordance with the provisions of relevant laws, depending on the seriousness of the circumstances when he/she has personal faults including but not limited to:

Violation of the labor contract, employment contract, employee manual, confidentiality agreement, non-competition agreement or any other similar agreements signed with the Company or its affiliates; violation of the laws of the country of residence, resulting in criminal offenses or other bad conditions that affect the work performance.

4. If an Incentive Participant retires normally in accordance with national regulations and the Company's requirements, the Restricted Shares granted to him/her shall remain valid and shall be vested in accordance with the procedures stipulated in the Incentive Scheme.
5. The resignation of an Incentive Participant due to his/her incapacity shall be dealt with in the following two circumstances:
 - (1) When an Incentive Participant resigns due to incapacity in performing his/her duties, the Restricted Shares granted to him/her shall be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to the incapacity. The Board of the Company may determine that his/her personal performance assessment conditions shall not be included in the Vesting Conditions. The Incentive Participants shall pay to the Company the individual income tax in relation to the Restricted Shares

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that have been vested before they leave the Company, and shall pay the individual income tax in relation to the Restricted Shares that will be vested for the current period for each Vesting thereafter.

- (2) When an Incentive Participant leaves the Company due to incapacity not resulting from performance of duties, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested and shall be canceled. Prior to the resignation of the Incentive Participants, the Incentive Participants shall pay to the Company the individual income tax involved in the Restricted Shares that have been vested.
6. The death of an Incentive Participant shall be dealt with in two ways:
 - (1) If an Incentive Participant dies in the course of performing his/her duties, the Restricted Shares granted to him/her shall be inherited by his/her successor and shall be vested in accordance with the procedures stipulated in the Scheme prior to his/her death. The Board of the Company may determine that his/her personal performance assessment conditions shall no longer be included in the Vesting Conditions. The successor shall pay to the Company the individual income tax in respect of the Restricted Shares vested before the inheritance, and shall pay the individual income tax in respect of the Restricted Shares vested for the current period in advance of each Vesting thereafter.
 - (2) If an Incentive Participant dies not due to performance of his/her duties, the Restricted Shares that have been granted to the Incentive Participant but have not yet been vested shall not be vested and shall be canceled on the date of occurrence of such event. If the Board, at its discretion, allows the Restricted Shares that have been granted but have not yet been vested to be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to the death of the Incentive Participants, the Board may determine that their personal performance assessment will no longer be included in the Vesting Conditions, and the successors shall pay the individual income tax in respect of the Restricted Shares that have been vested before the inheritance, and shall pay the individual income tax in respect of the Restricted Shares that will be vested in the current period in advance of each Vesting thereafter.
7. Other unspecified circumstances and the handling method shall be determined by the Board.

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(III) Settlement mechanism for relevant disputes between the Company and Incentive Participants

The disputes between the Company and the Incentive Participants arising from the execution of the Incentive Scheme and/or the “Agreement on the Grant of Restricted Shares” signed by the parties or in relation to the Incentive Scheme and/or the “Agreement on the Grant of Restricted Shares” shall be solved through negotiation and communication by both parties, or mediation by the Compensation Committee of the Board. If relevant disputes are not solved through the above-mentioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people’s court with jurisdiction in the PRC.

10. PROPOSED ADOPTION OF THE INCENTIVE SCHEME ASSESSMENT MANAGEMENT MEASURES

An ordinary resolution will be proposed at the AGM to consider and approve the Incentive Scheme Assessment Management Measure, the full text of which is set out in Appendix V to this circular.

11. PROPOSED ISSUE AND GRANT OF NEW RMB SHARES UNDER THE 2023 RMB SHARE INCENTIVE SCHEME PURSUANT TO THE SCHEME MANDATE LIMIT

Subject to the approval of the Shareholders at the AGM of the Incentive Scheme, the Scheme Mandate Limit thereof is 8,948,750 Restricted Shares, representing approximately 0.51% of the total issued shares of the Company as at the Latest Practicable Date.

For the avoidance of doubt, and for Shareholders’ information only, in the event the Compliant Scheme together with the Remaining RSU Limit has been approved by the Shareholders in a separate general meeting, the total scheme limit for all share schemes of the Company will be not more than 3.43% of the total issued Shares of the Company as of the date of the AGM, that is the aggregate of (i) the Scheme Mandate Limit and (ii) the Remaining RSU Limit.

In addition to the principal terms of the proposed 2023 RMB Share Incentive Scheme summarized in the section headed “9. Proposed Adoption of the 2023 RMB Share Incentive Scheme” above, further information in relation to the issue and allotment of the Restricted Shares under the Incentive Scheme are set out below:

The total funds to be raised and the proposed use of proceeds: Not more than RMB62,193,812.50, being the aggregate Grant Price, will be paid by the Incentive Participants to subscribe for 8,948,750 Restricted Shares under the Incentive Scheme. The proceeds obtained by the Company from the 2023 RMB Share Incentive Scheme shall be applied towards the replenishment of the Group’s liquidity.

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Grant Price: The Grant Price of the Restricted Shares under both the First Grant and the Reserved Grant shall be RMB6.95 per RMB Share which was determined with reference to the basis set out in the paragraph headed “VI. Grant Price of the Restricted Shares and the Basis for Determination Thereof Grant Price” above. An Incentive Participant who has satisfied the conditions for grant and vesting may subscribe new RMB Shares issued by the Company at such Grant Price.

Aggregate nominal value: The nominal value of the RMB Shares of the Company is US\$0.000002 per RMB Share. The aggregate nominal value of the Restricted Shares to be granted under the Incentive Scheme (including the First Grant and the Reserved Grant) is not more than US\$17.8975.

Dilution effect: The shareholding structure of the Company before and after the Vesting of the Restricted Shares granted under the Incentive Scheme to the Incentive Participants is set out as follows:

| | As at the Latest Practicable Date | Assuming full Vesting and issue of the Restricted Shares under the Incentive Scheme⁽¹⁾ |
|----------------------------|--|--|
| Number of RMB Shares | 264,648,217 | 273,596,967 |
| Number of Hong Kong Shares | 1,499,673,235 | 1,499,673,235 |
| Total | 1,764,321,452 | 1,773,270,202 |

Note:

(1) Assuming that no other Shares are issued or repurchased by the Company.

To the best knowledge and belief of the Company based on publicly available information, the public float of the Company before and after the Vesting of the Restricted Shares granted under the Incentive Scheme to the Incentive Participants is set out as follows:

| | As at the Latest Practicable Date | Assuming full Vesting and issue of the Restricted Shares under the Incentive Scheme⁽¹⁾ |
|--------------|--|--|
| Public float | 75.40% | 75.52% |

Note:

(1) Assuming that no other Shares are issued or repurchased by the Company.

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Fund raising activities in the past 12 months: Save for the RMB Share Issue as disclosed below, the Company has not conducted any fund raising activities involving the issuance of share capital within 12 months immediately preceding the date of this circular.

| Date of fund raising activity | Fund raising activity | Net proceeds | Intended use of proceeds |
|--------------------------------------|---|-----------------------------------|---|
| 21 September 2022 | Issue of 264,648,217 RMB Shares on the STAR Market of the Shanghai Stock Exchange | Approximately RMB2,778.82 million | <ol style="list-style-type: none">1. New drug research and development (“R&D”) projects2. Upgrade of drug R&D platform3. Construction of marketing network4. Construction of IT system5. Replenishment of cash flow |

The Company will seek the approval of the Incentive Scheme and the Scheme Mandate Limit from the Shareholders at the AGM for the issue and allotment of the Restricted Shares under the Incentive Scheme and an ordinary resolution will be proposed at the AGM to consider and, if thought fit, approve the issue and grant of new RMB Shares under the Incentive Scheme pursuant to the Scheme Mandate Limit.

12. PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2023 RMB SHARE INCENTIVE SCHEME

In order to ensure successful implementation of the 2023 RMB Share Incentive Scheme, the Board proposed to the AGM to grant an authorization to the Board to handle the following matters pertaining to the 2023 RMB Share Incentive Scheme:

- (1) to authorize the Board to determine the eligibility requirements and conditions of the Incentive Participants to participate in the Incentive Scheme, and determine the Grant Date of the Incentive Scheme;
- (2) to authorize the Board to adjust the number of Restricted Shares to be granted/vested and/or the Grant/Vesting Price of Restricted Shares accordingly in the manners stipulated in the Incentive Scheme, in the event of any capitalisation issue, bonus issue, share sub-division or consolidation, rights issue or dividend distribution of the Company;

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- (3) to authorize the Board to adjust the actual number of grants according to the circumstances at the time of grant within the limit of the number of Restricted Shares stipulated in the Incentive Scheme before granting Restricted Shares to the Incentive Participants;
- (4) to authorize the Board to grant the Restricted Shares to an Incentive Participant upon his/her fulfilment of the conditions of grant, and to handle all related matters, including signing the “Agreement on the Grant of Restricted Shares” with the Incentive Participants;
- (5) to authorize the Board to review and confirm the vesting eligibility of the Incentive Participants and the number to be vested, and to approve the Board to delegate such rights to the Compensation Committee;
- (6) to authorize the Board to determine whether the Restricted Shares granted to an Incentive Participant may be vested to the Incentive Participant;
- (7) to authorize the Board to handle all matters necessary in connection with the Vesting of the Restricted Shares to the Incentive Participants, including but not limited to the submission of application to a stock exchange in respect of the Vesting and applying to securities registration and clearing company for registration and clearing services;
- (8) to authorize the Board to deal with matters in connection with the alteration and termination of the Incentive Scheme in accordance with the requirements of the Incentive Scheme (Draft) of the Company, including but not limited to, disqualification of the Incentive Participants for Vesting, cancellation of the Restricted Shares of the Incentive Participants that have not yet been vested, dealing with the inheritance of Restricted Shares of the deceased Incentive Participants that have not yet been vested and termination of the Incentive Scheme, provided that where such alteration and termination are required by the laws, regulations or relevant regulatory authorities to be approved by the general meeting or/and relevant regulatory authorities, such resolutions by the Board shall be approved accordingly;
- (9) to authorize the Board to manage and adjust the Incentive Scheme, and to formulate or amend the management and implementation rules of the Incentive Scheme from time to time without contradicting the terms of the Incentive Scheme (Draft) of the Company; provided that where such amendment is required by the laws, regulations or relevant regulatory authorities to be approved by the general meeting or/and relevant regulatory authorities, such amendment by the Board shall be approved accordingly;
- (10) to authorize the Board to implement other necessary matters required by the Incentive Scheme, except for those rights expressly stipulated in relevant documents to be exercised by the general meeting;

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- (11) to propose to the general meeting of the Company to authorize the Board to deal with the procedures for approval, registration, filing, verification and consent with the relevant governments and authorities in relation to the Incentive Scheme; to sign, execute, amend and complete the documents submitted to the relevant governments, authorities, organizations and individuals; and to do all such acts as it deems necessary, expedient or appropriate in relation to the Incentive Scheme;
- (12) to propose to the general meeting to authorize the Board to appoint financial advisers, receiving banks, accountants, law firms, securities companies and other intermediaries for the implementation of the Incentive Scheme; and
- (13) to propose to the general meeting of the Company to approve the period of authorization given to the Board to be consistent with the validity period of the Incentive Scheme.

Among the above-mentioned authorizations, except for such matters specifically required by the laws, administrative regulations, rules, regulatory documents, the Incentive Scheme or the Articles of Association to be approved by the Board through resolutions, other matters may be directly exercised on behalf of the Board by the chairman of the Board or appropriate person(s) authorized thereby.

13. LISTING RULES IMPLICATIONS AND WAIVERS FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE LISTING RULES

(i) Compliance with Chapter 17 of the Listing Rules relating to the Incentive Scheme

As the Incentive Scheme involves the grant by the Company of its new Shares, the Incentive Scheme is subject to the regulation by Chapter 17 of the Listing Rules.

In the event that any Reserved Grant (i) will result in the share awards granted to any Participant representing in aggregate over 1% of the issued shares of the Company over any 12-month period up to and including the relevant Grant Date; and/or (ii) will cause the share awards granted to any Participant who is a Director, chief executive, substantial shareholder of the Company or any of their respective associates, representing in aggregate over 0.1% of the relevant class of issued shares of the Company over any 12-month period up to and including the relevant Grant Date, the Company will comply with the relevant requirements under Chapter 17 of the Listing Rules.

Since the Latest Practicable Date, the Company has not made any grant under any of the Existing Schemes. The Company further undertakes that it will not make any further grant under any of the Existing Schemes through the time leading to the AGM and any time thereafter, unless the Incentive Scheme is not approved by the Shareholders at the AGM.

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Conditional upon the Incentive Scheme being approved by the Shareholders, the Company will terminate all Existing Schemes as soon as practicable in accordance with the applicable scheme rules thereof and in any event no later than the time when the Compliant Scheme (as defined below) is approved for adoption by the Shareholders at a separate general meeting. The Company further undertakes that, it will, no later than 31 December 2023, convene another general meeting to approve the adoption of the Compliant Scheme to make grants thereunder to continue to be satisfied by the Remaining RSU Limit, being also the scheme mandate limit for the Compliant Scheme, through the Hong Kong Shares issued prior to the Hong Kong IPO and currently held by the relevant trustees. For the avoidance of doubt, and for Shareholders' information only, in the event the Compliant Scheme together with the Remaining RSU Limit has been approved by the Shareholders in a separate general meeting, the total scheme limit for all share schemes of the Company will be not more than 3.43% of the total issued Shares of the Company as of the date of the AGM, that is the aggregate of (i) the Scheme Mandate Limit and (ii) the Remaining RSU Limit.

(ii) Waiver relating to Adjustments to Grant Price of the Restricted Shares

Rule 17.03(13) of the Listing Rules requires that the scheme document must include a provision for adjustments to the exercise or purchase price and/or the number of shares involved in options or awards granted under the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital. Note to Rule 17.03(13) of the Listing Rules states that any adjustment required under Rule 17.03(13) must give the Participants the same proportion of the equity capital as that to which that person was previously entitled. The Company has applied for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 17.03(13) of the Listing Rules so as to enable the adjustments to Grant Price of the Restricted Shares granted under the Incentive Scheme in the event of dividend distribution on the basis that, among other things, (i) the Company is a overseas issuer with its RMB Shares listed on the STAR Market of the Shanghai Stock Exchange, and the 2023 RMB Share Incentive Scheme involves issue of RMB Shares only. Therefore, the Incentive Scheme must comply with the PRC laws. As advised by the Company's PRC legal advisers, Fangda Partners, on the Incentive Scheme, pursuant to Article 48 of the Administrative Measures, if the price or quantity of the equity interest needs to be adjusted due to ex-right, ex-dividend of the Underlying Shares (refer to the shares of the listed companies that the Participants are entitled to be granted or purchase under the share incentive scheme) or other reasons, the board of directors of the listed companies shall make adjustments in accordance with the principles, methods and procedures stipulated in the share incentive scheme. "InnoCare Pharma Limited 2023 STAR Market Restricted Share Incentive Scheme (Draft)" (hereinafter referred to as the "Incentive Scheme (Draft)") has clearly stipulated the method for adjusting the grant price of restricted shares in the event of dividend distribution from the announcement date of the Incentive Scheme (Draft) to the vesting and registration of restricted shares by the Participants and the procedures to be performed by the Company. Therefore, according to the above provisions, if the Company pays dividends during the aforementioned period, it shall adjust the grant price of restricted shares in accordance with the provisions of the Incentive Scheme (Draft), which does not violate the provisions of the Administrative Measures; (ii) the proposed adoption of the Incentive Scheme will be subject to the approval of the Shareholders at the AGM, whereby the Hong Kong Shareholders will have the opportunity to fully consider and evaluate the terms of the Incentive Scheme based on its merits and the interest of the Hong Kong Shareholders will not be prejudiced; (iii) the

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number of RMB Shares proposed to be issued and granted under the Incentive Scheme is 8,948,750 shares, representing only approximately 0.51% of the total shares of the Company of 1,764,321,452 Shares as at the Latest Practicable Date, and the dilution effect of the RMB Shares is minimal; and (iv) the Company believes that the adjustment to the Grant Price of the Incentive Scheme in the event of dividend distribution will not adversely affect interests of Shareholders of the Company.

(iii) One-off Waiver relating to No Listing of the RMB Shares on the Hong Kong Stock Exchange

As the RMB Shares will be of the same class as the Hong Kong Shares but will not be listed on the Stock Exchange, the Company has applied for, and the Stock Exchange has granted, on 28 April 2023, an one-off waiver so that there is no need to seek listing of the RMB Shares to be issued under the 2023 RMB Share Incentive Scheme on the Stock Exchange under Rules 8.20 and 13.26 of the Listing Rules, on the basis that the Company will continue to comply with the conditions for the Stock Exchange's granting of a similar waiver for the issue of the Company's RMB Shares as set out in the Company's announcement on 26 May 2021.

14. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS

In accordance with the STAR Market Listing Rules, the amendments to the rules of procedures for the Board of Directors, as set out in Appendix VI of this circular, has been considered and approved by the Board on 26 April 2023, and is hereby proposed at the AGM for consideration.

15. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

For the purpose of, among others, (i) bringing the Articles of Association in line with Appendix 3 to the Listing Rules, and (ii) incorporating certain housekeeping amendments, the Board resolved to amend the existing Articles of Associations. The details of the proposed amendments to the Articles of Association are set out in Appendix VII to this circular and are subject to Shareholders' approval through special resolution.

The Company confirms that the amended Articles of Associations upon Shareholders' approval will comply with the relevant provisions of the Listing Rules and, in particular, the core shareholder protection standards set out in Appendix 3 of the Listing Rules.

16. PROPOSED PURCHASE OF LIABILITIES INSURANCE FOR THE DIRECTORS AND SENIOR MANAGEMENT

The Board has proposed to purchase liabilities insurance for the Directors and senior management with a coverage of no more than UD\$20 million (for the insurance in relation to RMB Shares and Hong Kong Shares), for an insurance period of one year (for the insurance in relation to RMB Shares and Hong Kong Shares), subject to renewal or reinsurance thereafter.

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It is proposed at the AGM to authorise the purchase of liabilities insurance as described above, and to authorise the Board, and agree that the Board may authorise the management of the Company and relevant persons to deal with matters relating to the purchase of liabilities insurance (including but not limited to determining insured persons, insurance company, insurance amount, insurance premium and other insurance terms; selecting and engaging insurance brokers or other intermediaries; signing relevant legal documents and dealing with other matters relating to the purchase of liabilities insurance; dealing with matters relating to renewal or reinsurance upon or prior to the expiry of the liabilities insurance contract) within the scope set out above without the need of convening a Board meeting again to approve the authorisation matters.

17. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both days inclusive, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 29 May 2023.

18. NOTICE OF ANNUAL GENERAL MEETING

Set out on pages AGM-1 to AGM-7 of this circular is the notice of the Annual General Meeting at which ordinary resolutions will be proposed to the Shareholders to consider and approve, *inter alia*, (i) the grant to the Directors of the general mandates to issue Hong Kong Shares and RMB Shares and repurchase Hong Kong Shares only; (ii) the re-election of the retiring Directors; and (iii) the re-appointment of the auditor of the Company. The Company will make further announcements on the website of the SSE regarding the attendance and voting by holders of RMB Shares listed on the STAR Market of the SSE in accordance with the STAR Market Listing Rules.

19. FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.innocarepharma.com). Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the Annual General Meeting (i.e. by no later than 3:00 p.m. on Wednesday, 31 May 2023). Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the Annual General Meeting if they so wish and in such event, the form of proxy shall be deemed to be revoked.

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20. VOTING BY POLL

Any vote of Shareholders at a general meeting must be taken by poll in accordance with the Listing Rules and the Articles of Association. The chairperson of the Annual General Meeting shall therefore demand voting on all resolutions set out in the notice of Annual General Meeting be taken by way of poll pursuant to Article 77 of the Articles of Association.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each share registered in his/her name in the register. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way. Dr. Jisong Cui, Dr. Renbin Zhao and their affiliates shall abstain from voting in relation to (i) proposed adoption of the 2023 RMB Share Incentive Scheme, (ii) proposed adoption of the Incentive Scheme Assessment Management Measures, (iii) proposed issue and grant of new RMB Shares under the 2023 RMB Share Incentive Scheme pursuant to the Scheme Mandate Limit, and (iv) proposed authorization to the board to handle matters pertaining to the 2023 RMB Share Incentive Scheme. As at the Latest Practicable Date, to the extent the Company is aware, having made all reasonable enquires, no other Shareholder has to abstain from voting on any of the proposed resolutions. The results of the poll will be published on the websites of the Stock Exchange, the SSE and the Company after conclusion of the Annual General Meeting in the manner prescribed under the Listing Rules.

21. 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.

22. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that (i) the proposed adoption of the 2023 RMB Share Incentive Scheme; (ii) the proposed adoption of the Incentive Scheme Assessment Management Measures; (iii) the proposed issue and grant of new RMB Shares under the 2023 RMB Share Incentive Scheme pursuant to the Scheme Mandate Limit; and (iv) the proposed authorization to the Board to handle matters pertaining to the 2023 RMB Share Incentive Scheme are on normal commercial terms and are fair and reasonable, and in the best interests of the Company and the Shareholders as a whole, although the Scheme Mandate Limit for issue and allotment of RMB Shares under the 2023 RMB Share Incentive Scheme is not in the usual and ordinary course of business of the Company due to the nature of such transaction. Accordingly, the Directors recommend the Shareholders to vote in favour of these proposed resolutions at the AGM.

LETTER FROM THE BOARD

With regard to the Incentive Scheme, the Directors (including the independent non-executive Directors) are of a view that the terms of the Incentive Scheme align with the purpose of the Incentive Scheme as set out in the scheme documents, and have approved the terms of the Incentive Scheme (including approving Dr. Jisong Cui and Dr. Renbin Zhao as the Participants). In particular:

- (i) the Participants include Directors (being Dr. Jisong Cui and Dr. Renbin Zhao), senior management, core technicians and other employees whom the Board considers necessary to be incentivised, and the eligibility of the Participants is consistent with the purpose of the Incentive Scheme, which enables the Company to use share incentives to retain certain outstanding personnel employed with the Group, align the interest of those employees with the Group and its shareholders and fully mobilise their enthusiasm for the benefit of long term growth of the Group;
- (ii) the Vesting Period is in line with market practice and can ensure employee loyalty over the long run and increase long-term sustainability for the business development of the Company, and therefore is in line with the purpose of the Incentive Scheme;
- (iii) the performance targets, being concrete and qualitative rather than generic ones, are closely tied to the Company's financial performance and R&D progress and are in line with common key performance indicators in the industry of the Group, and therefore is in line with the purpose of the Incentive Scheme;
- (iv) the determination of the Grant Price is in line with the requirements under the STAR Market Listing Rules and the Administration Measures as well as the market practice for determining Grant Price for Class-II Restricted Shares, which can provide the Company with sufficient flexibility to determine the Grant Price that can provide adequate incentives to the Participants to achieve the purpose of the Incentive Scheme; and
- (v) the clawback mechanism (including the “**Clawback Events**”) provides an option for the Company to clawback the share incentives granted to the Participants culpable of misconduct and is in line with the purpose of the Incentive Scheme and the interests of the Company and its Shareholders as a whole.

The Directors consider that the proposed resolutions, including but without limitation to, (i) the grant to the Directors of general mandates to issue Hong Kong Shares and RMB Shares and repurchase Hong Kong Shares only; (ii) the re-election of the retiring Directors; (iii) the re-appointment of the auditor of the Company; (iv) adoption of the 2023 RMB Share Incentive Scheme; and (v) amendment to the Articles of Associations are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully
By order of the Board
InnoCare Pharma Limited
Dr. Jisong Cui
Chairperson and executive Director

3 May 2023

InnoCare Pharma Limited**2022 WORK REPORT OF THE BOARD OF DIRECTORS**

In 2022, InnoCare Pharma Limited (the “Company”) consistently implemented various resolutions proposed at the shareholders’ general meetings pursuant to the Securities Law, the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Guideline for Self-discipline Supervision of Companies Listed on the STAR Market of Shanghai Stock Exchange No. 1 – Regulated Operation (《上海證券交易所科創板上市公司自律監管指引第1號–規範運作》), the Articles of Association and the Rules of Procedures for the Board of Directors formulated by the Company and other laws and regulations and obligations granted by regulatory documents, and promoted regulated operation and scientific decision-making of the Company to keep improving the level of corporate governance. The work of the Board in 2022 is summarized as follows:

I. Business Overview for 2022

The Company achieved high quality development in all aspects in 2022. The Company successfully listed on the STAR Market of Shanghai Stock Exchange, the growth of Orelabrutinib accelerated after its inclusion in the National Drug Reimbursement List, and the approval of its listing in Singapore marks its commercialization and internationalization. Tafasitamab has been approved in Hong Kong, China and used in Boao Super Hospital as an imported drug urgently needed for clinical use. 13 drugs were in phases I/II/III clinical trials. The Company achieved considerable results at 1.0 development stage and is accelerating towards the goal of 2.0 with a commitment to developing into a leader in hematological tumors, a strong competitor in autoimmune diseases and solid tumors, and bringing more innovative drugs to the market for the benefit of more patients.

II. Work of the Board for 2022**(1) Convening of Board meetings**

The Board convened 13 meetings in 2022. All directors attended all Board meetings during their terms of offices. The procedures for convening, holding and voting of the meetings were in compliance with the requirements of relevant laws and regulations. The details of the meetings are as follows:

| No. | Convening date | Resolution(s) of the meeting |
|------------|-----------------------|--|
| 1 | 2022.03.23 | All 23 resolutions or matters were considered and approved |
| 2 | 2022.03.29 | Both resolutions or matters were considered and approved |
| 3 | 2022.05.05 | A resolution or matter was considered and approved |
| 4 | 2022.05.07 | Both resolutions or matters were considered and approved |

| No. | Convening date | Resolution(s) of the meeting |
|-----|----------------|---|
| 5 | 2022.05.11 | A resolution or matter was considered and approved |
| 6 | 2022.06.01 | All the 3 resolutions or matters were considered and approved |
| 7 | 2022.07.20 | A resolution or matter was considered and approved |
| 8 | 2022.08.08 | All the 3 resolutions or matters were considered and approved |
| 9 | 2022.08.19 | Both resolutions or matters were considered and approved |
| 10 | 2022.10.12 | All the 4 resolutions or matters were considered and approved |
| 11 | 2022.11.11 | Both resolutions or matters were considered and approved |
| 12 | 2022.12.07 | A resolution or matter was considered and approved |
| 13 | 2022.12.23 | A resolution or matter was considered and approved |

(2) Duty performance of the Board

1. *Use and placement of proceeds from A share offering*

Net proceeds from the Company's initial public offering of RMB ordinary shares on the STAR Market amounted to RMB2,778,815,600. In 2022, the Board considered and approved the Resolution on Adjustment to the Amount of Proceeds Proposed to be Invested in Proceeds-funded Projects (《關於調整募集資金投資項目擬投入募集資金金額的議案》), and the Resolution on Use of Certain Temporary Idle Proceeds for Cash Management and the Placement of Proceeds in Forms of Call Deposits and Agreement Savings (《關於使用部分暫時閒置募集資金進行現金管理及以通知存款、協定存款等方式存放募集資金的議案》). The Board considered that the use and management of the proceeds of the Company were in the interests of the Company and all shareholders, relevant content and procedures complied with the Regulatory Guidelines on the Listed Companies No. 2 – Regulatory Requirements for the Management and Utilisation of Funds Raised by Listed Companies (《上市公司監管指引第2號–上市公司募集資金管理和使用的監管要求》), Guideline No. 1 for the Application of Self-regulatory Rules for Companies Listed on the STAR Market of the Shanghai Stock Exchange – Standardized Operation and the provisions under the Measures for Administration of Proceeds from A Share Offering formulated by the Company.

2. *Corporate governance*

The Company was incorporated at Cayman Islands and has developed the Articles of Association and basic systems for shareholders' general meeting and Board meetings in accordance with relevant laws and regulations of Cayman Islands, Hong Kong Stock Exchange and STAR Market of Shanghai Stock Exchange taking into account its actual conditions.

As a company listed on Hong Kong Stock Exchange, the Company strictly followed the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong limited and has formed a regulated corporate governance structure. Shareholders' general meetings and Board meetings of the Company are operated independently and effectively under relevant provisions of laws in Cayman Islands, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association, and earnestly performed their duties. Special committees under the Board comprises audit committee, compensation committee and nomination committee, which assist the Board in performing functions in terms of audit, remuneration and nomination. Additionally, the Company appointed three independent non-executive directors who involve in decision-making and supervision to enhance objectivity and scientificity of decision-making of the Board.

The Company revised its Articles of Association in accordance with the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange, Guideline for Self-discipline Supervision of Companies Listed on the STAR Market of Shanghai Stock Exchange No. 1 – Regulated Operation (《上海證券交易所科創板上市公司自律監管指引第1號–規範運作》) and specific provisions of other PRC laws and regulations prior to and after its listing on the STAR Market of SSE, taking into account applicable laws, regulations and regulatory documents of place of establishment and listing overseas including the Company Law of Cayman Islands and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and formulated the Rules of Procedures of General Meetings, the Rules of Procedures for the Board of Directors, Working Rules for Domestic Representatives of Information Disclosure, Measures for Administration of Related Party (Connected) Transactions, Measures for Administration of Proceeds from A Share Offering, Management Policies for External Guarantee, Management Policies for External Investment, Management Policies for Information Disclosure, Registration and Management Policies for Insiders and Management Policies for Holding and Trading A Share of the Company by Directors and Senior Management Personnel and other specific systems to safeguard legitimate rights of investors.

In terms of information disclosure management and insider management, the Board of the Company designates special department to be responsible for information disclosure and ensure the truthfulness, accuracy, completeness and punctuation of information disclosed. The Company has a complete information disclosure mechanism in place and no information leakage or inside tradings were occurred, which ensured investors' fair access to corporate information. The Company has also established the Registration and Management Policies for Insiders, for registration and management of insiders of business operation, finance and other inside information of the Company.

In terms of investors relation management, the Board of the Company focuses on investor communication and organises investor communication activities through a variety of channels, including but not limited to roadshow of the Company, large-scale open exchanges, participation in strategy meetings organised by securities companies, holding research day activity, communication via teleconference, SSE e-Interaction, investor consultation telephone, investor relations email, to pass on the Company's long-term value and operations to investors in a timely and accurate manner.

3. *Convention of general meetings*

The Board of the Company convened 1 annual general meeting in 2022. The Board of the Company earnestly executed various resolutions passed at the general meeting in strict accordance with resolution and authorisation delegated at the general meeting.

(3) Duty performance of independent non-executive directors

In 2022, independent non-executive directors of the Company performed their duties earnestly and independently in strict accordance with relevant laws and regulations such as Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, no circumstance where their qualifications and independence were affected, and they actively attended general meetings and Board meetings, expressed their independent views on significant matters of the Company and strictly reviewed relevant matters submitted to the Board by the Company for consideration. Also, as members of special committees, they gave full play into their own professional strength and safeguarded interests of the Company and shareholders, especially legitimate rights of minority shareholders.

(4) Duty performance of special committees under the Board

1. *Audit committee*

The audit committee convened 5 meeting in aggregate in 2022, at which it monitored and evaluated the Company's audit, internal control system, performance reports and financial inspection.

2. *Compensation committee*

The compensation committee convened 2 meeting in aggregate in 2022, at which it audited the remuneration policy, remuneration structure and remuneration package of the Company's directors and senior management personnel.

3. *Nomination committee*

The nomination committee convened 2 meetings in aggregate in 2022, at which it inspected and discussed the structure, size and composition of the Board, independence of independent non-executive directors and re-election of retired directors.

III. Work Plan of the Board for 2023

In 2023, the Board will continued to work diligently in strict accordance with the Securities Law, the Rules Governing the Listing of Stocks on STAR Market of Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Guideline for Self-discipline Supervision of Companies Listed on the STAR Market of Shanghai Stock Exchange No. 1 – Regulated Operation, the Articles of Association, the Rules of Procedures for the Board of Directors formulated by the Company and other laws and regulations and systems. Independent non-executive directors will further exercise their role as supervisors under applicable laws and regulations and each special committee under the Board will earnestly perform duties under the delegation and policy of the Board. The Board will keep deepening corporate governance and improving various internal control systems to ensure scientific, efficient and lawful and compliant decision-making; pay more attention to information disclosure consciously fulfill its information disclosure obligations, enhance the level of company’s regulated operation, manage investors relation well and pass on the Company’s long-term value and operations to investors in a timely and accurate manner; and formulate and improve the company’s development strategies taking full use of the capital market to drive sustainable and stable development of the Company.

Board of InnoCare Pharma Limited
26 April 2023

The following are the biographical details of the Directors (as required by Rule 13.51(2) of the Listing Rules) proposed to be re-elected at the Annual General Meeting.

EXECUTIVE DIRECTOR

Dr. Renbin Zhao, Ph.D., aged 54, has been a Director since 3 November 2015. Dr. Zhao was re-designated as an Executive Director focusing on biology and clinical development strategy on 27 September 2019. Dr. Zhao has been one of the key management members of the Company and has been actively involved in its business, strategy and operational management since its establishment. Dr. Zhao is the spouse of Dr. Yigong Shi.

From August 2002 to December 2008, Dr. Zhao served in a number of positions, including as a senior scientist, staff scientist and principal scientist at Johnson and Johnson (Discovery). Dr. Zhao joined Shenzhen Tianchen Technology Inc. in March 2010 and served as an investigator from June 2011 to March 2013. From March 2013 to August 2015, Dr. Zhao served as a director of discovery biology at BioDuro. From August 2015 to April 2018, Dr. Zhao served as a senior director of biology in the Company.

Dr. Zhao received her Bachelor's degree in biological sciences and biotechnology from Tsinghua University in July 1991 and obtained her Doctor's degree in the Biochemistry and Molecular Biology program from School of Medicine of Johns Hopkins University in May 1999.

Dr. Zhao has entered into a service contract with the Company on 3 January 2020. The service contract could be terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months prior notice. Her remunerations (if any) will be fixed by the Board and reviewed from time to time taking into consideration recommendation from the compensation committee of the Company with reference to the performance and profitability of the Company as well as remuneration benchmark in the industry and the prevailing market conditions. Pursuant to the service contract entered into with the Company, Dr. Zhao will receive no remuneration as Director's fee.

As at the Latest Practicable Date, Dr. Zhao is interested in long position of 116,839,593 Shares within the meaning of Part XV of the SFO.

NON-EXECUTIVE DIRECTOR

Mr. Ronggang Xie (謝榕剛), aged 38, has been serving as a Non-executive Director of the Company since 31 March 2021. Mr. Xie has around 10 years of investment experience. He obtained a bachelor's degree and a Master's degree in biomedical engineering from Southeast University, the PRC in 2008 and 2011, respectively. Mr. Xie worked at Oriza Cowin from January 2011 to July 2015. He served as a senior investment manager at Loyal Valley Capital from 2015 and was promoted to managing director and partner in 2018 and 2020, respectively.

Mr. Xie has been serving as a director of Shanghai Allist Pharmaceutical Technology Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange, stock code: 688578) since 28 November 2019. He also has been serving as a non-executive director of Akeso, Inc (a company whose shares are listed on the Stock Exchange, stock code: 09926) since 19 August 2020, and has been serving as a non-executive director of CARsgen Therapeutics Holdings Limited (a company whose shares are listed on the Stock Exchange, stock code: 02171) since 18 September 2020.

Pursuant to the appointment letter entered into between Mr. Xie and the Company, Mr. Xie is appointed as a non-executive Director with effect from 31 March 2021, for a term of three years. His appointment shall be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. Xie will not receive any remuneration from the Company in relation to his appointment as a non-executive Director.

As at the Latest Practicable Date, Mr. Xie did not have any interests in the Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Kaixian Chen Ph.D., aged 77, was appointed as an Independent Non-executive Director of the Company on 11 March 2020. Dr. Chen is also a member of each of the Audit Committee and the Nomination Committee.

Since 1990, Dr. Chen has been a professor of the Shanghai Institute of Materia Medica, Chinese Academy of Sciences, and has served as its director between 1996 and 2004, and was appointed as director of its degree committee in 2014. He has also been a professor of the Shanghai University of Traditional Chinese Medicine since 2005, served as president of the university from 2005 to 2014.

Dr. Chen held or currently holds professional memberships and qualifications in different capacities with numerous organisations in the PRC, including:

- as an academician of the Chinese Academy of Sciences (中國科學院) since 1999;
- as deputy chairman of the Chinese Pharmaceutical Association (中國藥學會) (“CPA”) from 2007 to 2016 as a director of Medicinal Chemistry Division, CPA (中國藥學會藥物化學專業委員會) from 2007 to 2020, and as chairman of the Board of Supervisors, CPA (中國藥學會監事會) from 2017 to 2022;
- as chairman of the Shanghai Association of Science and Technology (上海市科學技術協會) from 2011 to October 2018;

- as editor in chief of Progress in Pharmaceutical Sciences, Chinese Journal of New Drugs and Clinical Remedies (藥學進展、中國新藥與臨床雜誌); and
- as executive member and deputy president of the National Pharmacopoeia Commission of China (國家藥典委員會) from 2017 to 2022.

Dr. Chen served as an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (a company whose shares are listed on the Hong Kong Stock Exchange with stock code: 1349) between 2014 and 2015, and has served as an independent non-executive director of Zai Lab Limited (a company whose shares are listed on the NASDAQ with ticker symbol ZLAB and the Hong Kong Stock Exchange with stock code: 9688) and as an independent non-executive director of Innovent Biologics Inc. (a company whose shares are listed on the Hong Kong Stock Exchange with stock code: 1801) since October 2018, and has served as an independent non-executive director of Jiangsu Kanion Pharmaceutical Co. Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600557), since December 2019.

Dr. Chen received his Bachelor's degree in radiochemistry from Fudan University in August 1968 and his Master's degree in quantum chemistry and structural chemistry and Ph.D. in quantum chemistry from the Shanghai Institute of Materia Medica, Chinese Academy of Sciences in February 1982 and February 1985, respectively.

Dr. Chen entered into an appointment letter with the Company with initial term commencing from 11 March 2020 for a period of three years until the third annual general meeting of the Company after the Listing Date. Dr. Chen receives a monthly director's fee of RMB30,000 per month.

As at the Latest Practicable Date, Dr. Chen did not have any interests in the Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

The recommendation of Dr. Chen to the Board was made in accordance with the Nomination Policy of Directors and objective criteria (including without limitation gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity, as set out under the Policy on Board Diversity. The Board is satisfied that through exercising the scrutinising and monitoring function of an independent non-executive Director, Dr. Chen has continued to provide independent and objective judgment and advice to the Board to safeguard the interests of the Company and the Shareholders as a whole. He has been continuously demonstrating firm commitment to his role. Due to his in-depth knowledge in chemistry, as well as his positions in public services, Dr. Chen is able to provide valuable and useful guidance to the Board. The Board was satisfied with his independence having regard to the independence criteria as set out in Rule 3.13 of the Listing Rules.

OTHER INFORMATION

Save as disclosed herein, to the best knowledge of the Company, none of the Directors who stands for re-election (i) holds any other directorships in other listed public companies in Hong Kong or overseas in the last three years; (ii) holds any other positions with the Company and its subsidiaries; and (iii) has any other relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

In addition, as far as the Directors are aware, there is no other matter concerning the aforementioned retiring Directors that needs to be brought to the attention of the Shareholders and there is no information relating to these Directors required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

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

LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy back their shares on the Stock Exchange subject to certain restrictions if, among other things:

- (a) the shares proposed to be purchased by the company are fully paid-up;
- (b) the company has previously sent to its shareholders an explanatory statement complying with the provisions of Rule 10.06(1)(b) of the Listing Rules; and
- (c) the shareholders of the company have given a specific approval or a general mandate to the directors of the company to make the purchase(s) of Hong Kong Shares only, by way of an ordinary resolution which complies with Rule 10.06(1)(c) of the Listing Rules and which has been passed at a general meeting of the company duly convened and held.

The company must report the outcome of the general meeting called to consider the proposed purchase to the Stock Exchange immediately following the meeting.

SHARE CAPITAL

As at the Latest Practicable Date, the Company had 1,499,673,235 Hong Kong Shares and 264,648,217 RMB Shares, respectively, in issue and fully paid-up. It is proposed that pursuant to the Repurchase Mandate, up to a maximum of 10% of the number of issued Hong Kong Shares as at the date of passing of the resolution may be repurchased. Subject to the passing of the resolution granting the general mandate and on the basis that there is no change to the number of the issued Shares before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 149,967,323 Hong Kong Shares (rounded down to the nearest whole number) which represent 10% of the total number of Hong Kong Shares of the Company in issue as at the date of the passing of the resolution.

REASONS AND FUNDING OF THE REPURCHASE OF HONG KONG SHARES

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

The Company is empowered by its Articles of Association to repurchase its Shares. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association and laws of the Cayman Islands and/or any other applicable laws (as the case may be).

The Directors would only exercise the power to repurchase Hong Kong Shares in circumstances when they consider that the repurchase would be in the best interests of the Company.

The Directors propose that any of such repurchases of Hong Kong Shares would be appropriately financed by the Company's internal resources and/or available banking facilities. The Directors consider that if the general mandate to repurchase Hong Kong Shares is to be exercised in full at the current prevailing market value, it may have a material adverse impact on the working capital and the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the mandate to repurchase Hong Kong Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their close associates, as defined in the Listing Rules, currently intend to sell any Hong Kong Shares to the Company or its subsidiaries, if the Repurchase Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No core connected person, as defined in the Listing Rules, has notified the Company that he/she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

TAKEOVERS CODE

If as a result of a repurchase of Hong Kong Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase of Hong Kong Shares pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, HHLR Advisors, Ltd. indirectly held 208,671,222 Hong Kong Shares, representing approximately 11.83% of the issued Shares. In the event that the Directors should exercise in full the Repurchase Mandate, the shareholding interests of HHLR Advisors, Ltd. will be increased to approximately 12.93% of the issued Shares. To the best knowledge and belief of the Directors, such increase would not give rise to an obligation to make a mandatory offer under the Takeovers Code.

In addition, the Directors do not have any intention to exercise the proposed Repurchase Mandate to the effect that it will result in the public float to fall below the percentage as required under the Listing Rules or such other minimum percentage agreed by the Stock Exchange from time to time.

SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Hong Kong Shares (whether on the Stock Exchange or otherwise) have been made by the Company during the six months prior to the Latest Practicable Date.

SHARE PRICES

The highest and lowest traded prices for Shares recorded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

| Month | Highest traded price (HK\$) | Lowest traded price (HK\$) |
|---|--|---|
| 2022 | | |
| April | 13.94 | 10.00 |
| May | 11.10 | 9.56 |
| June | 14.48 | 10.04 |
| July | 14.78 | 10.80 |
| August | 12.44 | 10.36 |
| September | 12.02 | 7.86 |
| October | 9.95 | 7.20 |
| November | 13.00 | 9.00 |
| December | 14.80 | 10.52 |
| 2023 | | |
| January | 15.90 | 13.24 |
| February | 15.42 | 8.51 |
| March | 9.50 | 7.86 |
| April (up to the Latest Practicable Date) | 10.90 | 7.90 |

Stock Code of A Share: 688428
Stock Code of Hong Kong Share: 09969

Abbreviation of A Share: InnoCare
Abbreviation of Hong Kong Share:
InnoCare-B

INNOCARE PHARMA LIMITED

2023 STAR MARKET RESTRICTED SHARE
INCENTIVE SCHEME
(DRAFT)

InnoCare Pharma Limited
April 2023

DISCLAIMER

The board of directors and all directors of the Company guarantee that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and assume legal responsibility for the truthfulness, accuracy and completeness of its contents.

All Incentive Participants of the Company undertake that, where false statements or misleading representations in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or Vesting arrangement for the interest, the Incentive Participants concerned shall return to the Company all interests gained through the Incentive Scheme after the relevant information disclosure documents of the Company are confirmed to contain false statements, misleading representations or material omissions.

SPECIAL NOTICE

- I. The Incentive Scheme is formulated in accordance with the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》), the Guidelines for Self-discipline Supervision of Companies Listed on the STAR Market No. 4 – Disclosure of Information on Share Incentives (《科創板上市公司自律監管指南第4號–股權激勵信息披露》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) and relevant laws, regulations and regulatory documents, as well as the Amended and Restated Memorandum and Articles of Association of InnoCare Pharma Limited.
- II. The incentive instruments adopted in the Incentive Scheme are the Restricted Shares (Class-II Restricted Shares). The source of the shares is the RMB ordinary shares of InnoCare Pharma Limited (the “Company”) to be issued to the Incentive Participants by the Company.

Incentive Participants that meet the conditions for the grant under the Incentive Scheme, after fulfilling the corresponding Vesting Conditions, shall obtain in tranches the RMB ordinary shares newly issued by the Company at the Grant Price. Such shares will be registered at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Prior to the Vesting, the Restricted Shares granted to the Incentive Participants do not carry any rights of the shareholders of the Company, and such Restricted Shares shall not be transferred, or used as security or debt repayment.

- III. The number of Restricted Shares to be granted to the Incentive Participants under the Incentive Scheme is 8,948,750 shares, representing approximately 0.51% of the total issued shares of the Company of 1,764,321,452 shares as at the date of approval of the Incentive Scheme at the general meeting, among which 7,209,000 shares were granted under the First Grant, representing approximately 0.41% of the total issued shares of the Company of 1,764,321,452 shares as at the date of approval of the Incentive Scheme at the general meeting, and the portion granted under the First Grant accounted for 80.56% of the total equity interest under this Grant; and 1,739,750 shares were reserved, representing approximately 0.10% of the total issued shares of the Company of 1,764,321,452 shares as at the date of approval of the Incentive Scheme at the general meeting, and the reserved portion accounted for 19.44% of the total equity interest under this Grant. The Company expects that there is no difference between the total number of issued shares as at the date on which the Scheme is approved at the general meeting and the total number of issued shares as at the Latest Practicable Date.

The total number of Underlying Shares involved in all share incentive schemes of the Company within the validity period shall not exceed 20% of the total number of issued shares of the Company as at the date of approval of the Incentive Scheme at the general meeting, and the total number of incentive shares that may be issued shall not exceed 10% of the total number of issued shares of the Company. The number of shares to be granted to any Participant under the Incentive Scheme through all the share incentive schemes within the validity period shall not exceed 1% of the total issued shares of the Company as at the date of approval of the draft Incentive Scheme at the general meeting. For the Participants who are Directors or chief executives of the Company, the grant of share awards to such persons in any 12-month period will be subject to the approval of the Independent Shareholders if such grant exceeds 0.1% of the total issued Shares of the Company.

- IV. The Grant Price of the Restricted Shares under the Incentive Scheme (including Reserved Grant) shall be RMB6.95 per share.

In the event of any capitalisation issue, bonus issue, sub-division or share consolidation, rights issue or dividend distribution of the Company in the period from the date of the announcement of the draft Incentive Scheme to the completion of the Vesting of Restricted Shares by the Incentive Participants, the Grant Price and/or number of Restricted Shares to be granted/vested shall be adjusted in accordance with the relevant rules of the Incentive Scheme accordingly.

- V. The total number of Incentive Participants proposed for the First Grant under the Incentive Scheme is 115, representing approximately 12.25% of the total number of 939 employees of the Company as at 31 December 2022, including certain directors, senior management and core technicians of the Company (including its controlled subsidiaries and branches), and other employees whom the Board considers necessary to be incentivised when the Company announces the Incentive Scheme.

The Incentive Participants for the Reserved Grant refer to the Incentive Participants who have not been determined at the time of approval of the Incentive Scheme at the general meeting but are included in the Incentive Scheme during the Validity Period of the Incentive Scheme and who will be determined by the Board within 12 months since the date the Incentive Scheme are considered and approved at the general meeting. The reserved interest shall lapse where the Incentive Participants for the Reserved Grant are not determined after 12 months from the aforesaid date. Participants of the reserved Restricted Shares shall be determined with reference to the standards of the First Grant.

- VI. The Validity Period of the Incentive Scheme commences from the date of First Grant of the Restricted Shares until the date on which all Restricted Shares granted to the Incentive Participants have been vested or lapsed. The Validity Period shall not exceed 72 months. The Restricted Shares granted to the Incentive Participants shall be vested in tranches as per the agreed proportions, and it is a prerequisite for each Vesting to meet the corresponding Vesting Conditions.

VII. None of the following circumstances under which the implementation of the share incentive shall not be conducted as stipulated in Article 7 of the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) has occurred to the Company:

- (I) issue of the Company's financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
- (II) issue of the Company's financial internal control report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
- (III) in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
- (IV) laws and regulations stipulate that share incentives shall not be implemented;
- (V) other circumstances as determined by the CSRC.

VIII. The Company does not have a supervisory committee. The Incentive Participants under the Incentive Scheme exclude Independent Non-executive Directors of the Company. Incentive Participants have satisfied the provisions of Article 8 of the Management Measures for Share Incentives of Listed Companies, and are not subject to any following circumstances where a person is prohibited to be an Incentive Participant:

- (I) being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;
- (II) being identified as an inappropriate candidate by the CSRC or its delegated institutions within the most recent 12 months;
- (III) subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations within the most recent 12 months;
- (IV) being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
- (V) being prohibited from participation in share schemes of listed companies by laws and regulations;
- (VI) other circumstances as determined by the CSRC.

- IX. The Company undertakes not to provide loans and any other forms of financial assistance to the Incentive Participants for acquiring the Restricted Shares under the Incentive Scheme, including provision of guarantee for their loans.
- X. The Incentive Scheme shall be formulated by the Compensation Committee of the Board of the Company and submitted to the Board of the Company for consideration and approval, and shall be implemented upon the consideration and approval at the general meeting of the Company.
- XI. Within 60 days from the date on which the Incentive Scheme is considered and approved at the general meeting of the Company, the Company shall convene a Board meeting to make grants to the Incentive Participants under the First Grant in accordance with the relevant requirements, and complete announcement and other relevant procedures. If the Company fails to complete the above work within the 60-day period, it shall timely disclose the reasons for the failure and terminate the implementation of the Incentive Scheme, and the Restricted Shares that have not been granted shall lapse. According to the requirements of the Management Measures for Share Incentives of Listed Companies, the period during which a listed company may not make grants is not counted within the 60 days.
- XII. The implementation of the Incentive Scheme will not result in the shareholding distribution not meeting the listing requirements.

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CHAPTER I DEFINITIONS

Unless otherwise specified, capitalised terms shall have the same meanings as those hereinafter defined:

| | | |
|---|-------|---|
| The Company, our Company, the Listed Company | means | InnoCare Pharma Limited, Chinese name: 諾誠健華醫藥有限公司 |
| The Incentive Scheme, the Scheme | means | 2023 STAR Market Restricted Share Incentive Scheme of InnoCare Pharma Limited |
| Restricted Shares, Class-II Restricted Shares | means | the RMB ordinary Shares of the Company to be obtained in tranches and registered by the Incentive Participants who meet the conditions for grant under the Incentive Scheme after meeting the corresponding Vesting Conditions |
| Incentive Participants | means | in accordance with the provisions of the Incentive Scheme, the Directors, senior management and core technicians of the Company (including its controlled subsidiaries and branches) and other employees that the Board considers necessary to be incentivised to receive the Restricted Shares |
| Grant Date | means | the date on which the Company grants the Restricted Shares to the Incentive Participants |
| Grant Price | means | the price of each Restricted Share granted to the Incentive Participants |
| Validity Period | means | the period commencing on the date of the First Grant of the Restricted Shares and ending on the date on which all Restricted Shares granted to the Incentive Participants have been vested or lapsed |
| Vesting | means | the act of registering the Restricted Shares by the Listed Company to the account of an Incentive Participant after the Vesting Conditions having been satisfied by the Incentive Participant |
| Vesting Conditions | means | the Vesting Conditions as stipulated under the Restricted Share Incentive Scheme which must be satisfied by an Incentive Participant in order to obtain the incentive shares |

| | | |
|--------------------------------|-------|--|
| Vesting Date | means | the date on which the registration of the granted Restricted Shares is completed after the Vesting Conditions having been satisfied by an Incentive Participant, which must be a trading day |
| Latest Practicable Date | means | 20 April 2023 |
| Company Law | means | the Company Law of the People's Republic of China |
| Securities Law | means | the Securities Law of the People's Republic of China |
| Management Measures | means | the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) |
| STAR Market Listing Rules | means | the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange |
| Hong Kong Listing Rules | means | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| Guidelines for Self-discipline | means | the Guidelines for Self-discipline Supervision of Companies Listed on the STAR Market No. 4 – Disclosure of Information on Share Incentives (《科創板上市公司自律監管指南第4號–股權激勵信息披露》) |
| Articles of Association | means | the Amended and Restated Memorandum and Articles of Association of InnoCare Pharma Limited |
| CSRC | means | the China Securities Regulatory Commission |
| Stock Exchanges | means | the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited |
| RMB, RMB0'000 | means | RMB, RMB0'000 |

Notes:

1. Unless otherwise stated, the financial data and financial indicators referenced herein shall mean the financial data on a consolidated basis and financial indicators calculated based on such financial data.
2. Some figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.

CHAPTER II PURPOSE AND PRINCIPLE OF THE INCENTIVE SCHEME

To improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's employees, effectively bring together the interests of shareholders, the Company and core teams, enable all parties share a common concern for the long-term development of the Company, and under the premise of fully safeguarding the interests of shareholders, the Incentive Scheme is formulated following the principle of income equivalent to contribution in accordance with the relevant laws, regulations and regulatory documents including the Securities Law, the Management Measures, the STAR Market Listing Rules, the Guidelines for Self-discipline and the Hong Kong Listing Rules, as well as the relevant provisions of the Articles of Association.

As of the Latest Practicable Date of the Incentive Scheme, all the share options under the Pre-IPO Incentive Plans of the Company have been granted and fully exercised. No further options may be granted under the Pre-IPO Incentive Plans. The number of ordinary shares underlying the outstanding RSUs granted by the Company under the Pre-IPO Incentive Plans is 30,629,507, representing 1.74% of the total number of issued shares as at the Latest Practicable Date of the Incentive Scheme. The number of ordinary shares underlying the remaining RSUs to be granted under the Pre-IPO Incentive Plans is 51,481,607, representing 2.92% of the total number of issued shares of the Incentive Scheme as at the Latest Practicable Date (the "**Remaining RSU Limit**"). All Shares underlying all outstanding RSUs granted and may be granted pursuant to the Pre-IPO Incentive Plans (including the Remaining RSU Limit) have already been issued to relevant grantees upon vesting or to trustees, prior to the Hong Kong IPO. The Company expects that there is no difference between the total number of issued shares as at the date on which the Scheme is approved at the general meeting and the total number of issued shares as at the Latest Practicable Date.

On 6 July 2020, the Board of the Company approved the 2020 Restricted Share Unit Scheme ("**2020 RSU Scheme**", together with the Pre-IPO Incentive Plans, the "**Existing Schemes**"). The maximum number of ordinary shares available for issue by the Company under the 2020 RSU Scheme, and shares underlying share options or incentives (including the 2020 RSU Scheme) may be granted pursuant to any other share incentive scheme shall not, in aggregate, exceed 10% (or such 10% limit is refreshed) of the total issued share capital of the same class of the Company as at the adoption date of the 2020 RSU Scheme. The 2020 RSU Scheme permits the grant of RSUs to eligible employees or officers of the Company or any of its subsidiaries, including but not limited to executive directors and non-executive directors of the Company or any of its subsidiaries. The Scheme became effective on 6 July 2020 and will remain in force for 10 years from the date of adoption. As of the Latest Practicable Date, the Company has not granted any RSU under the 2020 RSU Scheme.

Conditional upon the Incentive Scheme being approved by the Shareholders, the Company undertakes not to make any grant further under any of the Existing Schemes and will terminate all Existing Schemes on a as soon as practicable basis in accordance with the applicable scheme rules thereof. The Company further undertakes that, it will, no later than 31 December 2023, convene another general meeting to approve the adoption of a share award scheme the terms of which will comply with Chapter 17 of the Listing Rules (the “**Compliant Scheme**”) to make grants thereunder to continue to be satisfied by the Remaining RSU Limit. The Incentive Scheme proposed herein to be adopted by the Company that is limited by the Scheme Mandate Limit, if approved by the Shareholders, will, until the adoption of the Compliant Scheme, be the only share scheme pursuant to which the Company may grant share awards.

The total number of Underlying Shares involved in all share incentive schemes of the Company within the validity period shall not exceed 20% of the total number of issued shares of the Company as at the date on which the Incentive Scheme is approved at the general meeting, and the total number of shares available for issue under all incentive schemes shall not exceed 10% of the total number of issued shares of the Company as at the date on which the Incentive Scheme is approved at the general meeting. In addition, for the Participants who are Directors or chief executives of the Company, the grant of share awards to such persons must be approved by the Independent Non-executive Directors, and the grant of share awards to such persons in any 12-month period will be subject to the approval of the Independent Shareholders if such grant exceeds 0.1% of the total issued Shares of the Company.

The Incentive Scheme and the above Existing Schemes are independent of, and not connected with, each other.

CHAPTER III ADMINISTRATIVE BODIES OF THE INCENTIVE SCHEME

- I. The general meeting, as the body vested with the supreme authority of the Company, is responsible for consideration and approval of the implementation, change (including number of Shares to be granted under the Incentive Scheme) and termination of the Incentive Scheme. The general meeting may authorize the Board to deal with certain matters related to the Incentive Scheme to the extent of its authority.
- II. The Board shall act as the executive and administrative body for the Incentive Scheme and be responsible for the implementation of the Incentive Scheme. The Compensation Committee under the Board is responsible for drafting and revising the Incentive Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the Incentive Scheme, the Board will submit the Incentive Scheme to the general meeting for consideration. The Board may handle other matters related to the Incentive Scheme within its scope of authority as delegated by the general meeting.
- III. The Independent Non-executive Directors shall express their opinions on whether the Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The Independent Non-executive Directors will solicit proxy voting rights from all shareholders in respect of the Incentive Scheme.
- IV. If the Company changes the Share Incentive Scheme prior to the consideration and approval at the general meeting, the Independent Non-executive Directors shall express independent opinions on whether the amended scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole.
- V. Prior to making grants to the Incentive Participants by the Company, the Independent Non-executive Directors shall express clear opinions (including approving any grant of Restricted Shares to a Director or a chief executive of the Company) on whether the conditions for the Incentive Participants to be granted under the Incentive Scheme are satisfied. If there is any difference between the interest granted by the Company to the Incentive Participants and the arrangements under the Incentive Scheme, the Independent Non-executive Directors shall simultaneously issue clear opinions.
- VI. Prior to the Vesting of the Restricted Shares granted to the Incentive Participants, the Independent Non-executive Directors shall issue clear opinions as to whether the Vesting Conditions of the Incentive Participants as set out in the Incentive Scheme have been fulfilled.

CHAPTER IV BASIS FOR DETERMINATION AND SCOPE OF THE INCENTIVE PARTICIPANTS

I. Basis for determination of the Incentive Participants

(I) *Legal basis for determining the Incentive Participants*

The Incentive Participants of the Incentive Scheme are determined after taking into account the actual circumstances of the Company and in accordance with the relevant laws, regulations and regulatory documents, including Company Law, Securities Law, Management Measures, STAR Market Listing Rules, Guidelines for Self-discipline and Hong Kong Listing Rules, as well as the relevant provisions of the Articles of Association.

(II) *Functional basis for determining the Incentive Participants*

The Incentive Participants of the First Grant under the Incentive Scheme are the Directors, senior management and core technicians of the Company (including its controlled subsidiaries and branches) and other employees (excluding Independent Non-executive Directors and other shareholders who individually or jointly hold 5% or more of the Shares and their spouses, parents and children, except Dr. Jisong Cui and Dr. Renbin Zhao) whom the Board considers necessary to be incentivised.

II. Scope of the Incentive Participants

(I) The total number of Incentive Participants proposed for the First Grant under the Incentive Scheme is 115, representing 12.25% of the total number of 939 employees of the Company as at 31 December 2022, including:

- (1) the Directors, senior management and core technicians;
- (2) other employees whom the Board considers necessary to be incentivised.

All Incentive Participants must have an employment or labor relationship with the Company (including its controlled subsidiaries and branches) at the time of the grant of the Restricted Shares and during the assessment period specified in the Incentive Scheme. If the circumstances of the Incentive Participants change before the actual grant of the Restricted Shares by the Board, the Board may make appropriate adjustments to the actual Incentive Participants.

Among the Incentive Participants of the First Grant, Dr. Jisong Cui and Dr. Renbin Zhao are shareholders holding more than 5% of the shares of the Company and foreign employees. Dr. Jisong Cui and Dr. Renbin Zhao are the Chairperson of the Board and the Executive Director of the Company, respectively, both of whom are key members of the Board of the Company, fully responsible for the operation management and research and development of the Company, setting the

management objectives and operating policies of the Company, ensuring the healthy and sustainable development of the Company, and playing an important role in the future operation and development of the Company. It is necessary and reasonable for the Incentive Scheme to include Dr. Jisong Cui and Dr. Renbin Zhao as Incentive Participants in line with the actual situation and development needs of the Company and the requirements of the STAR Market Listing Rules and other relevant laws and regulations.

- (II) Incentive Participants for the Reserved Grant shall be determined within 12 months from the date on which the Incentive Scheme is considered and approved at the general meeting. Upon the proposal by the Board, the opinions of the Independent Non-executive Directors, the professional opinions of the lawyers and the issuance of legal opinions, the Company shall disclose the relevant information of the Incentive Participants on the designated website in a timely and accurate manner as required. If the Incentive Participants are not determined for more than 12 months, the reserved interests shall lapse. The basis for determining the Incentive Participants of the Reserved Grant shall refer to the basis of the First Grant.

III. Verification of Incentive Participants

- (I) After the Incentive Scheme has been reviewed and approved by the Board, the Company shall publish a public notice on the names and positions of the Incentive Participants internally via the Company's website or other channels for a period of not less than 10 days.
- (II) After the end of the public notice period, the Company will make an announcement on the results of the public notice based on internal feedback 5 days prior to the consideration of the Incentive Scheme at the general meeting.

CHAPTER V INCENTIVE METHOD, SOURCE, NUMBER AND ALLOCATION OF RESTRICTED SHARES

I. Incentive Method and Source of Shares under the Incentive Scheme

The incentive instruments adopted in the Incentive Scheme are Class-II Restricted Shares. The source of the Restricted Shares is the RMB ordinary Shares to be issued to the Incentive Participants by the Company.

II. Number of Restricted Shares to be Granted

The number of Restricted Shares to be granted to the Incentive Participants under the Incentive Scheme is 8,948,750 shares, representing approximately 0.51% of the total issued shares of the Company of 1,764,321,452 shares as at the Latest Practicable Date, among which 7,209,000 shares were granted under the First Grant, representing approximately 0.41% of the total issued shares of the Company of 1,764,321,452 shares as at the Latest Practicable Date, and the portion granted under the First Grant accounted for 80.56% of the total equity interest under this Grant; 1,739,750 shares were reserved, representing approximately 0.10% of the total issued shares of the Company of 1,764,321,452 shares as at the Latest Practicable Date, and the reserved portion accounted for 19.44% of the total equity interest under this Grant.

III. Allocation of the Restricted Shares to the Incentive Participants

No Directors nor chief executive of the Company who is a Incentive Participant under the Incentive Scheme shall be granted of Restricted Shares under the First Grant that will exceed 0.1% of the total issued Shares of the Company. Each Incentive Participant who is a Director or chief executive of the Company has been approved by the Independent Non-executive Director. Allocation of Restricted Shares to be granted to each Incentive Participant under the Incentive Scheme is as follows:

| Name | Nationality | Position(s) | Number of Restricted Shares granted (0'000 shares) | Percentage of total share options to be granted | Percentage to the total number of issued shares as at the Latest Practicable Date |
|---|-------------|--|---|--|---|
| 1. Directors, Senior Management and Core Technicians | | | | | |
| Jisong Cui (崔霽松) | American | Chairman of the Board, Executive Director, CEO, Core Technical Personnel | 165.000 | 18.44% | 0.09% |

| Name | Nationality | Position(s) | Number of Restricted Shares granted (0'000 shares) | Percentage of total share options to be granted | Percentage to the total number of issued shares as at the Latest Practicable Date |
|---|-------------|---|--|---|---|
| Xiangyang Chen (陳向陽) | American | Chief Technology Officer, Core Technical Personnel | 50.000 | 5.59% | 0.03% |
| Renbin Zhao (趙仁濱) | American | Executive Director, Vice President of Regulatory Affairs and Clinical Development, Core Technical Personnel | 40.000 | 4.47% | 0.02% |
| Total | | | 255.000 | 28.50% | 0.14% |
| 2. Other Incentive Participants | | | | | |
| Other employees whom the Board considers necessary to be incentivised (112 persons) | | | 465.900 | 52.06% | 0.26% |
| Total of the First Grant | | | 720.900 | 80.56% | 0.41% |
| 3. Reserved Grant | | | | | |
| Total | | | 173.975 | 19.44% | 0.10% |
| Total | | | 894.875 | 100.00% | 0.51% |

Note 1: The number of shares of the Company to be granted to any one of the above Participants under all share incentive schemes of the Company within the validity period does not exceed 1% of the total number of issued shares of the Company as at the Latest Practicable Date. For the Participants who are Directors or chief executives of the Company, the grant of share awards to such persons in any 12-month period will be subject to the approval of the Independent Shareholders if such grant exceeds 0.1% of the total issued Shares. The total number of Underlying Shares involved in all the share incentive schemes of the Company within the validity period shall not exceed 20% of the total number of issued shares of the Company as at the Latest Practicable Date, and the total number of shares available for issue under all the incentive schemes (including the 2020 RSU Scheme) shall not exceed 10% of the total number of issued shares of the Company as at the Latest Practicable Date.

Note 2: Incentive Participants in the Incentive Scheme exclude Independent Non-executive Directors and other shareholders who individually or jointly hold 5% or more of the Shares and their spouses, parents and children, except Dr. Jisong Cui and Dr. Renbin Zhao.

Note 3: Any difference in the total number and the sum of the breakdowns in the above table is due to rounding.

CHAPTER VI VALIDITY PERIOD, GRANT DATE, VESTING ARRANGEMENT AND BLACK-OUT PERIOD OF INCENTIVE SCHEME**I. Validity Period of the Incentive Scheme**

The Validity Period of the Incentive Scheme commences from the date of the First Grant of the Restricted Shares until the date on which all Restricted Shares granted to the Incentive Participants have been vested or lapsed. The Validity Period shall not exceed 72 months.

II. Grant Date of the Incentive Scheme

The Grant Date shall be determined by the Board after the Incentive Scheme is considered and approved at the general meeting of the Company. The Company shall, within 60 days after the approval at the general meeting, convene a Board meeting to make grants to the Incentive Participants under the First Grant in accordance with the relevant requirements, and complete the announcement(s) and other relevant procedures. If the Company fails to complete the above work within the 60-day period, it shall disclose the reasons for such failure and terminate the implementation of the Scheme, and the Restricted Shares that have not been granted shall lapse. Pursuant to the Administrative Measures, the period during which a listed company shall not make grant is not counted within the 60 days. The Reserved Grant shall be within 12 months after the Incentive Scheme is considered and approved at the general meeting of the Company. If the Incentive Participants are not determined for more than 12 months, the Reserved Grant shall lapse. The Grant Date must be a trading day and no grants shall be made during the following periods:

- (I) The Company shall not grant the relevant interests after inside information has come to its knowledge until (and including) the trading day after the announcement of the relevant information. In particular, no such interest shall be granted within one month immediately before the earliest of:
 - (1) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Hong Kong Listing Rules) for approving any annual, half-year, quarterly or any other interim results of the Company (whether or not required under the Hong Kong Listing Rules); and
 - (2) the deadline by which the Company is required to announce its annual, half-year results, or the deadline for announcing quarterly or any other interim results under the Hong Kong Listing Rules (whether or not required under the Hong Kong Listing Rules). The relevant restrictions end on the date of the announcement of the results. No interest may be granted for the period during which the announcement of the results is delayed.

The Company shall not grant any interests to the Participants who are Directors 60 days before and including the date of publishing the annual results announcement.

- (II) Other periods as prescribed by the Stock Exchanges.

III. Vesting arrangements of the Incentive Scheme

The Restricted Shares granted under the Incentive Scheme may be vested in tranches as per the agreed proportions upon the Incentive Participants satisfying the corresponding Vesting Conditions. The Vesting Date must be a trading day, and the period during which Vesting is not permitted under the listing rules of the stock exchanges is not included.

The Restricted Shares granted under the Incentive Participants shall not be vested in the following periods:

- (i) Within thirty days prior to the announcement of the annual reports and of the semi-annual reports prepared by the Company in accordance with the Securities Law, the STAR Market Listing Rules and other laws, regulations, regulatory documents and rules, or in the event of postponement in publishing the foresaid annual reports and the semi-annual reports for special reasons, thirty days prior to the original announcement date and ending on one day prior to the announcement date;
- (ii) Ten days prior to the release of the quarterly reports, results forecast or preliminary report prepared by the Company in accordance with the Securities Law, the STAR Market Listing Rules and other laws, regulations, regulatory documents and rules;
- (iii) From the date of a significant event which may have a material impact on the trading price of the Company's securities and derivatives or during the process of decision making until the date of legal disclosure of the same;
- (iv) Other periods as prescribed by the Stock Exchanges.

If the relevant regulations of the stock exchanges regarding the Vesting Period change during the Validity Period of the Incentive Scheme, the Vesting Date shall comply with the relevant amended laws, regulations and regulatory documents.

The Vesting terms and Vesting arrangements for the Restricted Shares of the First Grant under the Incentive Scheme are as follows:

| Vesting arrangement | Time of Vesting | Percentage of the attributive interests to the total interests granted under the First Grant |
|---|--|---|
| First Vesting Period of the First Grant | The first trading day after 12 months from the date of the First Grant to the last trading day within 24 months from the date of the First Grant | 25% |
| Second Vesting Period of the First Grant | The first trading day after 24 months from the date of the First Grant to the last trading day within 36 months from the date of the First Grant | 25% |
| Third Vesting Period of the Initial Grant | The first trading day after 36 months from the date of the First Grant to the last trading day within 48 months from the date of the First Grant | 25% |
| Fourth Vesting Period of the First Grant | The first trading day after 48 months from the date of the First Grant to the last trading day within 60 months from the date of the First Grant | 25% |

The Vesting period and Vesting arrangement of the reserved Restricted Shares of the Incentive Scheme are as follows:

| Vesting arrangement | Time of Vesting | Percentage of the number of attributive interests to the total number of interests granted under the Reserved Granted |
|---|--|--|
| First Vesting Period of the Reserved Grant | The first trading day after 12 months from the date of the Reserved Grant to the last trading day within 24 months from the date of the Reserved Grant | 25% |
| Second Vesting Period of the Reserved Grant | The first trading day after 24 months from the date of the Reserved Grant to the last trading day within 36 months from the date of the Reserved Grant | 25% |
| Third Vesting Period of the Reserved Grant | The first trading day after 36 months from the date of the Reserved Grant to the last trading day within 48 months from the date of the Reserved Grant | 25% |
| Fourth Vesting Period of the Reserved Grant | The first trading day after 48 months from the date of the Reserved Grant to the last trading day within 60 months from the date of the Reserved Grant | 25% |

Prior to the Vesting, the Restricted Shares granted to the Incentive Participants under the Incentive Scheme shall not be transferred, or used as security or debt repayment. For the Restricted Shares granted to the Incentive Participants but not yet vested, shares increased due to reasons such as capitalisation issue or bonus issue are also subject to the Vesting Conditions, and shall not be transferred, or used as security or debt repayment. Where the Restricted Shares are not allowed to be vested at that time, shares obtained for the aforementioned reasons shall also not be vested.

IV. Black-out period under the Incentive Scheme

The black-out period refers to the period during which the Restricted Shares granted to the Incentive Participants are restricted to be sold after Vesting. There is no black-out period for the shares granted under the restricted Incentive Scheme after they are vested. For the Incentive Participants who are Directors and senior management of the Company, the black-out provisions shall be implemented in accordance with the Securities Law, the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (《上市公司股東、董監高減持股份的若干規定》), the Rules on the Administration of Shares held by Directors, Supervisors and Senior Management of Listed Companies and the Changes of Such Shares (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理》) and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (《上海證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) and other relevant laws, regulations and regulatory documents and the Articles of Association, including but not limited to:

- (I) Where the Incentive Participant is a Director and a member of the senior management of the Company, the number of RMB ordinary shares which may be transferred each year during his/her term of office shall not exceed 25% of the total number of RMB ordinary shares held by him/her in the Company. No RMB ordinary shares held by him/her may be transferred within 6 months after his/her termination of office.
- (II) For Incentive Participants who are Directors and members of the senior management of the Company, if they sell the Shares held by them within 6 months after the purchase, or if they purchase the Shares within 6 months after the sale, the gains obtained therefrom shall be vested to the Company and the Board shall forfeit the gains.

During the Validity Period of the Incentive Scheme, if the relevant requirements under the relevant laws, regulations, regulatory documents including the Securities Law, the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies, the Rules on the Administration of Shares held by Directors, Supervisors and Senior Management of Listed Companies and the Changes of Such Shares and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies as well as the Articles of Association regarding the transfer of shares held by the Directors and members of the senior management of the Company are changed, the transfer of the shares held by these Incentive Participants shall comply with the requirements as amended at the time of transfer.

CHAPTER VII GRANT PRICE OF THE RESTRICTED SHARES AND THE BASIS FOR DETERMINATION THEREOF**I. Grant Price of the Restricted Shares**

The Grant Price of the Restricted Shares under the Scheme (including the Reserved Grant) shall be RMB6.95 per share, which means the Incentive Participants can purchase the RMB ordinary Shares issued by the Company to the Incentive Participants at the price of RMB6.95 per share upon satisfaction of the Vesting Conditions.

II. Basis for determining the Grant Price of the Restricted Shares

The Grant Price of the Restricted Shares under the Incentive Scheme shall be not less than par value of the Shares and shall not be lower than the highest of:

- (i) 50.00% of the average trading price of the RMB ordinary Shares of the Company on the last trading day preceding the date of the announcement of the draft Incentive Scheme (the total transaction value of the shares on the last trading day divided by the total transaction volume of the shares on the last trading day) (i.e. RMB13.57 per share), which is RMB6.79 per share;
- (ii) 50.00% of the average trading price of RMB ordinary Shares of the Company for the 20 trading days preceding the date of announcement of the draft Incentive Scheme (the total transaction value of the shares for 20 trading days divided by the total transaction volume of the shares for the 20 trading days) (i.e. RMB13.64 per share), which is RMB6.82 per share;
- (iii) 50.00% of the average trading price of RMB ordinary Shares of the Company for the 60 trading days preceding the date of announcement of the draft Incentive Scheme (the total transaction value of the shares for the 60 trading days divided by the total transaction volume of the shares for the 60 trading days) (i.e. RMB13.16 per share), which is RMB6.58 per share;
- (iv) 50.00% of the average trading price of RMB ordinary Shares of the Company on the 120 trading days preceding the date of announcement of the draft Incentive Scheme (the total transaction value of the shares on the 120 trading day divided by the total transaction volume of the shares on the 120 trading day) (i.e. RMB13.89 per share), which is RMB6.95 per share.

CHAPTER VIII GRANT AND VESTING CONDITIONS OF THE RESTRICTED SHARES**I. Conditions for grant of the Restricted Shares**

The Company shall grant the Restricted Shares to the Incentive Participants upon satisfaction of all of the following granting conditions; or conversely, if any of the following granting conditions has not been satisfied, no Restricted Shares shall be granted to the Incentive Participants.

(I) None of the following circumstances has occurred on the part of the Company:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
4. laws and regulations stipulate that share incentives shall not be implemented;
5. other circumstances as determined by the CSRC.

(II) None of the following circumstances has occurred on the part of the Incentive Participants:

1. being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;
2. being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
3. being subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations in the most recent 12 months;
4. being prohibited from acting as a director or a member of the senior management of a company under the Company Law;
5. being prohibited from participation in share schemes of listed companies by laws and regulations;
6. other circumstances as determined by the CSRC.

II. Conditions for Vesting of the Restricted Shares and Clawback Mechanism

Restricted Shares granted to the Incentive Participants shall satisfy all of the following Vesting Conditions (the “**Clawback Events**”) before they are vested in tranches:

(I) None of the following circumstances has occurred on the part of the Company:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
4. laws and regulations stipulate that share incentives shall not be implemented;
5. other circumstances as determined by the CSRC.

(II) None of the following circumstances has occurred on the part of the Incentive Participants:

1. being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;
2. being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
3. subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations within the most recent 12 months;
4. being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
5. being prohibited from participation in share incentive schemes of listed companies by laws and regulations;
6. other circumstances as determined by the CSRC.

In the event that any one of the Clawback Events specified in the above subparagraph (I) arises, the Restricted Shares that have been granted but have not yet been vested to all of the Incentive Participants under the Incentive Scheme shall not be vested and shall lapse. In the event that the Restricted Shares shall not be granted to an Incentive Participant as specified in the above subparagraph (II), the Restricted Shares that have been granted but have not yet been vested to such Incentive Participant shall not be vested and shall be canceled.

(III) Incentive Participants satisfying the requirements on length of employment in each Vesting period

Before each tranche of Restricted Shares granted to the Incentive Participants is vested, the length of employment of the Incentive Participant must be more than 12 months in the Company.

(IV) Performance assessment requirements at the Company level

The assessment year for the Restricted Shares of the First Grant under the Incentive Scheme shall be the four accounting years from 2023 to 2026. The assessment shall be conducted once in each accounting year. The specific assessment targets are set out below:

| Vesting Arrangements | Assessment year | Performance assessment target A 100% shares to be vested by the Company | Performance assessment target B 80% shares to be vested by the Company | Performance assessment target C 70% shares to be vested by the Company |
|---|------------------------|--|---|---|
| First Vesting Period of the First Grant | 2023 | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB1 billion 2. Six new clinical trials are initiated in 2023 (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB900 million 2. Five new clinical trials are initiated in 2023 (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB800 million 2. Four new clinical trials are initiated in 2023 (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) |

| Vesting Arrangements | Assessment year | Performance assessment target A 100% shares to be vested by the Company | Performance assessment target B 80% shares to be vested by the Company | Performance assessment target C 70% shares to be vested by the Company |
|---|------------------------|--|---|---|
| Second Vesting Period of the First Grant | 2024 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2024, the accumulated operating revenue shall not be less than RMB2.5 billion From 2023 to 2024, 12 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2024, the accumulated operating revenue shall not be less than RMB2.15 billion From 2023 to 2024, 10 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2024, the accumulated operating revenue shall not be less than RMB1.8 billion From 2023 to 2024, Eight new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) |
| Third Vesting Period of the Initial Grant | 2025 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2025, the accumulated operating revenue shall not be less than RMB4.5 billion From 2023 to 2025, 20 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2025, the accumulated operating revenue shall not be less than RMB3.9 billion From 2023 to 2025, 17 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2025, the accumulated operating revenue shall not be less than RMB3.3 billion From 2023 to 2025, 14 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) |

| Vesting Arrangements | Assessment year | Performance assessment target A | Performance assessment target B | Performance assessment target C |
|--|-----------------|---|---|---|
| | | 100% shares to be vested by the Company | 80% shares to be vested by the Company | 70% shares to be vested by the Company |
| Fourth Vesting Period of the First Grant | 2026 | The Company satisfies any one of the following conditions: | The Company satisfies any one of the following conditions: | The Company satisfies any one of the following conditions: |
| | | 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB8.5 billion | 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB6.9 billion | 1. From 2023 to 2026, the accumulated operating revenue shall not be less than RMB5.3 billion |
| | | 2. From 2023 to 2026, 28 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | 2. From 2023 to 2026, 24 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | 2. From 2023 to 2026, 20 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) |

Note: The above “operating revenue” is calculated based on the data set out in the consolidated statements audited by the accounting firm engaged by the Company. (same below)

The assessment year for the Restricted Shares under the Reserved Grant granted before the disclosure of the third quarterly report for 2023 shall be the four accounting years from 2023 to 2026. The assessment shall be conducted once in each accounting year. The specific assessment targets are in line with the First Grant; The assessment year for the Restricted Shares under the Reserved Grant granted after the disclosure of the third quarterly report for 2023 shall be the four accounting years from 2024 to 2027. The assessment shall be conducted once in each accounting year. The specific assessment targets for each year are set out below:

| Vesting Arrangements | Assessment year | Performance assessment target A 100% shares to be vested by the Company | Performance assessment target B 80% shares to be vested by the Company | Performance assessment target C 70% shares to be vested by the Company |
|--|------------------------|--|---|---|
| First Vesting Period of the Reserved Grant | 2024 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2024, the accumulated operating revenue shall not be less than RMB2.5 billion From 2023 to 2024, 12 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2024, the accumulated operating revenue shall not be less than RMB2.15 billion From 2023 to 2024, 10 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2024, the accumulated operating revenue shall not be less than RMB1.8 billion From 2023 to 2024, eight new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) |

| Vesting Arrangements | Assessment year | Performance assessment target A 100% shares to be vested by the Company | Performance assessment target B 80% shares to be vested by the Company | Performance assessment target C 70% shares to be vested by the Company |
|---|------------------------|--|--|--|
| Second Vesting Period of the Reserved Grant | 2025 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2025, the accumulated operating revenue shall not be less than RMB4.5 billion From 2023 to 2025, 20 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2025, the accumulated operating revenue shall not be less than RMB3.9 billion From 2023 to 2025, 17 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2025, the accumulated operating revenue shall not be less than RMB3.3 billion From 2023 to 2025, 14 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) |
| Third Vesting Period of the Reserved Grant | 2026 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2026, the accumulated operating revenue shall not be less than RMB8.5 billion From 2023 to 2026, 28 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2026, the accumulated operating revenue shall not be less than RMB6.9 billion From 2023 to 2026, 24 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2026, the accumulated operating revenue shall not be less than RMB5.3 billion From 2023 to 2026, 20 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) |

| Vesting Arrangements | Assessment year | Performance assessment target A | Performance assessment target B | Performance assessment target C |
|---|-----------------|---|---|--|
| | | 100% shares to be vested by the Company | 80% shares to be vested by the Company | 70% shares to be vested by the Company |
| Fourth Vesting Period of the Reserved Grant | 2027 | The Company satisfies any one of the following conditions: 1. From 2023 to 2027, the accumulated operating revenue shall not be less than RMB13.5 billion 2. From 2023 to 2027, 36 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | The Company satisfies any one of the following conditions: 1. From 2023 to 2027, the accumulated operating revenue shall not be less than RMB10.9 billion 2. From 2023 to 2027, 31 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) | The Company satisfies any one of the following conditions: 1. From 2023 to 2027, the accumulated operating revenue shall not be less than RMB8.3 billion 2. From 2023 to 2027, 26 new clinical trials are initiated (including phase I, phase II and phase III clinical trials. A clinical trial is initiated only if the first subject is enrolled) |

If the Company fails to meet the above performance indicators, all the Restricted Shares that are not vested to the Incentive Participants for the current period shall not be vested or deferred to the next Vesting Period, and shall be canceled.

(V) Performance assessment requirements at the Incentive Participant's individual level

The Company conducts individual performance assessment on the Incentive Participants during the assessment year and determines the actual number of Restricted Shares to be vested to the Incentive Participants based on their assessment results. The performance assessment results of the Incentive Participants are divided into three levels, namely ME & ME Above, ME- and BE, and the actual number of Shares to be vested to the Incentive Participants will be determined according to the proportion of Vesting at the individual level corresponding to the following assessment rating table:

| Assessment results | ME & ME Above | ME- | BE |
|--------------------------------|---------------|-----|----|
| Individual-level Vesting ratio | 100% | 80% | 0 |

The actual number of Restricted Shares to be vested to the Incentive Participants in the current year = the number of Restricted Shares planned to be vested to individuals in the current year × Company-level Vesting ratio × Individual-level Vesting ratio.

If the Restricted Shares planned to be vested to the Incentive Participants for the current period cannot be vested or cannot be fully vested due to assessment reasons, the Restricted Shares shall be canceled and shall not be deferred to the following years.

III. Explanation on the scientificity and reasonableness of the assessment indicators

The assessment indicators of the Incentive Scheme are divided into two levels, namely performance assessment at Company level and performance assessment at individual level.

The Company's performance indicators include operating revenue and number of clinical trials. Operating revenue indicators can truly reflect the Company's operating conditions and market conditions, and are effective indicators for predicting the trend of business expansion and measuring the growth of the Company. The long R&D cycle of original innovative drugs, large capital investment, high technical barriers, and the number of clinical trials can truly reflect the Company's R&D progress, which is an important indicator to measure the Company's future development potential. The Company has set the performance assessment indicators for the Incentive Scheme after taking into account the macroeconomic environment, the Company's historical performance, industry development, market competition and the Company's future development plan and other relevant factors. The assessment indicators set in the Incentive Scheme are challenging to a certain extent, which will help enhance the Company's competitiveness and motivate the employees, ensure the realisation of the Company's future development strategy and business objectives, and bring more efficient and lasting returns to the Shareholders.

In addition to performance assessment at the Company level, the Company has also set up a strict performance assessment system for individuals, which can make a relatively accurate and comprehensive evaluation of the work performance of the Incentive Participants. The Company will determine whether the Incentive Participants have met the Vesting Conditions based on their performance assessment results for the previous year.

In summary, the assessment system of the Incentive Scheme is all-round, comprehensive and practicable, and the assessment indicators are scientific and reasonable, which are binding on the Incentive Participants and can serve the assessment purpose of the Incentive Scheme.

CHAPTER IX PROCEDURES OF IMPLEMENTATION OF THE RESTRICTED SHARE INCENTIVE SCHEME

I. Procedures for the implementation of the Restricted Share Incentive Scheme

- (I) The Compensation Committee of the Board is responsible for preparing the draft and summary of the Incentive Scheme.
- (II) The Board shall resolve on the Incentive Scheme in accordance with the law. When the Board considers the Incentive Scheme, the Directors who are the Incentive Participants or related thereto shall abstain from voting. The Board shall submit the Incentive Scheme to the general meeting for consideration after considering and approving the Incentive Scheme and performing the publicity and announcement procedures, and propose to the general meeting to authorize the Board (and its authorized person) to implement the Grant and Vesting (registration) of the Restricted Shares.
- (III) The Independent Non-executive Directors shall express their opinions on whether the Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole. The Company will engage an independent financial adviser with securities qualifications to give its professional opinion on the feasibility of the Incentive Scheme, whether the Incentive Scheme is conducive to the sustainable development of the Company, and whether it is detrimental to the interests of the Company, and the impact on the interests of shareholders. The law firm shall issue a legal opinion on the Incentive Scheme.
- (IV) The Company shall carry out self-examination on the trading of RMB ordinary shares of the Company and their derivatives by insiders within 6 months prior to the announcement of the draft Incentive Scheme.
- (V) The Incentive Scheme shall be subject to the consideration and approval at the general meeting of the Company. Before convening the general meeting, the Company shall publish a public notice on the names and positions of the Incentive Participants internally through the Company's website or other channels for a period

of not less than 10 days. After the end of the public notice period, the Company will make an announcement on the results of the public notice based on internal feedback 5 days prior to the consideration of the Incentive Scheme at the general meeting.

- (VI) The Independent Non-executive Directors shall solicit proxy voting rights from all shareholders in respect of the Incentive Scheme.
- (VII) The general meeting of the Company shall vote by ballot on the Incentive Scheme, and shall be approved by more than half of the voting rights held by the shareholders present at the meeting. The voting of the shareholders of RMB ordinary shares (other than the directors, senior management of the Company and shareholders individually or collectively holding more than 5% of the shares of the Company) shall be separately counted and disclosed.

When the Incentive Scheme is considered at the Company's general meeting, shareholders who are Incentive Participants or shareholders who are related to the Incentive Participants shall abstain from voting thereon.

- (VIII) The Company shall grant the Restricted Shares to the Incentive Participants within the prescribed period upon approval of the Incentive Scheme at the general meeting of the Company and the fulfillment of grant conditions stipulated under the Incentive Scheme. The Board (and their authorized person) shall be responsible for the grant and Vesting of the Restricted Shares in accordance with the mandate granted at the general meeting.

II. Procedures for granting the Restricted Shares

- (I) Upon consideration and approval of the Incentive Scheme at the general meeting and passing the resolution of granting interests to the Incentive Participants at the board meeting, the Company shall sign an "Agreement on the Grant of Restricted Shares" with the Incentive Participants in order to set out their respective rights and obligations.
- (II) The Board shall consider and announce whether the conditions of a grant to an Incentive Participant as set out in the Incentive Scheme have been satisfied before the Company makes a grant to such Incentive Participant, and the Reserved Grant shall be determined, considered and approved by the Board. The Independent Non-executive Directors shall simultaneously express clear opinions (including approving any grant of Restricted Shares to a Director or a chief executive of the Company). The law firm shall issue legal opinions on whether the conditions for the granting of interests to the Incentive Participants are fulfilled.
- (III) Where there is any discrepancy between the grant of interests by the Company to the Incentive Participants and the arrangement of the Incentive Scheme, the Independent Non-executive Directors and the law firm shall simultaneously express clear opinions.

- (IV) The Company shall grant Restricted Shares to Incentive Participants under the First Grant and make an announcement within 60 days after the Incentive Scheme is considered and approved at the general meeting of the Company. In the event the Company fails to make the First Grant within 60 days, the Incentive Scheme shall be terminated, and the Board shall disclose the reason for such failure in a timely manner and announce the termination of the Incentive Scheme, and shall be prohibited from approving a share incentive scheme again within three months commencing from the date of such announcement.

Incentive Participants eligible for Reserved Grant shall be determined within 12 months after the Incentive Scheme is considered and approved at the general meeting. If Incentive Participants are not confirmed within 12 months, the Reserved Grant will lapse.

III. Procedures for the Vesting of the Restricted Shares

- (I) Before the Vesting of the Restricted Shares, the Board of the Company shall consider whether the Vesting Conditions of the Incentive Participants as set out in the Incentive Scheme have been fulfilled, and the Independent Non-executive Directors shall simultaneously issue clear opinions, and the law firm shall issue legal opinions on whether the Vesting Conditions for the exercise of the Incentive Participants have been fulfilled. For the Incentive Participants who have fulfilled the Vesting Conditions, the Company shall handle the Vesting in a unified manner, and for the Incentive Participants who have not fulfilled the Vesting Conditions, the Restricted Shares in the relevant tranche shall not be vested and shall lapse. The Company shall disclose the announcement of the resolutions of the Board in a timely manner after the Vesting of the Incentive Participants, and announce the opinions of the Independent Non-executive Directors and the law firm and the relevant implementation thereof.
- (II) Before handling the Vesting of the Restricted Shares in a unified manner, the Company shall apply to the Shanghai Stock Exchange. The Company shall apply to the securities depository and clearing institution for the registration and settlement matters after confirmation by the Shanghai Stock Exchange.

IV. Procedures for amendments to the Incentive Scheme

- (I) In the event that the Company intends to amend the Incentive Scheme before it is considered and approved at the general meeting, such amendment shall be considered and approved by the Board.

- (II) In the event that the Company intends to amend the Incentive Scheme after it is considered and approved at the general meeting, such amendment shall be considered and determined at the general meeting given that such amendment shall not result in the following:
1. accelerating the Vesting;
 2. reducing the Grant Price (except for circumstances where the Grant Price is lowered due to capitalisation issue, bonus issue, rights issue and other reasons).
- (III) The Independent Non-executive Directors of the Company shall express their independent opinions on whether the amended plan is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The law firm shall issue professional opinions on whether the amended scheme complies with the provisions of the Management Measures and relevant laws and regulations, and whether it is obviously detrimental to the interests of the Company and its shareholders as a whole.

V. Procedures for Termination of the Incentive Scheme

- (I) If the Company intends to terminate the implementation of the Incentive Scheme before it is considered at the general meeting, such termination shall be considered and approved by the Board.
- (II) If the Company intends to terminate the implementation of the Incentive Scheme after it is considered and approved at the general meeting, such termination shall be considered and approved at general meeting.
- (III) The law firm shall issue professional opinions on whether the Company's termination of the Incentive Scheme complies with the provisions of the Management Measures and relevant laws and regulations, and whether it is obviously detrimental to the interests of the Company and its shareholders as a whole.

Since the date when the Company considered and approved to terminate the implementation of the Incentive Scheme at the general meeting, the Restricted Shares outstanding under the Incentive Scheme shall not be granted, and the granted but not vested Restricted Shares shall not be vested and become invalid.

CHAPTER X ADJUSTMENT METHOD AND PROCEDURES OF THE RESTRICTED SHARE INCENTIVE SCHEME**I. Adjustment method of the number of Restricted Shares granted and the number vested**

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company in the period from the date of announcement on the Incentive Scheme to the completion of Vesting and registration of Restricted Shares by the Incentive Participants, the number of Restricted Shares granted/vested shall be adjusted accordingly. The adjustment method is as follows:

(I) Capitalisation issue, bonus issue and sub-division of share capital

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

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; n represents the ratio of increase per Share resulting from the capitalisation issue, bonus issue or sub-division of Shares (i.e., the number of Shares increased per Share upon capitalisation issue, bonus issue or sub-division of Shares); Q represents the adjusted number of Restricted Shares granted/vested.

(II) Rights issue

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

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of Restricted Shares granted/vested.

(III) Share consolidation

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; n represents the ratio of consolidation of shares (i.e., one share shall be consolidated into n shares); Q represents the adjusted number of Restricted Shares granted/vested.

(IV) New issue of shares

In the event of issue of new shares, no adjustment shall be made to the number of Restricted Shares granted/vested.

II. Adjustment method of the Grant Price of the Restricted Shares

In the event of any capitalisation issue, bonus issue, sub-division, rights issue, share consolidation or dividend distribution of the Company in the period from the date of announcement of the Incentive Scheme to the completion of Vesting and registration of Restricted Shares by the Incentive Participants, an adjustment to the Grant Price of Restricted Shares shall be made by the Company accordingly. The adjustment method is as follows:

(I) Capitalisation issue, bonus issue and sub-division of share capital

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

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue and sub-division of share capital to each share; P represents the adjusted Grant Price.

(II) Rights issue

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

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Grant Price.

(III) Share consolidation

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of share consolidation; P represents the adjusted Grant Price.

(IV) Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the adjusted Grant Price. P shall be greater than 1 after the dividend distribution.

(V) Additional issue of new shares

Under the circumstance of additional issue of new shares, no adjustment will be made on the Grant Price of the Restricted Shares.

III. Adjustment procedures of the Restricted Share Incentive Scheme

In the event of the above circumstances, the Board of the Company shall consider and approve the resolution on the adjustment of the number of Restricted Shares to be granted/vested and the Grant Price (if the number and price of Restricted Shares to be granted/vested needs to be adjusted for matters other than the above circumstances, such resolution shall be submitted to the general meeting of the Company for consideration, except for the Board's consideration of the relevant resolution). The Company shall engage a law firm to issue professional opinions to the Board on whether the above adjustments are in compliance with the Management Measures, the Articles of Association and the Incentive Scheme. After the adjustment proposal is considered and approved by the Board, the Company shall timely disclose the announcement of the resolutions of the Board and the legal opinion.

CHAPTER XI ACCOUNTING TREATMENT ON THE RESTRICTED SHARES

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments (《企業會計準則第11號–股份支付》) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第22號–金融工具確認和計量》), the Company shall, on each balance sheet date during the period from the Grant Date to the Vesting Date, revise the number of Restricted Shares expected to be vested according to the latest information such as the change in the number of persons entitled to be vested and the completion of performance indicators, and recognise the services obtained in the current period in relevant costs or expenses and capital reserve according to the fair value of the Restricted Shares on the Grant Date.

I. Fair value of the Restricted Shares and the determination method

With reference to the “Application of Share-based Payment Standards – Grant of Restricted Shares (《股份支付準則應用案例–授予限制性股票》)” issued by the Accounting Department of the Ministry of Finance of the People’s Republic of China, the measurement of the share-based payment expenses for Class-II Restricted Shares is based on share options. In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments (《企業會計準則第11號–股份支付》) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第22號–金融工具確認和計量》), the Company selected the Black-Scholes model to calculate the fair value of the Class-II Restricted Shares, and measured the fair value of the 7,209,000 Restricted Shares under the First Grant on 26 April 2023. Specific parameters are as follows:

- (I) Underlying share price: RMB13.53/share (assuming the closing price on the date of the First Grant is the closing price on 26 April 2023);
- (II) Validity Period: 12 months, 24 months, 36 months and 48 months (the period from the Grant Date of the Restricted Shares to the date of Vesting of each tranche);
- (III) Historical volatility: 31.9489%, 34.9121%, 35.7182% and 36.3346% (adopting the volatility rate of the comparable companies for the past 12 months, 24 months, 36 months and 48 months, respectively);
- (IV) Risk-free interest rate: 2.1754%, 2.4056%, 2.4887% and 2.5758% (using the 1-year, 2-year, 3-year and 4-year -yield maturity of treasury bonds, respectively).

II. Estimated impact on operating performance in each period due to implementation of the Restricted Shares

The fair value of the Restricted Shares on the Grant Date will be determined by the Company in accordance with the requirements of accounting standards, and the share-based payments under the Incentive Scheme will be further determined accordingly, which will be amortized according to the percentage as set out in the Vesting arrangement during the implementation of the Incentive Scheme. The costs of incentive arising from the Incentive Scheme will be charged to the recurring profit and loss.

According to the requirements of the PRC Accounting Standards, the impact of the Restricted Shares under the First Grant of the Incentive Scheme on the accounting costs for each period is as follows (assuming the Company makes the grant in the early June 2023):

| Number of Restricted Shares under the First Grant (0' 000 shares) | Total costs to be amortized (RMB0'000) | 2023 (RMB0'000) | 2024 (RMB0'000) | 2025 (RMB0'000) | 2026 (RMB0'000) | 2027 (RMB0'000) |
|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| 7,209,000 | 5,217.51 | 1,543.50 | 1,936.37 | 1,058.37 | 533.97 | 145.31 |

Notes:

1. The above calculation results do not represent the final accounting costs. The actual accounting costs are related to the Grant Date, the Grant Price and the number of Restricted Shares vested. If an Incentive Participant resigns before Vesting, or fails to meet the corresponding standards of the performance assessment of the Company or personal performance assessment, the actual number of shares vested will be reduced accordingly and thus lower the share-based payment. Besides, the possible dilutive effects are brought to the attention of shareholders.
2. The final result of the above impact on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

The above calculation does not include the Reserved Grant of Restricted Shares, and additional share-based payment expenses will be incurred when the Restricted Shares under the Reserved Grant are granted.

According to the preliminary evaluation by the Company based on the information available, the amortisation of expenses of the Restricted Shares will have an impact on the net profit each year within the Validity Period. But at the same time, the implementation of the Incentive Scheme will further enhance the cohesion of employees and team stability, and effectively motivate the management team, thereby improving operating efficiency and bringing higher operating performance and intrinsic value to the Company.

**CHAPTER XII RIGHTS AND OBLIGATIONS OF THE COMPANY/THE
INCENTIVE PARTICIPANTS**

I. Rights and Obligations of the Company

- (I) The Company shall have the right to construe and execute the Incentive Scheme and shall appraise the performance of Incentive Participants based on the requirements under the Incentive Scheme. If an Incentive Participant fails to fulfil the Vesting Conditions required under the Incentive Scheme, the Restricted Shares that have been granted to Incentive Participants but not yet vested shall not be vested and shall lapse.
- (II) The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Incentive Participants to obtain relevant Restricted Shares according to the Incentive Scheme.
- (III) The Company shall make timely, true, accurate and complete disclosure of information disclosure documents related to the Incentive Scheme in accordance with relevant laws, regulations and regulatory documents, and ensure that there are no false records, misleading statements or material omissions, and timely fulfil the relevant reporting obligations of the Incentive Scheme.
- (IV) The Company shall proactively procure the Vesting of Restricted Shares for Incentive Participants who have satisfied the Vesting Conditions pursuant to the Incentive Scheme and the relevant requirements of the CSRC, the Shanghai Stock Exchange and the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited. The Company shall not be held liable for losses incurred by the Incentive Participants who fail to complete the Vesting of their Restricted Shares due to reasons caused by the CSRC, the Shanghai Stock Exchange and China Securities Depository and Clearing Corporation Limited.
- (V) If the Incentive Participants violate the laws or professional ethics, disclose confidential information of the Company, or engage in negligence or gross misconduct in performance of duties which may cause serious damage to the interests or reputation of the Company, upon being reviewed by the Compensation Committee of the Board and reported to the Board of the Company for approval, the Restricted Shares that have been granted to such Incentive Participants but not yet vested shall not be vested and shall lapse. At the same time, in the event of serious circumstances, the Company may also recover the losses suffered by the Company in accordance with relevant laws and regulations.
- (VI) In accordance with the relevant provisions of the national tax laws and regulations, the Company shall withhold and pay the individual income tax and other taxes payable by the Incentive Participants for participation in the Incentive Scheme.

- (VII) The Company's determination of the Incentive Participants under the Incentive Scheme does not imply a guarantee of the Incentive Participants enjoy the right to continue to serve the Company, and does not constitute the Company's commitment to the term of employment of employees. The Company's employment and employment management of employees are still implemented in accordance with the employment contract or labor contract signed between the Company and the Incentive Participants.
- (VIII) Other relevant rights and obligations as stipulated by laws, administrative regulations and regulatory documents.

II. Rights (including rights attaching to the Restricted Shares) and obligations of the Incentive Participants

- (I) Incentive Participants shall, based on the requirement of the position, perform their responsibilities diligently in compliance with professional ethic and strive to contribute to the development of the Company.
- (II) The source of funding of Incentive Participants shall derive from their own or self-raised funds.
- (III) The Restricted Shares granted to the Incentive Participants shall not be transferred, or used as security or debt repayment.
- (IV) Restricted Shares granted to the Incentive Participants according to the requirements of the Incentive Scheme are not entitled to voting power before Vesting and registration.
- (V) Any Restricted Shares vested and registered to a Incentive Participant shall be subject to the provisions of the Articles and will rank pari passu with the fully paid Shares in issue on the date of the registration or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members, and accordingly will entitle the Incentive Participant to participate in all dividends or other distributions paid or made on or after the date of registration or, if that date falls on a day when the register of members of the Company closed, the first day of the reopening of the register of members. An Incentive Participant will not be entitled to participate in the foregoing dividends or other distributions before vesting of any Restricted Shares.
- (VI) The gains acquired by the Incentive Participants as a result of the Incentive Scheme shall be subject to individual income tax and other taxes and fees according to tax laws and regulations of the PRC.
- (VII) Incentive Participants undertake that where false statements or misleading representations in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or Vesting arrangements, Incentive Participants concerned shall return to the Company all interests gained through the Incentive Scheme after the relevant information disclosure documents of the Company are confirmed to contain false statements or misleading representations or material omissions.
- (VIII) Upon consideration and approval of the Incentive Scheme at the general meeting, and passing the resolution of granting interest to the Incentive Participants at the Board meeting, the Company shall sign an "Agreement on the Grant of Restricted Shares" with the Incentive Participants in order to set out their respective rights and obligations as well as other relevant matters.
- (IX) Other relevant rights and obligations under the laws, regulations and the Incentive Scheme.

**CHAPTER XIII HANDLING UNUSUAL CHANGES TO THE COMPANY/THE
INCENTIVE PARTICIPANTS**

I. Handling unusual changes to the Company

- (I) In the event that any of the circumstances below occurs to of the Company, the Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Incentive Participants but not yet vested shall not be vested:
1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
 4. laws and regulations stipulate that share incentives shall not be implemented;
 5. other circumstances where the Incentive Scheme should be terminated as determined by the CSRC.
- (II) The Incentive Scheme shall remain unchanged if any of the following events occurs to the Company:
1. a change of control of the Company;
 2. a merger or division of the Company.
- (III) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with conditions for the grant or Vesting of Restricted Shares, the Restricted Shares granted to Incentive Participants but not yet vested shall not be vested and shall lapse. In respect of the Restricted Shares already vested, the Incentive Participants concerned shall return to the Company all equities granted. The Board shall recover the income of Incentive Participants in accordance with the provisions of the preceding paragraph. The Incentive Participants who bear no responsibility for the aforesaid matters and who incur losses as a result of the return of interests granted may seek compensation from the Company or responsible parties.

II. Change in personal particulars of the Incentive Participants leading to cancellation of the Restricted Shares

- (I) If an Incentive Participant ceases to be eligible to participate in the Incentive Scheme due to the occurrence of any of the following circumstances, the Board may decide that the Restricted Shares granted to the Incentive Participant but not yet vested shall not be vested and shall be canceled on the date of occurrence of the circumstances under the Incentive Scheme:
1. being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;
 2. being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
 3. subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations within the most recent 12 months;
 4. being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
 5. being prohibited from participation in the share incentive schemes of listed companies by laws and regulations;
 6. other circumstances as determined by the CSRC.
- (II) If an Incentive Participant's position(s) has been changed but he/she still works in the Company, the Restricted Shares granted to him/her shall be carried out in full accordance with the procedures stipulated in the Incentive Scheme prior to the change of his/her position(s); however, if the Incentive Participant's position(s) has changed due to his/her incompetence to his/her position, violation of laws, violation of professional ethics, leakage of confidential information of the Company, dereliction of duty or malfeasance, serious violation of the Company's system and other acts that damage the interests or reputation of the Company, or the Company terminates his/her labor relationship or employment relationship with the Incentive Participant due to the above reasons, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested and shall be canceled.
- (III) Where an Incentive Participants resigns, including circumstances of voluntary resignation, resignation due to layoffs of the Company, labor contract/employment agreement being expired and not renewed, dismissal by the Company due to personal fault, negotiated termination of labor contract or employment agreement, the Restricted Shares that have been granted to the Incentive Participant but not yet vested since the date of resignation shall not be vested and shall be canceled. The Incentive Participant shall pay the Company the individual income tax involved in the vested Restricted Shares before resignation.

The Company has the right to recover the losses incurred from an Incentive Participant in accordance with the provisions of relevant laws, depending on the seriousness of the circumstances when he/she has personal faults including but not limited to:

Violation of the labor contract, employment contract, employee manual, confidentiality agreement, non-competition agreement or any other similar agreements signed with the Company or its affiliates; violation of the laws of the country of residence, resulting in criminal offenses or other bad conditions that affect the work performance.

- (IV) If an Incentive Participant retires normally in accordance with national regulations and the Company's requirements, the Restricted Shares granted to him/her shall remain valid and shall be vested in accordance with the procedures stipulated in the Incentive Scheme.
- (V) The resignation of an Incentive Participant due to his/her incapacity shall be dealt with in the following two circumstances:
1. When an Incentive Participant resigns due to incapacity in performing his/her duties, the Restricted Shares granted to him/her shall be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to the incapacity. The Board of the Company may determine that his/her personal performance assessment conditions shall not be included in the Vesting Conditions. The Incentive Participants shall pay to the Company the individual income tax in relation to the Restricted Shares that have been vested before they leave the Company, and shall pay the individual income tax in relation to the Restricted Shares that will be vested in the current period for each Vesting thereafter.
 2. When an Incentive Participant leaves the Company due to incapacity not resulting from performance of duties, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested and shall be canceled. Prior to the resignation of the Incentive Participants, the Incentive Participants shall pay to the Company the individual income tax involved in the Restricted Shares that have been vested.
- (VI) The death of an Incentive Participant shall be dealt with in two ways:
1. If an Incentive Participant dies in the course of performing his/her duties, the Restricted Shares granted to him/her shall be inherited by his/her successor and shall be vested in accordance with the procedures stipulated in the Scheme prior to his/her death. The Board of the Company may determine that his/her personal performance assessment conditions shall no longer be included in the Vesting Conditions. The successor shall pay to the Company the individual

income tax in respect of the Restricted Shares vested before the inheritance, and shall pay the individual income tax in respect of the Restricted Shares vested for the current period in advance of each Vesting thereafter.

2. If an Incentive Participant dies not due to performance of duties, the Restricted Shares that have been granted to the Incentive Participant but have not yet been vested shall not be vested and shall be canceled on the date of occurrence of such event. If the Board, at its discretion, allows the Restricted Shares that have been granted but have not yet been vested to be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to the death of the Incentive Participants, the Board may determine that their personal performance assessment will no longer be included in the Vesting Conditions, and the successors shall pay the individual income tax in respect of the Restricted Shares that have been vested before the inheritance, and shall pay the individual income tax in respect of the Restricted Shares that will be vested in the current period in advance of each Vesting thereafter.

(VII) Other unspecified circumstances and the handling method shall be determined by the Board.

III. Settlement mechanism for relevant disputes between the Company and Incentive Participants

The disputes between the Company and the Incentive Participants arising from the execution of the Incentive Scheme and/or the “Agreement on the Grant of Restricted Shares” signed by the parties or in relation to the Incentive Scheme and/or the “Agreement on the Grant of Restricted Shares” shall be solved through negotiation and communication by both parties, or mediation by the Compensation Committee of the Board. If relevant disputes are not solved through the above-mentioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people’s court with jurisdiction in the PRC.

CHAPTER XIV SUPPLEMENTARY PROVISIONS

- I. The Incentive Scheme shall become effective upon consideration and approval at the general meeting of the Company.
- II. The Incentive Scheme shall be interpreted by the Board of the Company.
- III. If the provisions of the Incentive Scheme conflict with relevant national laws, regulations, administrative rules and regulatory documents, it shall be implemented or adjusted in accordance with the relevant national laws, regulations, administrative rules and regulatory documents. If there is no provision stipulated in the Incentive Scheme, it shall be implemented or adjusted in accordance with the relevant national laws, regulations, administrative rules and regulatory documents.

The Board of InnoCare Pharma Limited
April 2023

THE ASSESSMENT MANAGEMENT MEASURES FOR THE 2023 STAR MARKET RESTRICTED SHARE INCENTIVE SCHEME OF INNOCARE PHARMA LIMITED (THE “MEASURES”)

InnoCare Pharma Limited (the “**Company**”) intends to implement the 2023 STAR Market Restricted Share Incentive Scheme (the “**Incentive Scheme**”), in order to solidify the incentive and restraint mechanism of the Company, form a well-balanced value distribution system, fully mobilise the motivation of the employees of the Company such that they can conduct their work in a more honest and diligent manner, so as to secure the steady improvement of the Company’s performance and the achievement of the Company’s development strategy and business objectives.

In order to ensure the smooth implementation of the Incentive Scheme, the Measures are hereby formulated based on the actual situation of the Company in accordance with the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》), the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), the Guidelines for Self-discipline Supervision of Companies Listed on the STAR Market No. 4 – Disclosure of Information on Share Incentives (《科創板上市公司自律監管指南第4號–股權激勵信息披露》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) and other relevant laws, regulations and regulatory documents, as well as the Amended and Restated Memorandum and Articles of Association of InnoCare Pharma Limited (《諾誠健華醫藥有限公司經修訂及重訂之組織章程大綱及章程細則》) and relevant provisions of the Incentive Scheme.

I. Purpose of the Assessment

To further improve the incentive constraint mechanism of the Company, ensure the smooth implementation of the Incentive Scheme and maximise the effect of share incentive to ensure the achievement of the development strategy and business objectives of the Company.

II. Principles of Assessment

The assessment and evaluation must adhere to the principles of impartiality, openness and fairness, and be carried out in strict accordance with the Measures and the performance of the Assessed Participants, to realise the close combination of the Incentive Scheme with the work performance and contribution of the Incentive Participants, so as to improve the overall performance of the Company and maximise the interests of the Company and shareholders as a whole.

III. Scope of Assessment

The Measures shall apply to all Incentive Participants involved in the Incentive Scheme, i.e., all Incentive Participants identified by the Compensation Committee and approved by the Board, including the Directors, senior management, core technicians and other employees of the Company (including holding subsidiaries and branches) who the Board considers necessary to be incentivised when the Company announces the Incentive Scheme. All Incentive Participants must have an employment or labour relationship with the Company (including holding subsidiaries and branches) at the time of the grant of the restricted shares (the “**Restricted Shares**”) and during the assessment period specified in the Incentive Scheme.

IV. Assessment Body

- (I) The Compensation Committee of the Board is responsible for leading and organising the assessment of the Incentive Participants.
- (II) The human resources department of the Company is responsible for the implementation of specific assessment. The human resources department of the Company is responsible for and will report to the Compensation Committee.
- (III) The human resources department, the finance department and other relevant departments of the Company are responsible for the collection and provision of relevant assessment data, as well as the authenticity and reliability of the data.
- (IV) The Board of the Company is responsible for reviewing the assessment results.

V. Assessment Indicators and Standards**(I) Performance assessment requirements at the Company level**

The assessment year of the First Grant of partial Restricted Shares under the Incentive Scheme shall be for the four accounting years from 2023 to 2026, and assessment shall be conducted once in each accounting year. The specific assessment targets for each year are set out below:

| Vesting arrangement | Assessment year | Performance assessment target A 100% of company vesting | Performance assessment target B 80% of company vesting | Performance assessment target C 70% of company vesting |
|---|-----------------|---|---|---|
| First Vesting Period of the First Grant | 2023 | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB1.0 billion 2. Launch 6 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) in 2023 | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB0.9 billion 2. Launch 5 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) in 2023 | The Company satisfies any one of the following conditions: 1. The operating revenue for 2023 shall not be less than RMB0.8 billion 2. Launch 4 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) in 2023 |

| Vesting arrangement | Assessment year | Performance assessment target A 100% of company vesting | Performance assessment target B 80% of company vesting | Performance assessment target C 70% of company vesting |
|---|-----------------|--|---|--|
| Second Vesting Period of the First Grant | 2024 | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the cumulative operating revenue shall not be less than RMB2.5 billion 2. Launch a total of 12 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2024 | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the cumulative operating revenue shall not be less than RMB2.15 billion 2. Launch a total of 10 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2024 | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the cumulative operating revenue shall not be less than RMB1.8 billion 2. Launch a total of 8 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2024 |
| Third Vesting Period of the First Grant | 2025 | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the cumulative operating revenue shall not be less than RMB4.5 billion 2. Launch a total of 20 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2025 | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the cumulative operating revenue shall not be less than RMB3.9 billion 2. Launch a total of 17 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2025 | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the cumulative operating revenue shall not be less than RMB3.3 billion 2. Launch a total of 14 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2025 |

| Vesting arrangement | Assessment year | Performance assessment target A 100% of company vesting | Performance assessment target B 80% of company vesting | Performance assessment target C 70% of company vesting |
|--|-----------------|--|--|--|
| Fourth Vesting Period of the First Grant | 2026 | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the cumulative operating revenue shall not be less than RMB8.5 billion 2. Launch a total of 28 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2026 | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the cumulative operating revenue shall not be less than RMB6.9 billion 2. Launch a total of 24 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2026 | The Company satisfies any one of the following conditions: 1. From 2023 to 2026, the cumulative operating revenue shall not be less than RMB5.3 billion 2. Launch a total of 20 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2026 |

Note: The above “operating revenue” is calculated based on the data set out in the consolidated statements audited by the accounting firm engaged by the Company. (same below)

The assessment year for the partial reserved Restricted Shares granted before the disclosure of the 2023 third quarterly report shall be for the four accounting years from 2023 to 2026, and the assessment shall be conducted once in each accounting year. The performance assessment targets for each year are consistent with the First Grant. The assessment year for the partial reserved Restricted Shares granted after the disclosure of the 2023 third quarterly report shall be for the four accounting years from 2024 to 2027, and the assessment shall be conducted once in each accounting year. The performance assessment targets for each year are set out below:

| Vesting arrangement | Assessment year | Performance assessment target A 100% of company vesting | Performance assessment target B 80% of company vesting | Performance assessment target C 70% of company vesting |
|--|-----------------|--|---|--|
| Reserved for granting in the First Vesting Period | 2024 | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the cumulative operating revenue shall not be less than RMB2.5 billion 2. Launch a total of 12 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2024 | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the cumulative operating revenue shall not be less than RMB2.15 billion 2. Launch a total of 10 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2024 | The Company satisfies any one of the following conditions: 1. From 2023 to 2024, the cumulative operating revenue shall not be less than RMB1.8 billion 2. Launch a total of 8 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2024 |
| Reserved for granting in the Second Vesting Period | 2025 | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the cumulative operating revenue shall not be less than RMB4.5 billion 2. Launch a total of 20 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2025 | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the cumulative operating revenue shall not be less than RMB3.9 billion 2. Launch a total of 17 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2025 | The Company satisfies any one of the following conditions: 1. From 2023 to 2025, the cumulative operating revenue shall not be less than RMB3.3 billion 2. Launch a total of 14 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2025 |

| Vesting arrangement | Assessment year | Performance assessment target A 100% of company vesting | Performance assessment target B 80% of company vesting | Performance assessment target C 70% of company vesting |
|--|-----------------|---|---|--|
| Reserved for granting in the Third Vesting Period | 2026 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2026, the cumulative operating revenue shall not be less than RMB8.5 billion Launch a total of 28 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2026 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2026, the cumulative operating revenue shall not be less than RMB6.9 billion Launch a total of 24 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2026 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2026, the cumulative operating revenue shall not be less than RMB5.3 billion Launch a total of 20 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2026 |
| Reserved for granting in the Fourth Vesting Period | 2027 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2027, the cumulative operating revenue shall not be less than RMB13.5 billion Launch a total of 36 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2027 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2027, the cumulative operating revenue shall not be less than RMB10.9 billion Launch a total of 31 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2027 | <p>The Company satisfies any one of the following conditions:</p> <ol style="list-style-type: none"> From 2023 to 2027, the cumulative operating revenue shall not be less than RMB8.3 billion Launch a total of 26 new clinical trials (including I-III phase clinical trials, with the requirement of achieving the first enrolment) from 2023 to 2027 |

If the Company fails to meet the above performance indicators, all the Restricted Shares that are not vested to the Incentive Participants for the current period shall not be vested or deferred to the next Vesting Period, and shall lapse.

(II) Performance assessment requirements at the Incentive Participant's individual level

The Company conducts individual performance assessment on the Incentive Participants during the assessment year and determines the number of Restricted Shares actually vested to the Incentive Participants based on their assessment results. The performance assessment results of the Incentive Participants are divided into three grades, namely ME & ME Above, ME- and BE, and the actual number of Restricted Shares to be vested to the Incentive Participants will be determined according to the Vesting ratio at the individual level corresponding to the following assessment rating table:

| Assessment results | ME & ME Above | ME- | BE |
|--------------------------------|------------------|------------|----------|
| Individual-level Vesting ratio | <u>100%</u> | <u>80%</u> | <u>0</u> |

The number of Restricted Shares actually vested to the Incentive Participants in the current year = the number of Restricted Shares planned to be vested to individuals in the current year × Company-level Vesting ratio × Individual-level Vesting ratio.

If the Restricted Shares planned to be vested to the Incentive Participants for the current period cannot be vested or cannot be fully vested due to the assessment result, the Restricted Shares shall lapse and shall not be deferred to the following years.

VI. Duration and Frequency of Assessment

For the First Grant and the reserved portion granted before the disclosure of the 2023 third quarterly report, the assessment years shall be for four accounting years from 2023 to 2026, and the performance shall be assessed once in each accounting year.

For the reserved portion granted after the disclosure of the 2023 third quarterly report, the assessment years shall be for the four accounting years from 2024 to 2027, and the performance shall be assessed once in each accounting year.

VII. Assessment Procedures

The human resources department of the Company is responsible for the specific assessment under the guidance of the Compensation Committee of the Board and maintaining the assessment results. On this basis, a performance assessment report shall be prepared and submitted to the Compensation Committee of the Board.

VIII. Management of Assessment Results***(I) Feedback on and appealing of assessment results***

The Assessed Participants are entitled to know their own assessment results. The Compensation Committee shall inform the Assessed Participants of the assessment results within 15 working days after the completion of the assessment.

If the Assessed Participants have objections against the assessment results, they can communicate with the human resources department to resolve the objections within 5 days after receiving the results of the assessment. If the objections cannot be resolved through communication, the Assessed Participants may appeal to the Compensation Committee, and the Remuneration Committee shall review and determine the final assessment results within 20 working days.

(II) Filing of assessment results

After the completion of the assessment, the human resources department shall file and maintain all assessment results as confidential information, and the assessment results shall be kept for 10 years. Documents and records that exceed the storage period shall be centralized and destroyed by the human resources department upon approval by the Compensation Committee.

IX. Supplementary Provisions

- (I) The Board is responsible for the formulation, interpretation and revision of the Measures. If the relevant provisions of the Measures conflict with the relevant laws, administrative regulations and departmental rules, the relevant laws, administrative regulations and departmental rule shall prevail.
- (II) The Measures shall be subject to consideration and approval at the general meeting and become effective upon the Incentive Scheme becoming effective.

The Board of InnoCare Pharma Limited
26 April 2023

| Rules of Procedures for the Board of Directors currently in force | | Amended Rules of Procedures for the Board of Directors | |
|---|--|--|--|
| Article No. | Original Articles | Article No. | Amended Articles |
| Article 2 | <p>Pursuant to the Companies Act and these Articles, the Board of the Company may exercise the following functions and powers:</p> <p>...</p> <p>14. To listen to the report of chief executive officer and review the works of chief executive officer;</p> | Article 2 | <p>Pursuant to the Companies Act and these Articles, the Board of the Company may exercise the following functions and powers:</p> <p>...</p> <p>14. To listen to the report of chief executive officer and review the works of chief executive officer;</p> |
| | <p>The following related party (or connected) transactions were considered and approved by the Board:</p> <p>1. Transactions of which the completion consideration between the Company (including companies whose financial statements have been consolidated into the Company) and related party (connected) natural persons exceeds RMB300,000 or the equivalent amount in US dollars (save for collateral-free guarantees provided to the Company or the subsidiaries); or transactions of which the completion consideration between the Company and related party legal persons exceed 0.1% of the Company's latest audited total assets, revenue or market value, and that it exceeds RMB3 million or the equivalent amount in US dollars;</p> <p>2. The connected transactions that need to be submitted to the Board for consideration based on the connected transaction ratio test results under the Stock Exchange Listing Rules (except for those eligible for exemption).</p> | | <p>The following related party (or connected) transactions were considered and approved by the Board:</p> <p>1. Transactions of which the completion consideration between the Company (including companies whose financial statements have been consolidated into the Company) and related party (connected) natural persons exceeds RMB300,000 or the equivalent amount in US dollars (save for collateral-free guarantees provided to the Company or the subsidiaries); or transactions of which the completion consideration between the Company and related party legal persons exceed 0.1% of the Company's latest audited total assets, revenue or market value, and that it exceeds RMB3 million or the equivalent amount in US dollars <u>(save for the provision of guarantees)</u>;</p> <p><u>2. The guarantees are provided by the Company to related parties;</u></p> <p>32. The connected transactions that need to be submitted to the Board for consideration based on the connected transaction ratio test results under the Stock Exchange Listing Rules (except for those eligible for exemption).</p> |

| Rules of Procedures for the Board of Directors currently in force | | Amended Rules of Procedures for the Board of Directors | |
|---|---|--|---|
| Article No. | Original Articles | Article No. | Amended Articles |
| Article 20 | These Rules have been prepared by the Board and submitted to the general meeting for review and approval, and shall be effective from the date of the Company's initial public offering and listing of the RMB Ordinary Shares (as defined in the Articles of Association) on the Science and Technology Innovation Board of Shanghai Stock Exchange. | Article 20 | These Rules have been prepared by the Board and submitted to the general meeting for review and approval, and shall be effective from the date of consideration and approval at the general meeting the Company's initial public offering and listing of the RMB Ordinary Shares (as defined in the Articles of Association) on the Science and Technology Innovation Board of Shanghai Stock Exchange. |

| Articles of Association currently in force | | Amended Articles of Association | |
|--|--|---------------------------------|--|
| Article No. | Original Articles | Article No. | Amended Articles |
| 1(b) | <p>Any marginal notes, titles or lead in references to Articles and the index of the Memorandum and Articles of Association shall not form part of the Memorandum or Articles of Association and shall not affect their interpretation. In interpreting these Articles of Association, unless there be something in the subject or context inconsistent therewith:</p> <p>...</p> <p>“Auditor” means person appointed by the Company from time to time to perform the duties of auditor of the Company;</p> <p>...</p> <p>“Companies Act” means the Companies Act Cap. 22 (Law 3 of 1961, as revised and supplemented from time to time) of the Cayman Islands;</p> <p>...</p> | 1(b) | <p>Any marginal notes, titles or lead in references to Articles and the index of the Memorandum and Articles of Association shall not form part of the Memorandum or Articles of Association and shall not affect their interpretation. In interpreting these Articles of Association, unless there be something in the subject or context inconsistent therewith:</p> <p>...</p> <p>“Auditor” means the auditor of the Company for the time being and may include any individual, partnership or body corporate or persons appointed by the Company from time to time to perform the duties of auditor of the Company;</p> <p>...</p> <p>“Companies Act” means the Companies Act Cap. 22 (as revised) of the Cayman Islands as amended from time to time and every other act, order regulation or other instrument having statutory effect (Law 3 of 1961, as revised and supplemented as amended from time to time) for the time being in force in of the Cayman Islands applying to or affecting the Company, the Memorandum of Association and/or the Articles of Association;</p> |

| Articles of Association currently in force | | Amended Articles of Association | |
|--|---|---------------------------------|--|
| Article No. | Original Articles | Article No. | Amended Articles |
| 5(a) | <p>If at any time the share capital of the Company is divided into different classes of Shares, all or any of the special rights attached to the Shares or any class of Shares (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Act, be varied, modified or abrogated either with the consent in writing of not less than $\frac{3}{4}$ of the voting rights of the holders of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or representing by proxy holding not less than one-third in nominal value of the issued Shares of that class, that the quorum for any meeting adjourned for want of quorum shall be two Shareholders present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy (whatever the number of Shares held by them) and that any holder of Shares of the class present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy may demand a poll.</p> | 5(a) | <p>If at any time the share capital of the Company is divided into different classes of Shares, all or any of the special rights attached to the Shares or any class of Shares (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Act, be varied, modified or abrogated either with the consent in writing of not less than $\frac{3}{4}$ of the voting rights of the holders of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or representing by proxy holding not less than one-third in nominal value of the issued Shares of that class, that the quorum for any meeting adjourned for want of quorum shall be two Shareholders present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy (whatever the number of Shares held by them) and that any holder of Shares of the class present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy may demand a poll.</p> |

| Articles of Association currently in force | | Amended Articles of Association | |
|--|---|---------------------------------|---|
| Article No. | Original Articles | Article No. | Amended Articles |
| 17(d) | Subject to the requirements of the securities regulatory institutions of the Relevant Territory, the registration of transfers may be suspended and the Register may be closed on giving notice by advertisement in any Newspapers or by any other means in accordance with the requirements of the HK Stock Exchange to that effect be suspended or closed at such times and for such periods (not exceeding in the whole 30 days in any year) as the Board may determine, and either generally or in respect of any class of Shares. | 17(d) | Subject to the requirements of the securities regulatory institutions of the Relevant Territory, the registration of transfers may be suspended and the Register may be closed on giving notice by advertisement in any Newspapers or by any other means in accordance with the requirements of the HK Stock Exchange to that effect be suspended or closed at such times and for such periods (not exceeding in the whole 30 days in any year) as the Board may determine, and either generally or in respect of any class of Shares. |
| 64(a) | In each financial year during the Relevant Period, the Company shall hold a general meeting as its annual general meeting within six months after the end of each financial year in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities (including, without limitation, websites, application technology and/or collaboration and conference systems) as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meetings. | 64(a) | Other than the year of the Company's adoption of these Articles, in in each financial year during the Relevant Period, the Company shall hold a general meeting as its annual general meeting within six months after the end of each financial year in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities (including, without limitation, websites, application technology and/or collaboration and conference systems) as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meetings. |

| Articles of Association currently in force | | Amended Articles of Association | |
|--|--|---------------------------------|---|
| Article No. | Original Articles | Article No. | Amended Articles |
| 67 | <p>An annual general meeting of the Company shall be called by not less than 20 clear business days' notice in writing. All other general meetings (including an extraordinary general meeting) shall be called by at least 14 clear days' notice in writing and not less than 10 clear business days. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time and place or means and the agenda of the meeting and particulars of the resolutions to be considered at that meeting and in case of special business (as defined in Article 71), the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Article be deemed to have been duly called, subject to the Companies Act and the Listing Rules if it is so agreed:</p> <p>...</p> | 67 | <p>An annual general meeting of the Company shall be called by not less than 21 20 clear business days' notice in writing. All other general meetings (including an extraordinary general meeting) shall be called by not less than at least 14 clear days' notice in writing and not less than 10 clear business days. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time and place or means and the agenda of the meeting and particulars of the resolutions to be considered at that meeting and in case of special business (as defined in Article 71), the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Article be deemed to have been duly called, subject to the Companies Act and the Listing Rules if it is so agreed:</p> <p>...</p> |

| Articles of Association currently in force | | Amended Articles of Association | |
|--|---|---------------------------------|---|
| Article No. | Original Articles | Article No. | Amended Articles |
| 72 | For all purposes the quorum for a general meeting shall be two Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting. | 72 | For all purposes the quorum for a general meeting shall be two Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative, or two persons appointed by a clearing house) or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting. |
| 74 | If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board, and if at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the Shareholder or the Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and entitled to vote shall be a quorum and may transact the business for which the meeting was called. | 74 | If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board, and if at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the Shareholder or the Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative, or two persons appointed by a clearing house) or by proxy and entitled to vote shall be a quorum and may transact the business for which the meeting was called. |
| 84A | Shareholders must have the right to: (a) speak at general meetings of the Company; and (b) vote at a general meeting except where a Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration. | 84A | Shareholders (including a Shareholder which is a clearing house (or its nominees)) must have the right to: (a) speak at general meetings of the Company; and (b) vote at a general meeting except where a Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration. |

| Articles of Association currently in force | | Amended Articles of Association | |
|--|--|---------------------------------|---|
| Article No. | Original Articles | Article No. | Amended Articles |
| 97(b) | Where a Clearing House (or its nominee(s)) is a Shareholder, it may (subject to Article 98) authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any meeting of any class of Shareholders (including but not limited to any general meeting) provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised pursuant to the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were an individual Shareholder, including, the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands. | 97(b) | Where a Clearing House (or its nominee(s)) is a Shareholder, it may (subject to Article 98) authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any meeting of any class of Shareholders (including but not limited to any general meeting and creditors' meeting) provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised pursuant to the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were an individual Shareholder, including, the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands. |

| Articles of Association currently in force | | Amended Articles of Association | |
|--|--|---------------------------------|--|
| Article No. | Original Articles | Article No. | Amended Articles |
| 118 | The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the next first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting. | 118 | The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the next first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting. |
| 121 | The Shareholders may by Ordinary Resolution remove any Director (including a managing director or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by Ordinary Resolution appoint another person in his stead. Any Director so appointed shall be subject to retirement by rotation pursuant to Article 114. | 121 | The Shareholders may by Ordinary Resolution remove any Director (including a managing director or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period term of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by Ordinary Resolution appoint another person in his stead. Any Director so appointed shall be subject to retirement by rotation pursuant to Article 114. |

| Articles of Association currently in force | | Amended Articles of Association | |
|--|--|---------------------------------|--|
| Article No. | Original Articles | Article No. | Amended Articles |
| 186(b) | The Shareholders may, at any general meeting convened and held in accordance with these Articles, remove the Auditor by Special Resolution at any time before the expiration of his term of office and shall, by Ordinary Resolution, at that meeting appoint another Auditor in his stead for the remainder of his term. | 186(b) | The Shareholders may, at any general meeting convened and held in accordance with these Articles, remove the Auditor by Ordinary Special Resolution at any time before the expiration of his term of office and shall, by Ordinary Resolution, at that meeting appoint another Auditor in his stead for the remainder of his term. |
| 200 | If the Company shall be wound up (whether the liquidation be voluntary or by the court) the liquidator may, with the authority of a Special Resolution and any other sanction required by the Companies Act, divide among the Shareholders in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders and the Shareholders within each class. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, shall think fit, but so that no Shareholder shall be compelled to accept any Shares or other assets upon which there is a liability. | 200 | If the Company shall be wound up (whether the liquidation be voluntary or by the court) the liquidator may, with the authority of a Special Resolution and any other sanction required by the Companies Act, apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims , divide among the Shareholders in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders and the Shareholders within each class. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, shall think fit, but so that no Shareholder shall be compelled to accept any Shares or other assets upon which there is a liability. |

NOTICE OF ANNUAL GENERAL MEETING



INNOCARE

诺 诚 健 华

InnoCare Pharma Limited

諾 誠 健 華 醫 藥 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9969)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of InnoCare Pharma Limited (the “**Company**”) will be held at Building 8, No. 8 Life Science Park Road, Zhongguancun Life Science Park, Changping District, Beijing, People’s Republic of China on Friday, 2 June 2023 at 3:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors (the “**Director(s)**”) and auditors of the Company for the year ended December 31, 2022.
2. To consider and approve the 2022 annual report.
3. (i) To re-elect Dr. Renbin Zhao as an executive Director;

(ii) To re-elect Mr. Ronggang Xie as a non-executive Director; and

(iii) To re-elect Dr. Kaixian Chen as an independent non-executive Director.
4. To authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors.
5. To re-appoint Ernst & Young and Ernst & Young Hua Ming LLP as auditors of the Company for the audits of the Company’s financial statements to be filed with the Stock Exchange and the SSE, respectively, and authorise the Board to fix its remuneration.

NOTICE OF ANNUAL GENERAL MEETING

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

“That:

- (i) subject to paragraph (iii) below and in substitution for all previous authorities, the exercise by the Directors during the Relevant Period (as hereinafter defined in paragraph (v)) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants, debentures and notes convertible into shares of the Company (the “**Shares**”)) which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period pursuant to paragraph (i) above, otherwise than pursuant to:
 - (1) a Rights Issue (as hereinafter defined in paragraph (v));
 - (2) the grant or exercise of any option under any option scheme of the Company or any other scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares;
 - (3) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or
 - (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

shall not exceed 20% of the total number of each of Hong Kong Shares and RMB Shares in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and that this resolution shall be limited by the applicable rules and requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as amended from time to time, including the restrictions for using the issuance mandate to issue (i) securities convertible into new Shares for cash consideration, if the initial conversion price of such convertible securities is lower than the Benchmarked Price (as hereinafter defined in paragraph (v)) of the Shares at the time of the relevant placing; and (ii) warrants, options or similar rights to subscribe for new Shares or securities convertible into new Shares for cash consideration;

- (iv) in the event the Company conducts a share consolidation or subdivision, the maximum number of Shares that may be issued as a percentage of the total number of each of the issued Hong Kong Shares and RMB Shares at the date immediately before and after such consolidation or subdivision shall be the same; and
- (v) for the purpose of this resolution:
 - (a) “**Benchmarked Price**” means the higher of (1) the closing price for Hong Kong Shares and/or RMB Shares (as the case may be) on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (2) the average closing price for Hong Kong Shares and/or RMB Shares (as the case may be) in the 5 trading days immediately prior to the earlier of: (i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate to be approved under this resolution; (ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (iii) the date on which the placing or subscription price is fixed;
 - (b) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in general meeting; and

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

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

“**That:**

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined in paragraph (iv)) of all the powers of the Company to repurchase Hong Kong Shares only on the Stock Exchange or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;
- (ii) the total number of shares of the Company, which may be repurchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the total number of Hong Kong Shares in issue at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (iv) for the purpose of this resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
 - (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders in general meeting.”
8. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:
- “**That** conditional upon the resolutions numbered 6 and 7 set out in the notice convening this meeting being passed, the general mandates granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional Hong Kong Shares and RMB Shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the ordinary resolution numbered 6 set out in the notice convening this meeting be and is hereby extended by the addition to the total number of Hong Kong Shares which may be allotted by the Directors pursuant to such general mandates by such number of Hong Kong Shares bought back by the Company under the authority granted pursuant to ordinary resolution numbered 7 set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the total number of Hong Kong Shares in issue at the date of passing of the said resolutions.”
9. To consider and approve the 2022 work report of the Board of Directors.
10. To consider and approve the proposed 2022 Profit Distribution Plan.
11. To consider and approve the amendment to rules of procedures for the Board of Directors.
12. To consider and approve the adoption of the 2023 STAR Market Restricted Share Incentive Scheme of the Company and the Scheme Mandate Limit.
13. To consider and approve the adoption of the Assessment Management Measures for the Implementation of the 2023 STAR Market Restricted Share Incentive Scheme of the Company.
14. To consider and approve the proposed issue and grant of new RMB Shares under the 2023 RMB Share Incentive Scheme pursuant to the Scheme Mandate Limit.
15. To consider and approve the proposed authorization to the board of directors of the Company to handle matters pertaining to the 2023 STAR Market Restricted Share Incentive Scheme of the Company.
16. To consider and approve the purchase of liabilities insurance for the Directors and senior management.

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SPECIAL RESOLUTION

17. To consider and approve the proposed amendments to the Articles of Association.

By order of the Board
InnoCare Pharma Limited
Dr. Jisong Cui
Chairperson and executive Director

Hong Kong, 3 May 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) Ordinary resolution numbered 7 will be proposed to the Shareholders for approval provided that ordinary resolutions numbered 5 and 6 above are passed by the Shareholders.
- (ii) A Shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a Shareholder.
- (iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof (that is, by no later than 3:00 p.m. on Wednesday, 31 May 2023). The completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (v) For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both days inclusive, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 29 May 2023.
- (vi) In respect of ordinary resolutions numbered 2 above, Dr. Renbin Zhao, Mr. Ronggang Xie and Dr. Kaixian Chen shall retire and being eligible, will offer themselves for re-election at the above meeting. The biographical details of the above retiring Directors are set out in Appendix II to the circular of the Company dated 3 May 2023.
- (vii) In respect of ordinary resolution numbered 5 above, the Directors wish to state that they have no immediate plans to issue any new Shares. Approval is being sought from the Shareholders as a general mandate for the purposes of the Listing Rules.
- (viii) In respect of ordinary resolution numbered 6 above, the Directors wish to state that they will exercise the powers conferred by the general mandate to repurchase Shares in circumstances which they deem appropriate for the benefits of Shareholders. The explanatory statement containing the information necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix III to the circular of the Company dated 3 May 2023.
- (ix) The Company will make further announcements on the website of the SSE regarding the attendance and voting by holders of RMB Shares listed on the STAR Market of the SSE in accordance with the STAR Market Listing Rules.
- (x) Terms not defined herein shall have the same meanings as defined in the circular of the Company dated 3 May 2023.

As at the date of this notice, the Board comprises Dr. Jisong Cui and Dr. Renbin Zhao as executive Directors, Dr. Yigong Shi, Mr. Ronggang Xie and Mr. Ming Jin as non-executive Directors, and Dr. Zemin Jason Zhang, Ms. Lan Hu and Dr. Kaixian Chen as independent non-executive Directors.