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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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



Pharmaron Beijing Co., Ltd.* 康龍化成(北京)新藥技術股份有限公司

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

(Stock Code: 3759)

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2022;
 - (2) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022;
 - (3) FINANCIAL STATEMENTS FOR THE YEAR 2022;
 - (4) 2022 ANNUAL REPORT'S FULL TEXT AND REPORT SUMMARY AND 2022 ANNUAL RESULTS ANNOUNCEMENT;
 - (5) REMUNERATION OF THE DIRECTORS FOR THE YEAR 2023;
 - (6) REMUNERATION OF THE SUPERVISORS FOR THE YEAR 2023;
 - (7) ENGAGEMENT OF DOMESTIC FINANCIAL AND INTERNAL CONTROL AUDITORS FOR THE YEAR 2023;
 - (8) ENGAGEMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2023;
 - (9) FOREIGN EXCHANGE HEDGING QUOTA FOR THE YEAR 2023;
 - (10) PROPOSED AMENDMENTS TO THE INDEPENDENT NON-EXECUTIVE DIRECTORS WORKING POLICY;
 - (11) PROPOSED AMENDMENTS TO THE RELATED PARTY TRANSACTIONS MANAGEMENT POLICY;
 - (12) PROPOSED AMENDMENTS TO THE EXTERNAL GUARANTEE MANAGEMENT POLICY;
 - (13) PROPOSED AMENDMENTS TO THE SPECIAL STORAGE AND USE OF PROCEEDS MANAGEMENT POLICY;
 - (14) PROPOSED AMENDMENTS TO THE PROCEDURE FOR A SHAREHOLDER TO NOMINATE A PERSON FOR ELECTION AS A DIRECTOR;
 - (15) PROPOSED AUTHORIZATION FOR REGISTRATION OF THE CHANGES OF REGISTERED CAPITAL AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
 - (16) 2022 PROFIT DISTRIBUTION PLAN;
 - (17) GUARANTEES QUOTA FOR THE YEAR 2023;
 - (18) PROPOSED GRANT OF THE 2022 CONVERTIBLE BONDS-RELATED SPECIFIC MANDATE TO ISSUE ADDITIONAL CONVERSION SHARES;
 - (19) PROPOSED GRANT OF GENERAL MANDATE TO ISSUE H SHARES;
 - (20) PROPOSED ADOPTION OF THE 2023 A SHARE INCENTIVE SCHEME;
 - (21) PROPOSED ADOPTION OF THE ASSESSMENT MANAGEMENT MEASURES FOR THE IMPLEMENTATION OF THE 2023 A SHARE INCENTIVE SCHEME;
 - (22) PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2023 A SHARE INCENTIVE SCHEME;
 - (23) PROPOSED INCREASE IN REGISTERED CAPITAL;
 - (24) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION BY VIRTUE OF THE PROPOSED INCREASE IN REGISTERED CAPITAL;
 - (25) PROPOSED REPURCHASE AND CANCELLATION OF PART OF RESTRICTED A SHARES GRANTED UNDER THE 2019 A SHARE INCENTIVE SCHEME;
 - (26) PROPOSED REDUCTION OF REGISTERED CAPITAL;
 - (27) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION BY VIRTUE OF THE PROPOSED REDUCTION OF REGISTERED CAPITAL AND THE CHANGE IN BOARD COMPOSITION;
 - (28) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS;
 - (29) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE;
 - (30) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTORS OF THE THIRD SESSION OF THE BOARD;
 - (31) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS (OTHER THAN THE INDEPENDENT NON-EXECUTIVE DIRECTORS) OF THE THIRD SESSION OF THE BOARD;
 - (32) PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE THIRD SESSION OF THE BOARD;
 - (33) PROPOSED APPOINTMENT OF SUPERVISORS OF THE THIRD SESSION OF THE SUPERVISORY COMMITTEE;
- AND
- (34) NOTICES OF ANNUAL GENERAL MEETING AND FIRST H SHARE CLASS MEETING OF 2023

A letter from the Board is set out on pages 8 to 78 of this circular. Notices convening the 2022 AGM on Wednesday, June 21, 2023 at 1:30 p.m., and after the conclusion of the 2022 AGM and A Share Class Meeting, the H Share Class Meeting of the Company to be held at Juyuan Hall, 5/F, Block A, Zhaolin Plaza, No. 19 Ronghua Middle Road, Beijing Economic and Technological Development Area, Daxing District, Beijing, the PRC are set out in this circular. This circular, together with the form(s) of proxy and the Independent Director's Proxy Form(s), will be despatched by the Company on May 25, 2023 and published and be available for downloading on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and of the Company (www.pharmaron.com).

Whether or not you are able to attend the 2022 AGM and/or the H Share Class Meeting, please complete and sign the form(s) of proxy for use at the 2022 AGM and/or the H Share Class Meeting in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the 2022 AGM and/or the H Share Class Meeting or any adjournment thereof. Completion and return of the form(s) of proxy and the Independent Director's Proxy Form(s) will not preclude you from attending and voting in person at the 2022 AGM and/or the H Share Class Meeting or any adjournment thereof (as the case maybe) if you so wish.

Reference to times and dates in this circular are to Hong Kong local times and dates.

* For identification purposes only

May 25, 2023

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EXPECTED TIMETABLE

The expected timetable for the 2022 Profit Distribution and 2022 Capitalization of Reserve, which are subject to Shareholders' approval of the 2022 Profit Distribution Plan at the 2022 AGM, the A Share Class Meeting and the H Share Class Meeting, as set forth below is indicative only and has been prepared on the assumption that all conditions of the 2022 Profit Distribution and 2022 Capitalization of Reserve will be fulfilled. Any consequential changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Latest time for lodging transfer documents for registration of transfer of H Shares to qualify for attending and voting at the 2022 AGM and the H Share Class Meeting4:30 p.m. on Thursday, June 15, 2023

Closure of register of members for transfer of H Shares to qualify for attending and voting at the 2022 AGM and the H Share Class Meeting Friday, June 16, 2023 to Wednesday, June 21, 2023
(both days inclusive)

Latest time for returning proxy form for the 2022 AGM 1:30 p.m. on Tuesday, June 20, 2023

Latest time for returning proxy form for the H Share Class Meeting 1:30 p.m. on Tuesday, June 20, 2023

2022 AGM 1:30 p.m. on Wednesday, June 21, 2023

A Share Class Meeting. After the conclusion of the 2022 AGM on Wednesday, June 21, 2023

H Share Class Meeting After the conclusion of the 2022 AGM and A Share Class Meeting on Wednesday, June 21, 2023

Announcement of poll results of the 2022 AGM, A Share Class Meeting and H Share Class Meeting Wednesday, June 21, 2023

Resumption of registration of transfer of H Shares Friday, June 23, 2023

Last day of dealings in H Shares on a cum-entitlement basis relating to the 2022 Profit Distribution and the Capitalization Shares Monday, July 17, 2023

First day of dealings in H Shares on an ex-entitlement basis relating to the 2022 Profit Distribution and the Capitalization Shares Tuesday, July 18, 2023

EXPECTED TIMETABLE

Latest time for lodging transfer documents for registration of transfer of H Shares to qualify H Shareholders for the 2022 Profit Distribution and the Capitalization Shares 4:30 p.m., Wednesday, July 19, 2023

Closure of register of members for transfer of H Shares to qualify H Shareholders for the 2022 Profit Distribution and the Capitalization Shares Thursday, July 20, 2023 to Wednesday, July 26, 2023
(both days inclusive)

Record Date for determining H Shareholders' entitlement to the 2022 Profit Distribution and the Capitalization Shares Wednesday, July 26, 2023

Resumption of registration of transfer of H Shares Thursday, July 27, 2023

Certificates for the Capitalization Shares expected to be despatched Thursday, July 27, 2023

Commencement of dealings in the New H Shares Friday, July 28, 2023

Expected delivery of payment cheques for the 2022 Profit Distribution Friday, August 18, 2023

Notes:

1. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon, the latest time for lodging transfer documents will remain at 4:30 p.m. on the same business day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m., the latest time for lodging transfer documents will be rescheduled to 4:30 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.
2. The period of closure of register of members for transfer of H Shares to qualify H Shareholders for the 2022 Profit Distribution and the Capitalization Shares is pursuant to the relevant provisions in the Articles of Association.
3. All times and dates in this circular are Hong Kong times and dates.

DEFINITIONS

In this circular, the following expression shall have the meanings set out below unless the context requires otherwise:

“2019 A Share Incentive Scheme”	the 2019 Restricted A Share Incentive Scheme of the Company
“2021 A Share Incentive Scheme”	the 2021 Restricted A Share Incentive Scheme of the Company
“2021 AGM”	the 2021 annual general meeting of the Company held on May 31, 2022
“2021 Capitalization of Reserve”	the issue of 5 Capitalization Shares for every 10 Shares by way of capitalization of reserve which was approved by the Shareholders at the 2021 AGM
“2021 Convertible Bonds-Related Specific Mandate”	the specific mandate granted by the Shareholders at the 2021 AGM in relation to the issuance of the additional conversion shares contemplated thereunder
“2021 Profit Distribution”	the distribution of the final dividends in respect of the year ended December 31, 2021, which was approved by the Shareholders at the 2021 AGM
“2021 Profit Distribution Plan”	the 2021 Profit Distribution and 2021 Capitalization of Reserve
“2022 A Share Incentive Scheme”	the 2022 Restricted A Share Incentive Scheme of the Company
“2022 AGM”	the annual general meeting of the Company to be held on Wednesday, June 21, 2023 or any adjournment thereof
“2022 Capitalization of Reserve”	the proposed issue of 5 Capitalization Shares for every 10 Shares by way of capitalization of reserve which is to be approved by the Shareholders at the 2022 AGM and the Class Meetings
“2022 Convertible Bonds-Related Specific Mandate”	the specific mandate proposed to be granted to the Board by the Shareholders at the 2022 AGM and the Class Meetings in relation to the issuance of the Additional Conversion Shares
“2022 Profit Distribution”	the proposed distribution of Dividends
“2022 Profit Distribution Plan”	the 2022 Profit Distribution and the 2022 Capitalization of Reserve

DEFINITIONS

“2023 A Share Incentive Scheme”	the 2023 Restricted A Share Incentive Scheme of the Company (draft)
“A Share(s)”	ordinary share(s) of the Company with nominal value of RMB1.00 each which are listed on the Shenzhen Stock Exchange
“A Share Class Meeting”	the 2023 first class meeting of A Shareholders to be held on Wednesday, June 21, 2023
“A Shareholder(s)”	holder(s) of A Shares
“Additional Conversion Shares”	the additional H Share(s) to be allotted and issued upon conversion of the Series 1 Bonds and Series 2 Bonds pursuant to the respective applicable Trust Deed and the applicable Terms and Conditions at the respective Conversion Price
“Adjustment”	adjustment to the number of Restricted Shares and/or the Grant Price upon occurrence of certain corporate actions of the Company according to the 2023 A Share Incentive Scheme. Further details of the Adjustment are summarized in the paragraph headed “21. Proposed Adoption of the 2023 A Share Incentive Scheme – (ix). Method and Procedures for Adjustment” in this circular
“Article of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Assessment Management Measures”	the Assessment Management Measures for the Implementation and Assessment of the 2023 A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. (《康龍化成(北京)新藥技術股份有限公司2023年A股限制性股票激勵計劃實施考核管理辦法》)
“Board” or “Board of Directors”	the board of Directors
“Capitalization Shares”	New A Shares and New H Shares
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Class Meetings”	the A Share Class Meeting and the H Share Class Meeting

DEFINITIONS

“Company”	Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300759) and the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 3759)
“Convertible Bonds”	Series 1 Bonds and Series 2 Bonds
“Conversion Price”	the price per Share (subject to adjustments) at which the Series 1 Bonds and Series 2 Bonds may be converted into H Shares
“Convertible Bonds-Related Specific Mandate”	the specific mandate proposed to be granted to the Board by the Shareholders at the 2022 AGM and the Class Meetings in relation to the issuance of the Additional Conversion Shares
“CSDC”	China Securities Depository and Clearing Co., Ltd.
“CSRC”	China Securities Regulatory Commission
“Current Conversion Price”	Series 1 Bonds Current Conversion Price and Series 2 Bonds Current Conversion Price
“Director(s)”	the director(s) of the Company
“Dividends”	proposed distribution of 2022 final dividends to the Shareholders whose names appear on the register of members for the A Shareholders and the H Shareholders at the close of business on the Record Date, based on a rule of receiving RMB0.30 per Share held by the Shareholders payable in RMB to the A Shareholders and in HK\$ to the H Shareholders
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“General Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional H Shares of not exceeding 20% of the total number of issued H Shares of the Company as at the date of passing of the proposed special resolution contained in item 16 of the notice of 2022 AGM

DEFINITIONS

“Grant Date”	the date on which the Restricted Shares are granted to a Participant as determined by the Board for the purposes of the 2023 A Share Incentive Scheme
“Grant Price”	the price of each Restricted Share to be granted to the Participants (subject to Adjustment)
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“H Share Class Meeting”	the 2023 first class meeting of H Shareholders to be held after the conclusion of the 2022 AGM and A Share Class Meeting on Wednesday, June 21, 2023, the notice of which is set out on pages 386 to 389 of this circular
“H Share Scheme”	The First H Share Award and Trust Scheme of the Company
“H Share Registrar”	Tricor Investor Services Limited, the H Share Registrar of the Company
“H Shareholder(s)”	holder(s) of H Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Director(s)”	the independent non-executive Directors of the Company

DEFINITIONS

“Independent Director’s Proxy Form”	the proxy form for the solicitation of votes by independent non-executive directors sent out by Ms. Li Lihua, an independent non-executive Director, to solicit votes from the Shareholders on the resolutions regarding the 2023 A Share Incentive Scheme and the related matters and other resolutions at the 2022 AGM and H Share Class Meeting
“Latest Practicable Date”	May 19, 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 Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Management Measures”	the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》)
“New A Shares”	the new A Shares to be allotted and issued under the 2022 Capitalization of Reserve
“New H Shares”	the new H Shares to be allotted and issued under the 2022 Capitalization of Reserve
“Nomination Committee”	the nomination committee of the Board
“Participants”	the participants of the 2023 A Share Incentive Scheme
“PRC”	the People’s Republic of China but excluding, for the purposes of this circular only, Hong Kong, Macau and Taiwan
“PRC Company Law”	the Company Law of the People’s Republic of China, as the same may be amended, supplemented or otherwise modified from time to time
“PRC Securities Law”	the Securities Law of the PRC
“R&D”	research and development
“Record Date”	Wednesday, July 26, 2023, being the record date for ascertaining the entitlement to dividend on Shares

DEFINITIONS

“Remuneration and Appraisal Committee”	the Remuneration and Appraisal Committee of the Company
“Restricted Shares”	A Share(s) to be granted to the Participants by the Company on such conditions and at the Grant Price stipulated under the 2023 A Share Incentive Scheme, which are subject to the attribution conditions stipulated under the 2023 A Share Incentive Scheme and can only be attributed and transferred after satisfaction of the attribution conditions
“RMB”	Renminbi, the lawful currency of the PRC
“Series 1 Bonds”	US\$300.0 million zero coupon convertible bonds due 2026 convertible at the option of the holder thereof into H Shares at the Series 1 Bonds Current Conversion Price of HK\$166.42 per H Share.
“Series 1 Bonds Current Conversion Price”	HK\$166.42 per H Share, being the current conversion price of the Series 1 Bonds, which is subject to adjustment pursuant to the Terms and Conditions of the Series 1 Bonds
“Series 1 Bonds Further Adjusted Conversion Price”	HK\$110.32 per H Share, being the further adjusted conversion price of the Series 1 Bonds, which shall be adjusted as a result of the approval of the 2021 Profit Distribution Plan and the 2022 Profit Distribution Plan, and subject to necessary adjustments by the Board
“Series 1 Bonds Initial Conversion Price”	HK\$250.75 per H Share, being the initial price for conversion of the Series 1 Bonds, which is subject to adjustment pursuant to the Terms and Conditions of the Series 1 Bonds
“Series 2 Bonds”	RMB1,916.0 million US\$ settled zero coupon convertible bonds due 2026 convertible at the option of the holder thereof into H Shares at the Series 2 Bonds Current Conversion Price of HK\$152.32 per H Share
“Series 2 Bonds Current Conversion Price”	HK\$152.32 per H Share, being the current conversion price of the Series 2 Bonds, which is subject to adjustment pursuant to the Terms and Conditions of the Series 2 Bonds

DEFINITIONS

“Series 2 Bonds Further Adjusted Conversion Price”	HK\$100.97 per H Share, being the further adjusted conversion price of the Series 2 Bonds, which shall be adjusted as a result of the approval of the 2021 Profit Distribution Plan and the 2022 Profit Distribution Plan, and subject to necessary adjustments by the Board
“Series 2 Bonds Initial Conversion Price”	HK\$229.50 per H Share, being the initial price for conversion of the Series 2 Bonds, which is subject to adjustment pursuant to the Terms and Conditions of the Series 2 Bonds
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Listing Rules”	the listing rules of the Shenzhen Stock Exchange
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange
“Supervisor(s)”	Supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Terms and Conditions”	the terms and conditions of the Convertible Bonds
“Trust Deed”	the trust deed constituting the Convertible Bonds entered into between the Company and the Trustee on or around June 18, 2021
“Trustee”	Citicorp International Limited
“USD”	United State Dollar, the lawful currency of the United States
“%”	per cent

LETTER FROM THE BOARD



Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司

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

(Stock Code: 3759)

Executive Directors:

Dr. Lou Boliang (*Chairman*)

Mr. Lou Xiaoqiang

Ms. Zheng Bei

Non-executive Directors:

Mr. Chen Pingjin

Mr. Hu Baifeng

Mr. Li Jiaqing

Mr. Zhou Hongbin

Independent Non-executive Directors:

Ms. Li Lihua

Mr. Zhou Qilin

Mr. Tsang Kwan Hung Benson

Mr. Yu Jian

*Registered office, Headquarters and
principal place of business in the PRC:*

8th Floor, Block 1

6 Tai-He Road

Beijing Economic Technological

Development Area

Beijing

China

Place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

* *For identification purposes only*

LETTER FROM THE BOARD

May 25, 2023

To the Shareholders

Dear Sir or Madam,

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2022;
 - (2) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022;
 - (3) FINANCIAL STATEMENTS FOR THE YEAR 2022;
 - (4) 2022 ANNUAL REPORT'S FULL TEXT AND REPORT SUMMARY AND 2022 ANNUAL RESULTS ANNOUNCEMENT;
 - (5) REMUNERATION OF THE DIRECTORS FOR THE YEAR 2023;
 - (6) REMUNERATION OF THE SUPERVISORS FOR THE YEAR 2023;
 - (7) ENGAGEMENT OF DOMESTIC FINANCIAL AND INTERNAL CONTROL AUDITORS FOR THE YEAR 2023;
 - (8) ENGAGEMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2023;
 - (9) FOREIGN EXCHANGE HEDGING QUOTA FOR THE YEAR 2023;
 - (10) PROPOSED AMENDMENTS TO THE INDEPENDENT NON-EXECUTIVE DIRECTORS WORKING POLICY;
 - (11) PROPOSED AMENDMENTS TO THE RELATED PARTY TRANSACTIONS MANAGEMENT POLICY;
 - (12) PROPOSED AMENDMENTS TO THE EXTERNAL GUARANTEE MANAGEMENT POLICY;
 - (13) PROPOSED AMENDMENTS TO THE SPECIAL STORAGE AND USE OF PROCEEDS MANAGEMENT POLICY;
 - (14) PROPOSED AMENDMENTS TO THE PROCEDURE FOR A SHAREHOLDER TO NOMINATE A PERSON FOR ELECTION AS A DIRECTOR;
 - (15) PROPOSED AUTHORIZATION FOR REGISTRATION OF THE CHANGES OF REGISTERED CAPITAL AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
 - (16) 2022 PROFIT DISTRIBUTION PLAN;
 - (17) GUARANTEES QUOTA FOR THE YEAR 2023;
 - (18) PROPOSED GRANT OF THE 2022 CONVERTIBLE BONDS-RELATED SPECIFIC MANDATE TO ISSUE ADDITIONAL CONVERSION SHARES;
 - (19) PROPOSED GRANT OF GENERAL MANDATE TO ISSUE H SHARES;
 - (20) PROPOSED ADOPTION OF THE 2023 A SHARE INCENTIVE SCHEME;
 - (21) PROPOSED ADOPTION OF THE ASSESSMENT MANAGEMENT MEASURES FOR THE IMPLEMENTATION OF THE 2023 A SHARE INCENTIVE SCHEME;
 - (22) PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2023 A SHARE INCENTIVE SCHEME;
 - (23) PROPOSED INCREASE IN REGISTERED CAPITAL;
 - (24) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION BY VIRTUE OF THE PROPOSED INCREASE IN REGISTERED CAPITAL;
 - (25) PROPOSED REPURCHASE AND CANCELLATION OF PART OF RESTRICTED A SHARES GRANTED UNDER THE 2019 A SHARE INCENTIVE SCHEME;
 - (26) PROPOSED REDUCTION OF REGISTERED CAPITAL;
 - (27) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION BY VIRTUE OF THE PROPOSED REDUCTION OF REGISTERED CAPITAL AND THE CHANGE IN BOARD COMPOSITION;
 - (28) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS;
 - (29) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE;
 - (30) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTORS OF THE THIRD SESSION OF THE BOARD;
 - (31) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS (OTHER THAN THE INDEPENDENT NON-EXECUTIVE DIRECTORS) OF THE THIRD SESSION OF THE BOARD;
 - (32) PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE THIRD SESSION OF THE BOARD;
 - (33) PROPOSED APPOINTMENT OF SUPERVISORS OF THE THIRD SESSION OF THE SUPERVISORY COMMITTEE;
- AND
- (34) NOTICES OF ANNUAL GENERAL MEETING AND FIRST H SHARE CLASS MEETING OF 2023

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the 2022 AGM to be held on Wednesday, June 21, 2023 at 1:30 p.m. to enable to make an informed decision on whether to vote for or against the proposed resolutions at the 2022 AGM. For the details of the proposed resolutions at the 2022 AGM, please also refer to the notice of the 2022 AGM enclosed with this circular.

2. WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2022

An ordinary resolution will be proposed at the 2022 AGM to consider and approve the work report of the Board of Directors for the year 2022, the text of which is set out in Appendix I(A) to this circular.

The work report of the Independent Directors of the Company for the year 2022 will be submitted to the 2022 AGM for consideration but no resolution is required to be made thereat. The text of the report are set out in Appendix I(B) to this circular for the Shareholders' reference.

3. WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022

An ordinary resolution will be proposed at the 2022 AGM to consider and approve the work report of the Supervisory Committee for the year 2022, the text of which is set out in Appendix II to this circular.

4. FINANCIAL STATEMENTS FOR THE YEAR 2022

An ordinary resolution will be proposed at the 2022 AGM to consider and approve the Group's audited financial statements for the year 2022 (the "**Financial Statements 2022**"), the text of which is set out in Appendix III to this circular.

5. 2022 ANNUAL REPORT'S FULL TEXT AND REPORT SUMMARY AND 2022 ANNUAL RESULTS ANNOUNCEMENT

An ordinary resolution will be proposed at the 2022 AGM to consider and approve the 2022 annual report's full text and report summary and 2022 annual results announcement which are published on the websites of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

6. REMUNERATION OF THE DIRECTORS FOR THE YEAR 2023

An ordinary resolution will be proposed at the 2022 AGM to consider and approve the remuneration plan for the Directors for the year ending December 31, 2023 formulated in accordance with the Company's internal policies and relevant regulatory requirements. For details, please refer to the paragraphs headed "31. Proposed Appointment of Executive Directors of the third session of the Board", "32. Proposed Appointment of Non-executive Directors (other than the independent non-executive directors) of the third session of the Board" and "33. Proposed Appointment of Independent Non-executive Directors of the third session of the Board".

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Save for our Independent Directors, our Directors shall not receive any Directors' fees for their role as Directors. Four of our Independent Directors, being Mr. Tsang Kwan Hung Benson, Mr. Yu Jian, Mr. Zhou Qilin and Ms. Li Lihua, are entitled to an annual remuneration of RMB300,000 (before tax), payable monthly. The Company shall reimburse the Directors all necessary and actual expenses in relation to the participation of Board meetings, the Board committee meetings, the meetings of the Supervisors and the general meetings of shareholders.

7. REMUNERATION OF THE SUPERVISORS FOR THE YEAR 2023

An ordinary resolution will be proposed at the 2022 AGM to consider and approve the remuneration plan for the Supervisors for the year ending December 31, 2023 formulated in accordance with the Company's internal policies and relevant regulatory requirements, details of which are as follows:

The Supervisors shall receive the corresponding remuneration in their capacities as their respective roles in the Company. Their remuneration for the year ending December 31, 2023 consists of basic annual salary plus performance bonus, and such basic remuneration is determined with reference to similar remuneration standards in the market, taking into account factors such as roles and responsibilities, ability and working location. The salary shall be paid on a monthly basis, and the performance bonus shall be determined based on the results of individual performance appraisal and the operation of the Company. The Supervisors shall not receive any remuneration for their roles as Supervisors. The Company shall reimburse the Supervisors all necessary and actual expenses in relation to the participation of Board meetings, the Board committee meetings, the meetings of the Supervisors and the general meetings of shareholders.

8. ENGAGEMENT OF DOMESTIC FINANCIAL AND INTERNAL CONTROL AUDITORS FOR THE YEAR 2023

An ordinary resolution will be proposed by the 2022 AGM to consider and approve the appointment of Ernst & Young Hua Ming (LLP) as the domestic financial and internal control auditors for the Company in 2023 with a term of one year. The pricing policy of the audit work is consistent with the approach adopted in 2022, which takes into account (i) the particular job responsibilities expected, (ii) the extent of professional expertise required, (iii) experience and seniority of relevant personnel involved and their respective corresponding charging rates, and (iv) numbers of hours anticipated in carrying out the audit work. The relevant annual audit fees will be determined by the management, as to be authorized at the general meeting through a proposal of the Board, based on the specific efforts and market price level of the audit work in 2023.

9. ENGAGEMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2023

An ordinary resolution will be proposed by the 2022 AGM to consider and approve the appointment of Ernst & Young as the international auditors for the Company in 2023 with a term of one year. The pricing policy of the audit work is consistent with the approach adopted

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in 2022, which takes into account (i) the particular job responsibilities expected, (ii) the extent of professional expertise required, (iii) experience and seniority of relevant personnel involved and their respective corresponding charging rates, and (iv) numbers of hours anticipated in carrying out the audit work. The relevant annual audit fees will be determined by the management, as to be authorized at the general meeting through a proposal of the Board, based on the specific efforts and market price level of the audit work in 2023.

10. FOREIGN EXCHANGE HEDGING QUOTA FOR THE YEAR 2023

An ordinary resolution will be proposed at the 2022 AGM to consider and approve the granting of quota on the engaging in foreign exchange hedging in 2023, details of which are set out in Appendix V to this circular.

11. PROPOSED AMENDMENTS TO THE INDEPENDENT NON-EXECUTIVE DIRECTORS WORKING POLICY

The Board proposed to amend the Independent Non-executive Directors Working Policy of the Company to improve corporate governance of the Company and in light of the current composition of the Board. An ordinary resolution is being proposed at the 2022 AGM to consider and approve the proposed amendments to the Independent Non-executive Directors Working Policy, the full text of which is set out in Appendix XII to this circular.

12. PROPOSED AMENDMENTS TO THE RELATED PARTY TRANSACTIONS MANAGEMENT POLICY

The Board proposed to amend the Related Party Transactions Management Policy of the Company in accordance with the Articles of Association and the latest requirements under the relevant laws, administrative regulations, regulatory documents such as the Shenzhen Listing Rules. An ordinary resolution is being proposed at the 2022 AGM to consider and approve the proposed amendments to the Related Party Transactions Management Policy, the full text of which is set out in Appendix XIII to this circular.

13. PROPOSED AMENDMENTS TO THE EXTERNAL GUARANTEE MANAGEMENT POLICY

The Board proposed to amend the External Guarantee Management Policy of the Company in accordance with the Articles of Association and the latest requirements under the relevant laws, administrative regulations, regulatory documents such as the Shenzhen Listing Rules. An ordinary resolution is being proposed at the 2022 AGM to consider and approve the proposed amendments to the External Guarantee Management Policy, the full text of which is set out in Appendix XIV to this circular.

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14. PROPOSED AMENDMENTS TO THE SPECIAL STORAGE AND USE OF PROCEEDS MANAGEMENT POLICY

The Board proposed to amend the Special Storage and Use of Proceeds Management Policy of the Company in accordance with the Articles of Association and the latest requirements under the relevant laws, administrative regulations, regulatory documents such as the Shenzhen Listing Rules. An ordinary resolution is being proposed at the 2022 AGM to consider and approve the proposed amendments to the Special Storage and Use of Proceeds Management Policy, the full text of which is set out in Appendix XV to this circular.

15. PROPOSED AMENDMENTS TO THE PROCEDURE FOR A SHAREHOLDER TO NOMINATE A PERSON FOR ELECTION AS A DIRECTOR

The Board proposed to amend the Procedure for a Shareholder to Nominate a Person for Election as a Director to improve corporate governance of the Company and in accordance with the Articles of Association. An ordinary resolution is being proposed at the 2022 AGM to consider and approve the proposed amendments to the Procedure for a Shareholder to Nominate a Person for Election as a Director, the full text of which is set out in Appendix XVI to this circular.

16. PROPOSED AUTHORIZATION FOR REGISTRATION OF THE CHANGES OF REGISTERED CAPITAL AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the special resolutions to consider and approve (i) the increase in registered capital of the Company; (ii) the amendments to the Articles of Association by virtue of the proposed increase in registered capital; (iii) the repurchase and cancellation of part of restricted A Shares granted under the 2019 A Share Incentive Scheme; and (iv) the reduction of registered capital of the Company; and (v) the amendments to the Articles of Association by virtue of (i) reduction of registered capital and (ii) change in board composition under paragraphs 24, 25, 26, 27 and 28 below, an ordinary resolution will be proposed at the 2022 AGM to consider and authorize the Board to handle the registration matters in relation to the aforementioned matters.

17. 2022 PROFIT DISTRIBUTION PLAN

Special resolutions will be proposed at the 2022 AGM, the A Share Class Meeting and the H Share Class Meeting to consider and approve the 2022 Profit Distribution Plan.

Reference is made to the annual results announcement of the Company dated March 30, 2023 that (i) the payment of the Dividends for the year ended December 31, 2022 of RMB0.30 per Share (inclusive of tax), totaling approximately RMB357.4 million, and (ii) five new Shares for every 10 existing Shares to be allotted and issued out of reserve to all Shareholders would be proposed. The aforesaid proposal is subject to the conditions set out in this circular.

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The Company proposes to declare the Dividends of RMB0.30 per Share (inclusive of tax) to A Shareholders and H Shareholders whose names appear on the register of members of the Company on the Record Date in cash (subject to the Shareholders' approval at the 2022 AGM and Class Meetings), which amount to the actual distributable cash profit of RMB357.4 million (inclusive of tax). The exchange rate to be used to convert the Dividends from RMB to HK\$ will be the average of the medium rate of RMB to HK\$ announced by the People's Bank of China for five business days prior to June 21, 2023, the date on which the 2022 Profit Distribution is to be declared at the 2022 AGM and the Class Meetings. For illustration purpose, the exchange rate as at the Latest Practicable Date is HK\$1 to RMB0.89961. If there is any corporate actions resulting in changes in the amount of registered share capital of the Company (such as issuance of new Shares, repurchase of Shares, etc.) during the period from the Company's results announcement for the year ended December 31, 2022 dated Thursday, March 30, 2023 to the Record Date, the amount of Dividends, i.e., RMB0.30 per Share, shall remain unchanged and the total payable amount shall be adjusted according to the number of A Shareholders and H Shareholders appearing on the register of members of the Company on the Record Date.

The Dividends are denominated and declared in RMB and payable in RMB to A Shareholders and HK\$ to H Shareholders. The actual amount declared in HK\$ is converted based on the average benchmark exchange rate of Renminbi against HK dollars as promulgated by the People's Bank of China for the five business days preceding the date on which the 2022 Profit Distribution is to be declared at the 2022 AGM and the Class Meetings. Subject to the approval of 2022 Profit Distribution Plan, the Dividends will be distributed within two months after the date of the 2022 AGM.

The Board also proposed the issue of Capitalization Shares on the basis of 5 Capitalization Shares for every existing 10 Shares by way of the 2022 Capitalization of Reserve, representing a total increase of 595,612,277 Shares comprising 495,099,902 New A Shares and 100,512,375 New H Shares based on the Company's total share capital of 1,191,224,554 Shares comprising 990,199,804 A Shares and 201,024,750 H Shares as at the Latest Practicable Date, subject to any change of number of Shares until the Record Date. The final number of Capitalization Shares is based on the Shares registered on the Record Date which will be clarified in the announcement on the implementation of dividend distribution.

The 2022 Capitalization of Reserve is subject to the following conditions:

- (i) approval of the Shareholders by way of special resolutions at the 2022 AGM and the Class Meetings to be held on Wednesday, June 21, 2023;
- (ii) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the New H Shares allotted and issued under the 2022 Capitalization of Reserve;
- (iii) compliance with the relevant legal procedures and requirements under the Company Law of the PRC to effect the 2022 Capitalization of Reserve; and

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- (iv) approval of the 2022 Convertible Bonds-Related Specific Mandate by the Shareholders by way of special resolution at the 2022 AGM and the Class Meetings to be held on Wednesday, June 21, 2023 (please refer to the paragraph headed “19. Proposed Grant of The 2022 Convertible Bonds-Related Specific Mandate to Issue Additional Conversion Shares” below for further details on the Convertible Bonds-Related Specific Mandate).

The Independent Directors have expressed their view that the 2022 Profit Distribution Plan has considered the short term and long term interests of the Shareholders, has complied with the relevant laws, regulations and the Articles of Association, and is beneficial to the sustainable, stable and healthy development of the Company.

The formulation and implementation of the cash dividend policy by the Company are in compliance with the stipulation of the Articles of Association and the requirements stated in the resolutions approved by the general meeting of the Company. The basis and proportion of profit distribution are clearly specified. Effective determination and approval procedures and mechanisms are in place. The said distribution has been examined and approved by the Independent Directors. Legitimate rights and interests of minority Shareholders are well protected since they are entitled to attend general meetings to exercise their voting rights and make proposals or enquiries on the operations of the Company.

Subject to the approval of the special resolutions at the 2022 AGM and the Class Meetings in connection with the 2022 Profit Distribution Plan, the Board shall be authorized by the Shareholders to further authorize the chairman of the Board, and/or his authorized persons, to individually or jointly handle matters relating to the 2022 Profit Distribution Plan, including but not limited to dealing with the procedures in relation to the listing applications of Shares to be allotted and issued by way of the 2022 Capitalization of Reserve to the Shenzhen branch of CSDC and the Hong Kong Stock Exchange.

Status of Capitalization Shares

The Capitalization Shares will, subject to the Articles of Association, rank *pari passu* in all respects with the Shares in issue on the date of the issue of the Capitalization Shares. Holders of the Capitalization Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Capitalization Shares are allotted and issued. The 2022 Capitalization of Reserve should not result in any change to the rights of the Shares. For the avoidance of doubt, the holder of the Capitalization Shares will not be entitled to the cash dividend under the 2022 Profit Distribution Plan with respect to such Capitalization Shares.

Fractional Capitalization Shares

No fractional Capitalization Shares shall be allotted to H Shareholders and fractional Shares (if any) will be aggregated and sold for the benefit of the Company.

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For A Shareholders, in accordance with requirements under the Guideline to the Business of Security Issuers published by the Shenzhen Branch of CSDC (《中國證券登記結算有限責任公司深圳分公司證券發行人業務指南》), in the event of registration of fractional shares, CSDC requires that: the fractional shares less than one share arising from the issue of bonus shares or the issue of shares by capitalization of capital reserves are sorted in descending order by the number of fractional shares held by shareholders; if the numbers of fractional shares are same, they shall be sorted randomly by electronic settlement system. In accordance with the order of arrangement, the CSDC shall register them as one share one by one until completing all the issue of bonus shares or the issue of shares by capitalization of capital reserves. Accordingly, no fractional Capitalization Shares shall be allotted to A Shareholders under the Capitalization Issue.

Odd Lot Arrangement

In order to facilitate the trading of odd lots (if any) of H Shares arising from the Capitalization of Reserve, the Company has appointed BOCI Securities Limited as an agent to provide matching service, on a best effort basis, to those H Shareholders who wish to acquire odd lots of H Shares to make up a full board lot, or to dispose of their holding of odd lots of H Shares during the period from 9:00 a.m. on Friday, July 28, 2023 to 4:00 p.m. on Friday, August 18, 2023 (both dates inclusive), subject to expected timetable. H Shareholders who wish to use this service have to make an appointment in advance by contacting, directly or through their brokers, BOCI Securities Limited at 18th Floor, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong or at telephone number (852) 2718 9663 during office hours (i.e. 9:00 a.m. to 4:00 p.m.) during above period. H Shareholders should note that successful matching of the sale and purchase of odd lots of H Shares is not guaranteed. H Shareholders who are in doubt about this service are recommended to consult their professional advisors.

Overseas H Shareholders

As at the Latest Practicable Date, according to the latest register of members available to the Company, none of the H Shareholders as recorded on the register of members of the Company had an address which is outside Hong Kong.

Upon the 2022 Profit Distribution Plan becoming unconditional, or should there be any overseas Shareholders on the Record Date, the Company will make enquiry on whether there are any overseas Shareholders located in other jurisdictions, and if there are such overseas Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the relevant overseas Shareholders to be eligible to take part in the 2022 Profit Distribution pursuant to the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the overseas Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Capitalization Shares will not be issued to those overseas Shareholders. If any such overseas Shareholder is excluded, arrangements will be made for the Capitalization Shares which would otherwise have been issued to the overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in HK dollars to the relevant overseas Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

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Accordingly, overseas Shareholders receiving a copy of this circular about the 2022 Profit Distribution Plan may not be treated the same as an invitation to participate in the 2022 Profit Distribution Plan unless invitation could lawfully be made to him/her/it without requiring the Company or such overseas Shareholders to comply with any registration or other legal requirements in the relevant territory. Furthermore, any Shareholder with a registered address outside Hong Kong or otherwise residing outside Hong Kong should consult his/her/its professional advisers as to whether he/she/it is permitted to receive the Capitalization Shares under the 2022 Profit Distribution Plan and the taxation consequences of his/her/its decision. It is the responsibility of the Shareholders who wish to receive the Capitalization Shares under the 2022 Profit Distribution Plan to comply with the laws of the relevant jurisdiction(s).

Effects to the Shareholding upon Completion of the 2022 Capitalization of Reserve

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of allotment and issue of Capitalization Shares (assuming that no other Shares are allotted or issued and no existing Shares are repurchased or cancelled prior to the record dates in respect of holders of H Shares and A Shares by reference to their entitlements to the 2022 Capitalization of Reserve and the 2022 Profit Distribution, upon satisfaction of the conditions set out above):

	As at the Latest Practicable Date		Immediately upon completion of the 2022 Capitalization of Reserve	
	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares
H Shares	201,024,750	16.88%	301,537,125	16.88%
A Shares	990,199,804	83.12%	1,485,299,706	83.12%
Total	1,191,224,554	100.00%	1,786,836,831	100.00%

Tax Arrangements in respect of the 2022 Profit Distribution and the 2022 Capitalization of Reserve

In accordance with the Regulation on the Implementation of the EIT Law (《中華人民共和國企業所得稅法實施條例》) which came into effect on January 1, 2008 and last amend on April 23, 2019 and the EIT Law (《中華人民共和國企業所得稅法》) which was last amended and came into effect on December 29, 2018, and the “Notice on Issues in Relation to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Overseas Non-resident Enterprise Holders of H Shares” (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on November 6, 2008, the Company is obliged to

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withhold and pay PRC enterprise income tax on behalf of non-resident enterprise Shareholders at a tax rate of 10%, when the Company distributes annual dividend to non-resident enterprise Shareholders whose names appear on the H Shares register of members. As such, any H Shares registered in the name of non-individual Shareholder, including shares registered in the name of HKSCC Nominees Limited, and other nominees, trustees, or other organizations and groups, shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise Shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

If any resident enterprise (as defined in the EIT Law) listed on the Company's register of members for H Shares which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not wish to have the Company withhold and pay the said 10% enterprise income tax, it shall timely lodge with Tricor Investor Services Limited legal advices (affixed with the seal of the law firm) and relevant documents from a PRC certified lawyer confirming that the enterprise is a resident enterprise.

In accordance with the "Notice on Certain Issues Concerning the Policies of Individual Income Tax" (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the PRC Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. Therefore, the Company will not be required to withhold and pay any individual income tax on behalf of overseas individual Shareholders when the Company distributes the dividend to overseas individual Shareholders whose names appear on the H Share register of members.

Profit Distribution to Investors of Shenzhen-Hong Kong Stock Connect

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares through Shenzhen-Hong Kong Stock Connect, their dividends will be distributed in RMB by the Company through the Shenzhen Branch of CSDC to the account of the nominee holding such Shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Shenzhen-Hong Kong Stock Connect who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date and other arrangements for the investors of Shenzhen-Hong Kong Stock Connect will be the same as those for the A Shareholders.

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Profit Distribution to Investors of Southbound Trading

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares (the “**Southbound Trading**”), the cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB. The record date and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares of the Company.

Shanghai-Hong Kong Stock Connect: Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》), for dividends received by domestic individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Shenzhen-Hong Kong Stock Connect: Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

According to the relevant provisions of the State Administration of Taxation of the PRC, the 2022 Capitalization of Reserve shall not be subject to any tax nor any withholding tax. Shareholders are suggested to consult their tax consultants regarding the tax impacts in the PRC, Hong Kong and other countries (regions) for holding and selling the Shares.

Eligibility for Capitalization Shares of Shareholders trading through Southbound Trading and Shenzhen-Hong Kong Stock Connect

As at the Latest Practicable Date, the H Shares are eligible for Southbound Trading and the A Shares are eligible for Shenzhen-Hong Kong Stock Connect. Subject to compliance with the relevant laws or regulations in the PRC, New H Shares will be allotted to the H

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Shareholders in the PRC who are holding the H Shares through the Southbound Trading and New A Shares will be allotted to the A Shareholders in Hong Kong who are holding the A Shares through Shenzhen-Hong Kong Stock Connect.

Application for Listing

Application will be made by the Company to the listing committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the New H Shares. The New A Shares will be listed on the Shenzhen Stock Exchange. Subject to the satisfaction of the conditions as set out in this circular (including but not limited to the granting of the aforesaid listing approval by the Hong Kong Stock Exchange), the New H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made by the Company for the New H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Aside from the Hong Kong Stock Exchange, the New H Shares will not be listed at or dealt in any other stock exchanges, and the Company is not currently seeking for or proposing to seek for the listing at or dealing in any other stock exchanges for the New H Shares.

Subject to the 2022 Capitalization of Reserve becoming unconditional, the certificates for the New H Shares and the cheques for the 2022 Profit Distribution will be despatched by ordinary post to the H Shareholders who are entitled thereto at their own risk. In case of joint shareholding, the certificates for the New H Shares and the cheques for the 2022 Profit Distribution will be posted to the first named person on the H Shareholder's register in respect of such joint shareholding. All Capitalization Shares are non-renounceable. The New H Shares are expected to commence dealing on the Hong Kong Stock Exchange no later than Friday, July 28, 2023.

Closure of Register of Members

In order to determine the list of H Shareholders who are entitled to the 2022 Profit Distribution and the 2022 Capitalization of Reserve, the Company's register of H Shareholders will be closed from Thursday, July 20, 2023 to Wednesday, July 26, 2023, both days inclusive, during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the Company's register of H Shareholders on Wednesday, July 26, 2023 are entitled to receive the New H Shares and 2022 Profit Distribution. In order to receive the New H Shares and 2022 Profit Distribution, H Shareholders whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share Registrar, Tricor Investor Services Limited, at or before 4:30 p.m. on Wednesday, July 19, 2023 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

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Statement to be made on Acquisition of Shares

The Company shall ensure that all its listing document(s) and share certificates include the statements stipulated below and shall instruct and cause its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (i) the acquirer of Shares agrees with the Company and each of its Shareholders, and the Company agrees with each Shareholder, to observe and comply with the Company Law of the PRC, other relevant laws, regulations and the Articles of Association;
- (ii) the acquirer of Shares agrees with the Company, each of its Shareholders, Directors, Supervisors and senior management members of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law of the PRC or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct its hearing in open session and to publish its award. Such arbitration will be final and conclusive;
- (iii) the acquirer of Shares agrees with the Company and each Shareholder that the Shares are freely transferable by the holder of such Shares; and
- (iv) the acquirer of Shares authorizes the Company to enter into a contract on his behalf with each Director and senior management member whereby such Directors and senior management members undertake to observe and comply with their obligations to Shareholders stipulated in the Articles of Association.

Warning of Risks of Dealing in the H Shares

H Shareholders should note that the existing H Shares are expected to be dealt in on an ex-entitlement basis for entitlement to the 2022 Profit Distribution and the 2022 Capitalization of Reserve from Tuesday, July 18, 2023. If the conditions of the 2022 Profit Distribution and the 2022 Capitalization of Reserve (as set out above under the paragraph headed “17. 2022 Profit Distribution Plan”) are not fulfilled, the 2022 Profit Distribution and the 2022 Capitalization of Reserve and will not proceed. If in doubt, investors are recommended to consult their professional advisers.

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Reasons for the 2022 Profit Distribution and the 2022 Capitalization of Reserve

Based on the positive expectations on the future development of the Company, and with reference to the operating results and the overall financial status of the Company, the Board proposed the 2022 Profit Distribution and the 2022 Capitalization of Reserve so as to share the fruitful result of the Company's business performance with the Shareholders.

In addition, to encourage the Shareholders to continue to support the Company's future development, the Board believes that the 2022 Capitalization of Reserve will allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them. Although the 2022 Capitalization of Reserve is not expected to increase the Shareholders' proportionate equity interests in the Company, the 2022 Capitalization of Reserve will increase the number of Shares to be held by the Shareholders, which will afford the Shareholders with more flexibility in managing their own investment portfolios such as giving them more convenience in disposing of a portion of the Shares for cash return. The 2022 Capitalization of Reserve will also result in the increase of number of Shares in issue, and the number of Shares held by H Shareholders, which will motivate the trading of Shares by the H Shareholders, and thus will enhance the trading activities and liquidity of the Shares in the market.

Further Issue of Securities

The Company does not anticipate there is any public or private issue or placing of securities of the Company other than (i) H Shares and A Shares which are being allotted and issued simultaneously with the issue of the Capitalization Shares; (ii) any H Shares which may be allotted and issued pursuant to the conversion of the Convertible Bonds (including the Additional Conversion Shares); and (iii) any A Shares which may be allotted and issued pursuant to any employee share incentive scheme of the Company.

18. GUARANTEES QUOTA FOR THE YEAR 2023

A special resolution will be proposed at the 2022 AGM to consider and approve the granting of quota of the provision of guarantees to subsidiaries of the Company in 2023, details of which are set out in Appendix IV to this circular.

19. PROPOSED GRANT OF THE 2022 CONVERTIBLE BONDS-RELATED SPECIFIC MANDATE TO ISSUE ADDITIONAL CONVERSION SHARES

(i) Background

References are made to (i) the announcements of the Company dated June 8, 2021, June 9, 2021, June 11, 2021, June 18, 2021, June 21, 2021 in relation to, among other things, the issuance of the Convertible Bonds; (ii) the annual results announcement of the Company dated March 27, 2022, the circular of the Company dated May 6, 2022, and the poll results announcement of the Company dated May 31, 2022, relating to, among other things, the 2021 Profit Distribution Plan; (iii) the announcements of the Company dated April 20, 2022 and May 30, 2022 in relation to the grant of the 2021 Convertible Bonds-Related Specific Mandate and the final number of additional conversion shares to be allotted and issued by the Company under the 2021 Convertible Bonds-Related Specific Mandate; (iv) the announcement of the

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Company dated June 13, 2022 in relation to the respective adjustments to the Series 1 Initial Conversion Price and the Series 2 Initial Conversion Price (the “**Conversion Price Adjustment Announcements**”); (v) the annual results announcement of the Company dated March 30, 2023 in relation to, among other things, the 2022 Distribution Plan (the “**2022 Annual Results Announcement**”); and (vi) the announcement of the Company dated March 30, 2023 regarding the proposed grant of the 2022 Convertible Bonds-Related Specific Mandate.

Pursuant to the Terms and Conditions, the respective Conversion Price is subject to adjustment for, among other things, capital distributions and capitalization of profits or reserves made by the Company.

(ii) 2021 Convertible Bonds-Related Specific Mandate

As a result of the approval of the payment of the 2021 Profit Distribution and the 2021 Capitalization of Reserve by the Shareholders at the 2021 AGM, with effect from June 14, 2022, and taking into account the adjustment made to the Series 1 Initial Conversion Price and the Series 2 Initial Conversion Price upon the implementation of the 2021 Profit Distribution Plan as disclosed in the Conversion Price Adjustment Announcement, the Conversion Price of Series 1 Bonds and Series 2 Bonds were initially adjusted from HK\$250.75 per H Share to HK\$166.42 per H Share and from HK\$229.50 per H Share to HK\$152.32 per H Share, respectively, pursuant to the Terms and Conditions of the Convertible Bonds.

Taking into account the implementation of the 2021 Capitalization of Reserve, and assuming full conversion of the Convertible Bonds at the respective Current Conversion Price, the H Shares that may be convertible and issuable under the Convertible Bonds initially increased from approximately 19,420,396 H Shares (with an aggregated nominal value or RMB19,420,396) to approximately 29,260,954 H Shares (with an aggregated nominal value or RMB29,260,954). As a result, the 2021 Convertible Bonds-Related Specific Mandate was sought and granted at the 2021 AGM for the additional 9,840,558 (with an aggregated nominal value or RMB9,840,558) H Shares issuable in the event of a full conversion of the Convertible Bonds at the Current Conversion Price. The validity period of the 2021 Convertible Bonds-Related Specific Mandate and the authorization to the Board above shall be from the date of passing of the relevant resolutions at the 2021 AGM to the date of conclusion of the 2022 AGM. In light of the expiry of the 2021 Convertible Bonds-Related Specific Mandate sought by the Company and granted by the Shareholders at the 2021 AGM and the 2021 Class Meetings, and the implementation of the 2022 Profit Distribution Plan (details of which are set out in the paragraph headed “17. 2022 Profit Distribution Plan” above), on March 30, 2023, the Board resolved to seek the 2022 Convertible Bonds-Related Specific Mandate from the Shareholders at the 2022 AGM and the Class Meetings regarding the proposed issuance of Additional Conversion Shares.

(iii) 2022 Convertible Bonds-Related Specific Mandate

As disclosed in the 2022 Annual Results Announcement, the Company is planning to implement the 2022 Profit Distribution and the 2022 Capitalization of Reserve. In light of the adjustment to the respective Conversion Price of Series 1 Bonds and Series 2 Bonds triggered

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by the implementations of the 2021 Profit Distribution Plan and the 2022 Profit Distribution Plan which led to an increase in H Shares that may be convertible and issuable under the Convertible Bonds, and the expiry of the 2021 Convertible Bonds-Related Specific Mandate sought by the Company and granted by the Shareholders at the 2021 AGM as mentioned above, on March 30, 2023, the Board resolved to seek the 2022 Convertible Bonds-Related Specific Mandate from the Shareholders at the 2022 AGM and the Class Meetings regarding the proposed issuance of Additional Conversion Shares.

Subject to the approval of the Shareholders by way of special resolutions at the 2022 AGM and the Class Meetings, it is expected that, under the proposed 2022 Profit Distribution Plan (details of which are set out in the paragraph headed “17. 2022 Profit Distribution Plan” above); (i) five Capitalization Shares will be allotted and issued for every existing 10 Shares by way of capitalization of reserve, representing a total increase of 595,612,277 Shares comprising 495,099,902 New A Shares and 100,512,375 New H Shares based on the Company’s total share capital of 1,191,224,554 Shares comparing 990,199,804 A Shares and 201,024,750 H Shares as at the Latest Practicable Date, subject to any change of number of Shares until the Record Date; and (ii) a cash dividend of RMB0.30 per Share (inclusive of tax) will be paid (representing an aggregate amount of approximately RMB357.4 million (inclusive of tax) based on the total issued Shares of the Company as at the Latest Practicable Date).

Each of the 2022 Profit Distribution and the 2022 Capitalization of Reserve, if approved by the Shareholders at the 2022 AGM, will separately trigger an adjustment to the respective Current Conversion Price of Series 1 Bonds and Series 2 Bonds, in accordance with their respective Terms and Conditions.

Pursuant to the Terms and Conditions and as a result of the payment of 2022 Profit Distribution, the Conversion Price shall be further adjusted by multiplying the Conversion Price in force immediately before such payment of 2022 Profit Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A. is the sum of the products of, in respect of each class of Shares in issue immediately prior to the date on which the 2022 Profit Distribution was firstly publicly announced, being March 30, 2023 (the “**Determination Date**”), (i) the respective number of A Shares and H Shares in issue on the Determination Date (i.e. 990,199,804 A shares and 201,024,750 H Shares), and (ii) the respective Current Market Price (as defined in the Terms and Conditions disclosed in the announcement of the Company dated June 21, 2021 which is calculated based on the daily closing price on each of the 10 consecutive trading days ending on the trading day prior to the Determination Date, and taking into account the applicable conversion rate of each of such trading day according to the Trust Deed) of HK\$64.7251285 per A Share and HK\$39.34 per H Share on the Determination Date, being approximately HK\$71,999,123,219.5748 in aggregate; and
- B. is the aggregate amount of the 2022 Profit Distribution in respect of A Shares and H Shares (i.e. the product of the Dividends, being RMB0.3 per Share, and the respective number of A Shares and H Shares in issue on the Determination Date,

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being 990,199,804 A Shares and 201,024,750 H Shares, and taking into account the applicable conversion rate, being approximately HK\$405,566,808.49. For illustration purpose, the exchange rate as at the Latest Practicable Date is HK\$1 to RMB0.89961.

As a result, the adjustment factor shall be 0.994367059.

In addition, due to the 2022 Capitalization of Reserve, the Conversion Price shall be further adjusted according to the Terms and Conditions, by multiplying the Conversion Price in force immediately before such 2022 Capitalization of Reserve by the following fraction:

$$\frac{A}{B}$$

Where:

- A. is the aggregate nominal amount of the issued Shares immediately before such 2022 Capitalization of Reserve, (i.e. 990,199,804 A Shares and 201,024,750 H Shares) being 1,191,224,554 Shares; and
- B. is the aggregate nominal amount of the issued Shares immediately after such 2022 Capitalization of Reserve, (i.e. 1,485,299,706 A Shares and 301,537,125 H Shares) being 1,786,836,831 Shares.

As a result, the adjustment factor shall be 0.6666667.

Based on the product of the aforementioned adjustment factors (being 0.994367059 and 0.6666667) of 0.662911406 mentioned and as a result of such adjustments, the Conversion Price of Series 1 Bonds and Series 2 Bonds will be further adjusted from HK\$166.42 per H Share to HK\$110.32 per H Share, and from HK\$152.32 per H Share to HK\$100.97 per H Share, respectively.

Save as disclosed above, all other Terms and Conditions are expected to remain unchanged.

Further, the aforementioned calculation involves exchange rate to be used to convert the Dividends from RMB to HK\$, which will be the average of the medium rate of RMB to HK\$ announced by the People's Bank of China for five working days prior to June 21, 2023, the date on which the 2022 Profit Distribution is to be declared at the 2022 AGM and the Class Meetings. For illustration purpose, the exchange rate as at the Latest Practicable Date is HK\$1 to RMB0.89961. As such, the Series 1 Adjusted Conversion Price, the Series 2 Adjusted Conversion Price and the number of Additional Conversion Shares to be allotted and issued are subject to change and will be fixed at the 2022 AGM.

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(iv) Proposed grant of the 2022 Convertible Bonds-Related Specific Mandate to issue the Additional Conversion Shares

As at the Latest Practicable Date, the principal amount of the Series 1 Bonds and Series 2 Bonds which are outstanding is US\$300 million and RMB1,916 million, respectively.

- ***Additional Conversion Shares as a result of the implementation of the 2021 Profit Distribution Plan***

Assuming full conversion of the outstanding (i) the Series 1 Bonds at the Series 1 Bonds Current Conversion Price of HK\$166.42; and (ii) the Series 2 Bonds at the Series 2 Bonds Current Conversion Price of HK\$152.32, and taking into account the adjustment to the respective Conversion Price of Series 1 Bonds and Series 2 Bonds as a result of the implementation of the 2021 Profit Distribution Plan based on the aforementioned adjustment method as also disclosed in the circular of the Company dated May 6, 2022 and the applicable conversion rate as at the Latest Practicable Date the H Shares that may be convertible and issuable under the outstanding Convertible Bonds will increase by 9,840,558 H Shares, from approximately 19,420,396 H Shares (comprising 9,282,711 H Shares to be converted from Series 1 Bonds and 10,137,685 H Shares to be converted from Series 2 Bonds), to approximately 29,260,954 H Shares (comprising 13,986,540 H Shares to be converted from Series 1 Bonds and 15,274,414 H Shares to be converted from Series 2 Bonds).

In light of the expiry of the 2021 Convertible Bonds-Related Specific Mandate sought by the Company and granted by the Shareholders at the 2021 AGM and the 2021 Class Meetings, the additional 9,840,558 H Shares issuable based on the applicable conversion rate as at the Latest Practicable Date in the event of a full conversion of the outstanding Convertible Bonds at the respective Current Conversion Price will be allotted and issued by the Company under the 2022 Convertible Bonds-Related Specific Mandate to be sought at the 2022 AGM and the Class Meetings.

- ***Additional Conversion Shares as a result of the implementation of the 2022 Profit Distribution Plan***

Assuming full conversion of the outstanding (i) the Series 1 Bonds at the Series 1 Bonds Further Adjusted Conversion Price of HK\$110.32; and (ii) the Series 2 Bonds at the Series 2 Bonds Further Adjusted Conversion Price of HK\$100.97, and taking into account the further adjustments to the respective Conversion Price of Series 1 Bonds and Series 2 Bonds as a result of the implementation of the 2022 Profit Distribution Plan mentioned above and the applicable conversion rate as at the Latest Practicable Date, the H Shares that may be convertible and issuable under the outstanding Convertible Bonds will further increase by 14,881,574 H Shares, from approximately 29,260,954 H Shares (comprising 13,986,540 H Shares to be converted from Series 1 Bonds and 15,274,414 H Shares to be converted from Series 2 Bonds), to approximately 44,142,528 H Shares (comprising 21,098,984 H Shares to be converted from Series 1 Bonds and 23,043,544 H Shares to be converted from Series 2 Bonds), representing (i) approximately 21.96% of the total issued H share capital of the Company as at the Latest Practicable Date and approximately 12.77% of the enlarged total issued H share capital of the Company as at the Latest Practicable Date resulting from the full conversion of the outstanding Convertible Bonds and the completion of the 2022 Capitalization of Reserve.

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The additional 24,722,132 H Shares (comprising 9,840,558 H Shares to be converted from the Convertible Bonds as a result of the implementation of the 2021 Profit Distribution Plan, and 14,881,574 H Shares to be converted from the Convertible Bonds as a result of the implementation of the 2022 Profit Distribution Plan) issuable based on the applicable conversion rate as at the Latest Practicable Date in the event of a full conversion of the outstanding Convertible Bonds after Series 1 Bonds Further Adjusted Conversion Price and Series 2 Bonds Further Adjusted Conversion Price becoming effective will be allotted and issued by the Company under the 2022 Convertible Bonds-Related Specific Mandate to be sought at the 2022 AGM and the Class Meetings.

Subject to the approval of the special resolutions at the 2022 AGM and the Class Meetings in connection with the 2022 Convertible Bonds-Related Specific Mandate, the Board shall be authorized by the Shareholders to (i) make necessary adjustments to the Conversion Price and the number of Additional Conversion Shares to be allotted and issued according to the approval and implementation of the 2022 Profit Distribution Plan and the Terms and Conditions; and (ii) further authorize the chairman of the Board, and/or his authorized persons, to individually or jointly handle matters relating to the issuance of Additional Conversion Shares pursuant to the 2022 Convertible Bonds-Related Specific Mandate, including but not limited to (i) signing, modifying, terminating and/or approving all necessary legal documents related to the issuance of the Additional Conversion Shares; (ii) the disclosure of information related to the issuance of the Additional Conversion Shares; (iii) handling relevant registration and filing procedures; and (iv) dealing with other necessary and appropriate matters relating to the issuance of the Additional Conversion Shares.

(v) Condition to the 2022 Convertible Bonds-Related Specific Mandate

The 2022 Convertible Bonds-Related Specific Mandate is subject to the following conditions:

- (i) approval of the Shareholders by way of special resolutions at the 2022 AGM and the Class Meetings to be held on Wednesday, June 21, 2023; and
- (ii) approval of the 2022 Profit Distribution Plan of the Shareholders by way of special resolutions at the 2022 AGM and the Class Meetings to be held on Wednesday, June 21, 2023 (please refer to the paragraph headed “17. 2022 Profit Distribution Plan” above for further details on the 2022 Profit Distribution Plan).

(vi) Validity period of the resolutions

The resolutions relating to the 2022 Convertible Bonds-Related Specific Mandate and the authorization to the Board set out in the notices of 2022 AGM and the Class Meetings will be valid from the date of passing of the relevant resolutions at the 2022 AGM and the Class Meetings to the maturity date of the Series 1 Bonds and the Series 2 Bonds, being June 18, 2026.

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The Board shall, during such validity period, handle matters relating to the issuance of Additional Conversion Shares pursuant to the 2022 Convertible Bonds-Related Specific Mandate as necessary, including to obtain approvals from the Hong Kong Stock Exchange for the listing of, and permission to deal in the Additional Conversion Shares which may be allotted and issued as a result of the adjustment of Conversion Price.

(vii) Application for Listing

An application will be made by the Company to the Hong Kong Stock Exchange for the approval for the listing of, and permission to deal in the Additional Conversion Shares.

(viii) Use of Proceeds

The net proceeds raised from the Convertible Bonds, after the deduction of fees, commissions and expenses payable, are approximately RMB3,776.0 million. As at December 31, 2022, the balance of unutilized net proceeds amounted to approximately RMB831.9 million. The net proceeds from the Convertible Bonds have been and will be utilized in accordance with the purposes set out in the announcement of the Company dated June 21, 2021. The table below sets out the planned applications of the net proceeds of the Convertible Bonds and actual usage up to December 31, 2022.

Use of proceeds	Percentage of allocation of net proceeds	Allocation of net proceeds (RMB million)	Utilized amount as at December 31, 2022 (RMB million)	Unutilized net proceeds as at December 31, 2022 (RMB million)	Expected timeline for utilizing the net proceeds
Expanding capacities and capabilities of the Group's pharmaceutical process development and manufacturing facilities (i.e. CMC services) for small molecule Drugs	33.3%	1,258.7	1,112.7	146.0	Expected to be fully utilized by December 31, 2024
Expanding the Group's R&D and manufacturing service platform for biologics	33.3%	1,258.7	704.2	554.5	Expected to be fully utilized by December 31, 2024

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Use of proceeds	Percentage of allocation of net proceeds	Allocation of net proceeds <i>(RMB million)</i>	Utilized amount as at December 31, 2022 <i>(RMB million)</i>	Unutilized net proceeds as at December 31, 2022 <i>(RMB million)</i>	Expected timeline for utilizing the net proceeds
Expanding capabilities of the Group's laboratory services in drug safety assessment	13.3%	503.4	372.0	131.4	Expected to be fully utilized by December 31, 2024
Expanding capacities and capabilities of the Group's laboratory and manufacturing facilities in U.K.	10.0%	377.6	377.6	–	Had been fully utilized by December 31, 2022
Replenishing working capital and other general corporate purposes	10.0%	377.6	377.6	–	Had been fully utilized by December 31, 2022
Total	100.0%	3,776.0	2,944.1	831.9	

The Company will not receive any proceeds from the issuance of Additional Conversion Shares pursuant to the 2022 Convertible Bonds-Related Specific Mandate.

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(ix) Effect of the full conversion of the outstanding Convertible Bonds on the shareholding structure

The following table illustrates the effect of the full conversion of the outstanding Convertible Bonds on the shareholding structure of the Company (assuming no other Shares are allotted or issued and no existing Shares are repurchased or cancelled prior to the record dates in respect of H Shareholders and A Shareholders by reference to their entitlements to the 2022 Capitalization of Reserve and the 2022 Profit Distribution, upon satisfaction of the conditions thereto):

	As of May 31, 2022 (i.e. the date of which the 2021 Convertible Bonds-Related Specific Mandate sought by the Company and granted by the Shareholders)		Immediately after the full conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Initial Conversion Price of HK\$250.75 per H Share, and (ii) Series 2 Bonds at Series 2 Bonds Initial Conversion Price of HK\$229.50 per H Share		Immediately after the completion of the 2021 Profit Distribution Plan and the full conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Current Conversion Price of HK\$166.42 per H Share and (ii) Series 2 Bonds at Series 2 Bonds Current Adjusted Conversion Price of HK\$152.32 per H Share		Immediately after the completion of the 2022 Profit Distribution Plan and the full conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Further Adjusted Conversion Price of HK\$110.32 per H Share and (ii) Series 2 Bonds at Series 2 Bonds Further Adjusted Conversion Price of HK\$100.97 per H Share	
	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares
A Shares Holders of Series 1 Bonds	660,028,586	83.12%	660,028,586	81.14%	990,042,879	81.13%	1,485,064,318	81.12%
Other H Shareholders	0	0.00%	9,282,711	1.14%	13,986,540	1.15%	21,098,984	1.15%
Other H Shareholders	0	0.00%	10,137,685	1.25%	15,274,414	1.25%	23,042,475	1.26%
Other H Shareholders	134,016,500	16.88%	134,016,500	16.47%	201,024,750	16.47%	301,537,125	16.47%
Total	794,045,086	100.00%	813,465,482	100.00%	1,220,328,583	100.00%	1,830,742,902	100.00%

As shown in the above table, the issuance of the Additional Conversion Shares upon the full conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Further Adjusted Conversion Price of HK\$110.32 per H Share, and (ii) Series 2 at the Series 2 Bonds Further

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Adjusted Conversion Price of HK\$100.97 per H Share pursuant to the exercise of the 2022 Convertible Bonds-Related Specific Mandate will not result in any further material dilution effect on the shareholding structure of the Company, when compared against the shareholding structure of the Company immediately after the full conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Initial Conversion Price of HK\$250.75 per H Share, and (ii) Series 2 Bonds at Series 2 Bonds Initial Conversion Price of HK\$229.50 per H Share assuming the 2021 Profit Distribution Plan and the 2022 Profit Distribution Plan do not take place.

(x) Activities of the Company during the past twelve months

The Company had not conducted any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

20. PROPOSED GRANT OF GENERAL MANDATE TO ISSUE H SHARES

In order to give the Company the flexibility to issue H Shares if and when appropriate, a special resolution will be proposed at the 2022 AGM to approve the grant of the General Mandate to the Directors to allot, issue or deal with additional H Shares of not exceeding 20% of the respective total number of issued H Shares as at the date of passing of the proposed special resolution, and the number of Shares to be allotted and issued will not exceed 3.38% of the total share capital of the Company when the resolution is considered and approved by the Shareholder.

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

Further details of the special resolution to be passed with respect to the grant of General Mandate to issue H Shares are set out in Appendix VI to this circular.

21. PROPOSED ADOPTION OF THE 2023 A SHARE INCENTIVE SCHEME

To achieve and realize the purpose of the 2023 A Share Incentive Scheme as set out in the paragraph “(i) Purpose of the 2023 A Share Incentive Scheme” below, the Board has resolved to adopt the 2023 A Share Incentive Scheme. A special resolution will be proposed at the 2022 AGM and the Class Meetings to consider and approve the adoption of the 2023 A Share Incentive Scheme (draft) and its summary.

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

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

(i) Purpose of the 2023 A Share Incentive Scheme

To further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management, core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized.

(ii) Form and Source of the Restricted Shares to be Granted

The form of incentive adopted under the 2023 A Share Incentive Scheme is Restricted Shares (Type II Restricted Shares).

The source of all Restricted Shares under the 2023 A Share Incentive Scheme will be new ordinary A Shares to be allotted and issued by the Company to the Participants.

(iii) Number of the Restricted Shares to be Granted and allocations of Restricted Shares to be Granted under the First Grant

The total number of Restricted Shares to be granted under the First Grant pursuant to the 2023 A Share Incentive Scheme will be 1,479,300 A Shares, representing approximately 90% of the A Shares available under the 2023 A Share Incentive Scheme, and approximately 0.12% of the total issued share capital of the Company as at the date of the 2022 AGM (the "**First Grant**"). The remaining 10%, being 164,400 A Shares, representing approximately 0.01% of the total issued share capital of the Company as at the date of the 2022 AGM, shall be reserved for further award grants (the "**Reserved Grant**"). The Participants of the Reserved Grant shall be determined within 12 months from the date on which the 2023 A Share Incentive Scheme is considered and approved at the 2022 AGM. The basis for determining the Participants of the reserved grant shall refer to the basis of the First Grant.

None of the Participants under the Reserved Grant shall be the Company's Directors, Independent Director, Supervisor, chief executive, senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or their respective spouses, parents or children or associates.

The cumulative total number of underlying Shares unvested and unissued pursuant to the 2023 A Share Incentive Scheme and other fully effective share incentive schemes of the Company is 4,620,675 A Shares, which represents approximately 0.39% of the total share capital of the Company as at the date of the 2022 AGM, and not exceeding 10% of the total

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number of A Shares in issue as at the date of the 2022 AGM. The maximum number of underlying Shares expected to be allotted and issued pursuant to fully effective share incentive scheme of the Company is 9,480,581 A Shares, which represents approximately 0.80% of the total share capital of the Company as at the date of the 2022 AGM, and shall not exceed 20% of the total share capital of the Company as at the date the 2023 A Share Incentive Scheme is submitted for approval at the 2022 AGM and the Class Meetings.

The total number of Shares to be granted and allotted and issued to any participants under all the fully effective share incentive schemes of the Company shall not exceed 1% of the total share capital of the Company.

For the avoidance of doubt, no Restricted Shares will be allotted and issued on the Grant Date, and the Restricted Shares under the First Grant will only be allotted and issued and attributed upon the relevant attribution conditions having been fulfilled.

(iv) Participants of the 2023 A Share Incentive Scheme

(A) Basis for determining the Participants

The source of all Restricted Shares under the 2023 A Share Incentive Scheme will be new ordinary A Shares to be allotted and issued by the Company to the Participants.

(i) Legal basis for determining the Participants

The Participants are determined after taking into account the actual circumstances of the Company and in accordance with the PRC Company law, the PRC Securities Law, the Management Measures, the Hong Kong Listing Rules, the Shenzhen Listing Rules, Guide No. 1 to Shenzhen Stock Exchange GEM Listed Companies Self-discipline Supervision Guide – Business Handling (《深圳證券交易所創業板上市公司自律監管指南第1號-業務辦理》) and other relevant laws, regulations and regulatory documents as well as the Articles of Association.

(ii) Positions held by Participants in the Company

The Participants include core management, mid-level management, core technical personnel, basic-level management and technical personnel of the Group considered by the Board to be required to be incentivized. The list of Participants will be prepared by the Remuneration and Appraisal Committee and verified by the Supervisory Committee.

(B) Scope of the Participants

The total number of the Participants for the First Grant proposed under the 2023 A Share Incentive Scheme shall be 295, who are all employed by the Group.

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The Participants of the Reserved Grant shall be determined within 12 months from the date on which the 2023 A Share Incentive Scheme is considered and approved at the 2022 AGM. After the Board having proposed, the Independent Directors and the Supervisory Committee having issued their respective opinions, and the lawyers having expressed their professional opinions and issuing the corresponding legal opinions, the Company shall disclose the relevant information of the Participants of the Reserved Grant in a timely and accurate manner on designated websites as required. The Reserved Grant will lapse where the Participants of the Reserved Grant are not determined for more than 12 months from the aforesaid date. The bases for determining the Participants under the Reserved Grant shall be made by reference to the bases in relation to the First Grant.

None of the Participants are the Company's Directors, Independent Director, Supervisor, chief executive, senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or their respective spouses, parents or children or associates. All Participants must have an employment or labour relationship with the Company or its subsidiaries when a grant under the 2023 A Share Incentive Scheme is made and during the assessment period in relation to the First Grant and the Reserved Grant under the 2023 A Share Incentive Scheme.

(C) Persons who are prohibited to participate in the 2023 A Share Incentive Scheme

1. The person has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
2. The person has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
3. The person has been subject to administrative punishment or market ban measures by CSRC and its delegated institutions due to major illegal acts in the past 12 months;
4. The person has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or senior manager of any company;
5. Laws and regulations stipulate that the person shall not participate in the equity incentives of listed companies; and
6. Other circumstances as determined by the CSRC.

During the implementation process of the 2023 A Share Incentive Scheme, if any of the above circumstances in relation to a Participant arises, the Company shall terminate his/her right to participate in the 2023 A Share Incentive Scheme, and any granted Restricted Shares which have not yet been attributed shall not be attributed and shall be lapsed.

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(D) Allocation of Restricted Shares to be granted

The allocation of the Restricted Shares to be granted under the 2023 A Share Incentive Scheme is set out in the table below:

Rank of Participants (number of such Participants)	Number of Restricted Shares to be Granted	Percentage to the total number of Shares to be granted under the 2023 A Share Incentive Scheme	Percentage to the total share capital as at the Latest Practicable Date
Core management (1)	26,100	1.59%	0.002%
Mid-level management and core technical personnel (87)	1,007,700	61.31%	0.085%
Basic-level management and technical personnel (207)	445,500	27.10%	0.037%
Reserved Grant	164,400	10.00%	0.014%
Total	1,643,700	100.00%	0.138%

Notes:

- (1) Any discrepancies in this table between the total shown and the sum of the amounts listed are due to rounding.
- (2) The number of the Restricted Shares is subject to adjustment.

If a Participant, due to personal reasons, voluntarily waives the Restricted Shares which have been granted to him/her, the Board of Directors shall adjust the number of granted Restricted Shares accordingly. In the event that a Participant does not have sufficient funds to subscribe all Restricted Shares which have been granted to him/her, the amount of the Restricted Shares to be subscribed by such Participant can be reduced accordingly.

(v) Grant Price and Basis of Determination of the Grant Price

(A) Grant Price of the Restricted Shares under the First Grant and the Reserved Grant

The Grant Price of the Restricted Shares under the First Grant shall be RMB28.58 per A Share (subject to adjustment). A Participant who has satisfied the conditions for grant and attribution may purchase new A Shares allotted and issued by the Company at such Grant Price (subject to adjustment). For the avoidance of doubt, the term ‘attribution’ in this circular refers to vesting. The Grant Price of Restricted Shares under the Reserved Grant shall be the same as that of the Grant Price of Restricted Shares under the First Grant.

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(B) Basis of determination of the Grant Price

Pursuant to the Shenzhen Listing Rules and the Management Measures, the grant price of the Restricted Shares under the First Grant and the Reserved Grant shall be not less than the par value of the Shares, and in principle not less than the higher of:

1. 50% of the average trading price of the Company's A Shares for one trading day immediately preceding the date of the announcement in relation to the adoption of the 2023 A Share Incentive Scheme (i.e. March 30, 2023), being RMB28.51 per A Share; and
2. 50% of the average trading price of the Company's A Shares for the 20 trading days immediately preceding the date of the announcement in relation to the adoption of the 2023 A Share Incentive Scheme (i.e. March 30, 2023), being RMB28.58 per A Share.

The Grant Price is at a substantial discount of the prevailing trading price of the A Shares. The Grant Price was determined in accordance with the price references abovementioned. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which Participants must achieve for the Restricted Share(s) to be attributed, and considers that this is in balance with the substantial discount in the Grant Price.

The Grant Price of the First Grant and the Reserved Grant is RMB28.58 per Share, which represents:

- (i) a discount of approximately 19.59% to the closing price of HK\$40.50 per H Share as quoted on the Hong Kong Stock Exchange and a discount of approximately 49.81% to the closing price of RMB56.94 per A Share as quoted on the Shenzhen Stock Exchange on the trading day immediately preceding March 30, 2023 (being the date on which the Board approved the 2023 A Share Incentive Scheme);
- (ii) a discount of approximately 20.02% to the average closing price of HK\$40.72 per H Share as quoted on the Hong Kong Stock Exchange and a discount of approximately 50.87% to the average closing price of RMB58.17 per A Share as quoted on the Shenzhen Stock Exchange on the 5 consecutive trading days immediately preceding March 30, 2023; and
- (iii) a discount of approximately 19.42% to the average closing price of HK\$40.42 per H Share as quoted on the Hong Kong Stock Exchange and a discount of approximately 49.95% to the average closing price of RMB57.10 per A Share as quoted on the Shenzhen Stock Exchange on the 20 consecutive trading days immediately preceding March 30, 2023.

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In the event of any capitalization issue, bonus issue, dividend distribution, share split or share consolidation of the Company during the period from the date of the announcement of the 2023 A Share Incentive Scheme to the date of completion of attribution registration of the Restricted Shares by Participants, the Grant Price and the number of Restricted Shares shall be adjusted in accordance with the terms of the 2023 A Share Incentive Scheme as summarized in the paragraph “(ix) Method and Procedures for Adjustment” below.

(vi) Validity Period, Grant Date, Attribution Arrangements and Lock-up Period

(A) Validity period of the 2023 A Share Incentive Scheme

The 2023 A Share Incentive Scheme will become effective upon the Grant Date of the Restricted Shares under the 2023 A Share Incentive Scheme, and shall be valid until the date on which all Restricted Shares have been attributed or lapsed, such period shall not exceed 72 months.

(B) Grant Date of the Restricted Shares under the First Grant

The Company will convene a Board meeting to determine whether the conditions of the grant under the 2023 A Share Incentive Scheme have been met and the Grant Date after the 2023 A Share Incentive Scheme having been adopted and approved at the 2022 AGM and the Class Meetings, and the Grant Date will be determined during the Board meeting. The Company shall grant the Restricted Shares to the Participants and complete the relevant procedures including making relevant announcement(s), within 60 days after the 2023 A Share Incentive Scheme having been adopted and initially approved at the 2022 AGM and the Class Meetings (or in the event that conditions for the grant are required to be satisfied, the date of which conditions for the grant having been satisfied). If the Company is unable to complete the procedures within the 60-day period, the Company will make a timely announcement to disclose the reason for being unable to complete the procedures and declare the termination of the 2023 A Share Incentive Scheme. For the avoidance of doubt, no Restricted Shares will be allotted and issued on the Grant Date, and the Restricted Shares under the First Grant will only be allotted and issued and attributed upon the relevant attribution conditions having been fulfilled.

The Grant Date must be a trading day. If the Grant Date falls on a non-trading day, then it shall be the next trading day immediately after such non-trading day.

(C) Attribution arrangements under the 2023 A Share Incentive Scheme

Subject to the attribution conditions having been fulfilled, the Restricted Shares under the First Grant may be allotted and issued and attributed to the Participants in four tranches. An attribution date must be a trading day within the validity period of the 2023 A Share Incentive Scheme. Attribution shall be prohibited during the period of which the Restricted Shares cannot be attributed pursuant to the listing rules of the stock exchange where the Shares are listed. During the validity period of the 2023 A Share Incentive Scheme, if the relevant provisions of the stock exchange where the Shares are listed relating to the attribution period have changed, the attribution date shall comply with the provisions of the revised relevant laws, regulations and normative documents.

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Attribution arrangements in relation to the Restricted Shares under the First Grant pursuant to the 2023 A Share Incentive Scheme are as follows:

Tranche	Attribution Period	Attribution Percentage
First tranche	From the first trading day after the expiry of 12 months following the Grant Date of the First Grant until the last trading day within the 24 months following the Grant Date of the First Grant	25%
Second tranche	From the first trading day after the expiry of 24 months following the Grant Date of the First Grant until the last trading day within the 36 months following the Grant Date of the First Grant	25%
Third tranche	From the first trading day after the expiry of 36 months following the Grant Date of the First Grant until the last trading day within the 48 months following the Grant Date of the First Grant	25%
Fourth tranche	From the first trading day after the expiry of 48 months following the Grant Date of the First Grant until the last trading day within the 60 months following the Grant Date of the First Grant	25%

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Attribution arrangements in relation to the Restricted Shares under the Reserved Grant pursuant to the 2023 A Share Incentive Scheme are as follows:

Tranche	Attribution Period	Attribution Percentage
First tranche	From the first trading day after the expiry of 12 months following the Grant Date of the Reserved Grant until the last trading day within the 24 months following the Grant Date of the Reserved Grant	25%
Second tranche	From the first trading day after the expiry of 24 months following the Grant Date of the Reserved Grant until the last trading day within the 36 months following the Grant Date of the Reserved Grant	25%
Third tranche	From the first trading day after the expiry of 36 months following the Grant Date of the Reserved Grant until the last trading day within the 48 months following the Grant Date of the Reserved Grant	25%
Fourth tranche	From the first trading day after the expiry of 48 months following the Grant Date of the Reserved Grant until the last trading day within the 60 months following the Grant Date of the Reserved Grant	25%

Those Restricted Shares under the First Grant and the Reserved Grant which have not been attributed during the period of their respective tranches as a result of failure to fulfil the attribution conditions are not allowed to be attributed or deferred to be attributed in the next attribution period(s) and shall be forfeited. For the avoidance of doubt, in the event that the Restricted Shares planned to be attributed to the Participants cannot be attributed due to failure to meet the performance targets according to the 2023 A Share Incentive Scheme, such Restricted Shares shall lapse.

Upon attribution, the Restricted Shares under the First Grant and the Reserved Grant will be allotted and issued and registered with the CSDC under the Participant's name.

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(D) Lock-up Period

The requirements of lock-up for the Restricted Shares under the 2023 A Share Incentive Scheme are implemented in accordance with relevant laws, regulations and regulatory documents including the PRC Company Law and the PRC Securities Law, and the Articles of Association as follows:

1. The Participants undertake that any Restricted Share attributed in the respective tranche shall not be transferable for 6 months from the date of satisfying the vesting conditions considered and approved by the Board for the Restricted Shares in each tranche;
2. The lock-up arrangement granted by the 2023 A Share Incentive Scheme to the Participants shall be implemented in accordance with the requirements of the Company Law, the Securities Law and the relevant laws, administrative regulations, regulatory documents and the Articles of Association; and
3. During the validity period of the 2023 A Share Incentive Scheme, if the relevant requirements under the relevant laws, administrative regulations, regulatory documents such as the PRC Company Law and the PRC Securities Law and the Articles of Association are changed, the transfer of the Shares held by the Participants shall comply with the relevant laws, regulations and regulatory documents including the PRC Company Law and the PRC Securities Law and the Articles of Association as amended at the time of transfer.

(vii) Conditions for Grant and Attribution of Restricted Shares

(A) Conditions for grant of the Restricted Shares

The Company shall grant the Restricted Shares to the 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 Participants:

1. *None of the following has occurred on the part of the Company:*
 - (a) 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;
 - (b) 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;

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- (c) In the past 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
 - (d) Laws and regulations stipulate that equity incentives shall not be implemented; or
 - (e) Other circumstances as determined by the CSRC.
2. *None of the following has occurred on the part of the Participants:*
- (a) The Participant has been determined as an inappropriate candidate by the Shenzhen Stock Exchange within the past 12 months;
 - (b) The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
 - (c) The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
 - (d) The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of any company;
 - (e) Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
 - (f) Other circumstances as determined by the CSRC.

For the avoidance of doubt, no Restricted Shares will be allotted and issued on the Grant Date, and the Restricted Shares under the First Grant will only be allotted and issued and attributed upon the relevant attribution conditions having been fulfilled.

(B) Conditions for attribution of the Restricted Shares

For the Restricted Shares to be attributed to the Participants, among others, all of the following conditions need to be satisfied within the attribution period:

1. *None of the following has occurred on the part of the Company:*
- (a) 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;
 - (b) 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;

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- (c) In the past 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
- (d) Laws and regulations stipulate that equity incentives shall not be implemented;
or
- (e) Other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified above arises, the Restricted Shares that have been granted but have not yet been attributed to the Participant under the 2023 A Share Incentive Scheme shall not be attributed and shall be lapsed.

2. *None of the following has occurred on the part of the Participants:*

- (a) The Participant has been determined as an inappropriate candidate by the Shenzhen Stock Exchange within the past 12 months;
- (b) The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
- (c) The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
- (d) The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of any company;
- (e) Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
- (f) Other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified above arises in relation to a certain Participant, the Company will terminate such Participant's right to participate in the 2023 A Share Incentive Scheme and the Restricted Shares that have been granted but have not yet been attributed to such Participant under the 2023 A Share Incentive Scheme shall not be attributed and shall be lapsed.

3. *Requirements of length of employment of the Participants*

The Participant must be employed by the Group for more than 12 months before each tranche of attribution of Restricted Shares.

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4. *Performance assessment requirements at the Company level*

Under the 2023 A Share Incentive Scheme, the Company's performance will be evaluated on an annual basis for the financial years of 2023 to 2027, and the achievement of performance assessment target will be one of the attribution conditions for the Participants.

The performance assessment targets under the 2023 A Share Incentive Scheme are set out below in relation to (i) the First Grant; and (ii) the Reserved Grant to be made prior to the publication of the third quarter report of the Company for the year ended December 31, 2023, if any:

Attribution Period	Performance Assessment Target
First Attribution Period	20% (Company's revenue increase for the year ended December 31, 2023 as compared to the year ended December 31, 2022)
Second Attribution Period	40% (Company's revenue increase for the year ended December 31, 2024 as compared to the year ended December 31, 2022)
Third Attribution Period	60% (Company's revenue increase for the year ended December 31, 2025 as compared to the year ended December 31, 2022)
Fourth Attribution Period	80% (Company's revenue increase for the year ended December 31, 2026 as compared to the year ended December 31, 2022)

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The performance assessment targets under the 2023 A Share Incentive Scheme are set out below in relation to the Reserved Grant to be made upon the publication of the third quarter report of the Company for the year ended December 31, 2023, if any:

Attribution Period	Performance Assessment Target
First Attribution Period	40% (Company's revenue increase for the year ended December 31, 2024 as compared to the year ended December 31, 2022)
Second Attribution Period	60% (Company's revenue increase for the year ended December 31, 2025 as compared to the year ended December 31, 2022)
Third Attribution Period	80% (Company's revenue increase for the year ended December 31, 2026 as compared to the year ended December 31, 2022)
Fourth Attribution Period	100% (Company's revenue increase for the year ended December 31, 2027 as compared to the year ended December 31, 2022)

Note: Revenue refers to the audited revenue of the Company.

During the attribution period, the Company will handle the registration of the attributed Restricted Shares for the Participants who have satisfied the attribution conditions. In the event that the above performance assessment requirements at the Company level have not been reached within the respective attribution tranche, the Restricted Shares that have been granted but are yet to be vested to the Participants in such tranche shall not be attributed and shall be lapsed.

5. Performance assessment requirements at the Participant's project group level

The number of Restricted Shares attributed to the Participants corresponds to the satisfaction of the internal performance assessment targets in relation to the particular project group of the Company during the relevant attribution period. Depending on the assessment result achieved by such project group, different attribution percentage shall be applied.

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6. *Performance assessment requirements at the Participant's individual level*

The individual assessment of Participants is carried out according to the internal performance assessment system of the Company. The results of the individual assessment of Participants are divided into two levels – “pass” and “fail”, and the corresponding attribution percentage is as follows:

Assessment Results	Pass	Fail
Attribution Percentage at the Participant's individual level	100%	0%

Subject to the Company achieving the aforementioned performance assessment target in the respective attribution period, the actual number of Restricted Shares to be attributed = the number of Restricted Shares expected to be attributed during the respective attribution period pursuant to the 2023 A Share Incentive Scheme x corresponding attribution percentage at the Participant's individual level x corresponding attribution percentage at the Participant's project group level. If such Participant fails to achieve the assessment result, the corresponding Restricted Shares that have been granted but are yet to be attributed to the Participants in such tranche shall not be attributed and shall be lapsed.

The assessments and performance targets under the 2023 A Share Incentive Scheme at project group level and individual level are reviewed by the Remuneration and Appraisal Committee based on the actual and projected market and business conditions from time to time, taking into account factors including but not limited to the work performance of an individual or a project group, and its specific content is implemented in accordance with the Assessment Management Measures. For details of the procedures and assessment framework, please refer to Appendix VIII to this circular. The Participants are not the members under the Remuneration and Appraisal Committee, who won't be involved in the performance assessment at project group level and individual level.

7. *Explanation on reasonableness of the performance appraisal indicators of the Restricted Shares*

The Company is a leading fully-integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers. The Company provides fully-integrated drug research, development and manufacturing services throughout the research and development cycle. The Company continues to strengthen the integration of its service offerings both vertically and horizontally, investing in building new service capabilities and improving management efficiency in order to meet the needs of the market and customers. Vertically, the Company is strengthening the seamless integration of the same discipline across different pharmaceutical R&D stages. Horizontally, the Company is also enhancing the integration of different disciplines at the same pharmaceutical R&D stages, improving the professional standards of each

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discipline, expanding the service offerings, and promoting the interdisciplinary collaborations. In addition, the Company has been striving to enhance the establishment of R&D service capabilities for Biologics and CGT services through its well-established small molecules drug R&D service platforms, and committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities. The Company has set out a drug R&D service framework in compliance with general global R&D standards to provide customers with complete solutions for drug research, development and production around the world. Currently, the Company's customer portfolio comprises the top 20 multinational pharmaceutical companies worldwide.

In order to realize the strategy of the Company and maintain its competitiveness, the Company intends to motivate the core management, mid-level management, core technical personnel, basic-level management and technical personnel of the Company through the implementation of the 2023 A Share Incentive Scheme. After reasonable prediction and taking into account the incentive effects of the 2023 A Share Incentive Scheme, the revenue of the Company is adopted as the company-level performance evaluation indicator under the 2023 A Share Incentive Scheme, which can directly reflect the Company's principal business operations and indirectly reflect the market share of the Company in the industry.

Under the performance indicators and based on the operating revenue for 2022, the operating revenue's growth rates of the Company from 2023 to 2027 were no less than 20%, 40%, 60%, 80% and 100%, respectively. The performance indicators for the 2023 A Share Incentive Scheme were formulated by the Company based on the Company's actual conditions, future strategic planning, industry development and various potential risks (which refer to the risk factors out of the control of the Directors, such as the risk of international policy changes and currency exchange rates). The satisfaction of the performance targets presents a certain degree of challenge, which helps to continuously improve the profitability of the Company and proactiveness of the staff, ensure the successful implementation of future development strategy and business objectives, and bring better and lasting returns to the shareholders.

In addition to the performance indicators at the Company level, the Company has also set up a strict performance appraisal system at the Participant's project group level and individual level, which allows a more accurate, comprehensive evaluation of the work performance of the Participants. The Company will determine whether the Participants meet the attribution conditions based on the annual performance evaluation results of the Participants.

In summary, the Company's appraisal system under the 2023 A Share Incentive Scheme is integrated, comprehensive and operable. Such appraisal system can incentivize the enthusiasm and creativity of the Participants, promote the construction of a core team of the Company, and restrain the Participants, thereby serving as a solid guarantee for the Company's future business strategies and objectives.

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(viii) Implementation, Grant and Attribution Procedures

(A) *Procedures for the implementation of the 2023 A Share Incentive Scheme*

1. The Remuneration and Appraisal Committee is responsible for formulating the 2023 A Share Incentive Scheme and the Assessment Management Measures of the Company.
2. The Board shall resolve on the 2023 A Share Incentive Scheme and the Assessment Management Measures of the Company formulated by the Remuneration and Appraisal Committee. When the Board resolves on the 2023 A Share Incentive Scheme, connected Directors who have an interest in the resolution shall abstain from voting.
3. The Independent Directors and the Supervisory Committee will express opinions on whether the 2023 A Share Incentive Scheme is conducive to the sustainable development of the Company, whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders.
4. The Company will engage an independent financial consultant to give professional opinions on the feasibility of the 2023 A Share Incentive Scheme, whether the 2023 A Share Incentive Scheme is conducive to the sustainable development of the Company, whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders. The Company will engage a legal advisor to issue a legal opinion on the 2023 A Share Incentive Scheme.
5. Within two trading days after the Board having reviewed and approved the 2023 A Share Incentive Scheme, the Company will make an announcement of Board resolutions, the draft and summary of the 2023 A Share Incentive Scheme, the opinions of Independent Directors, and the opinions of the Supervisory Committee.
6. The Company shall carry out self-investigation on the dealing of Shares by insiders during the 6 months' period prior to the announcement of the 2023 A Share Incentive Scheme to examine whether any insider dealing exists.
7. Before convening the 2022 AGM and the Class Meetings, the Company shall announce the name and position of the Participants internally via the Company website or other channels for 10 days. The Supervisory Committee shall review the list of the Participants and take sufficient consideration of the public response. The Company shall disclose the information regarding the review by the Supervisory Committee regarding the list of Participants and the publication responses 5 days prior to the consideration of the 2023 A Share Incentive Scheme at the 2022 AGM and the Class Meetings.

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8. When the 2022 AGM and the Class Meetings are convened to consider and, if thought fit, approve the 2023 A Share Incentive Scheme, the Independent Directors shall solicit proxy voting rights from all Shareholders regarding the resolutions related to the 2023 A Share Incentive Scheme. The 2023 A Share Incentive Scheme and relevant resolutions shall be considered and, if thought fit, approved by the Shareholders by way of special resolution at the 2022 AGM and the Class Meetings. Connected Shareholders who have an interest in the resolution shall abstain from voting.
9. The Company will make an announcement of the Shareholders' resolutions, the 2023 A Share Incentive Scheme as approved at the 2022 AGM and the Class Meetings, as well as the self-investigation report and legal opinion of the insiders trading of the Shares. Where connected persons or other situations required by the listing rules of the place where the Company's securities are listed are involved, the Company shall comply with such local laws and regulations and meet the relevant requirements (including, if necessary, obtaining prior approval from the independent Shareholders).
10. The Board will grant the Restricted Shares to the Participants and make announcements and complete other relevant procedures pursuant to the authorization granted by the Shareholders within 60 days after the 2023 A Share Incentive Scheme having been adopted and initially approved at a general meeting and the Class Meetings (or in the event that conditions for the grant are required to be satisfied, the date of which conditions for the grant having been satisfied). The Board shall handle specific matters such as the attribution and registration of Restricted Shares in accordance with the authorization at the 2022 AGM and the Class Meetings.

(B) Procedures for the grant of the Restricted Shares

1. The Board shall convene a meeting to grant the Restricted Shares to the Participants within 60 days after the 2023 A Share Incentive Scheme having been adopted and initially approved at the 2022 AGM and the Class Meetings (or in the event that conditions for the grant are required to be satisfied, the date of which conditions for the grant having been satisfied), and the Grant Date will be determined during the Board meeting.
2. Before granting the Restricted Shares to the Participants, the Board shall convene a meeting to consider whether the Participants have satisfied the conditions for grant prescribed in the 2023 A Share Incentive Scheme and make an announcement thereafter. The Independent Directors and the Supervisory Committee shall also issue their explicit opinions at the same time. The legal advisor shall issue legal opinions as to whether the Participants have satisfied the conditions of the grant. The Supervisory Committee shall verify the Grant Date and the list of Participants and issue an opinion. When there is discrepancy between the Company's grant of the Restricted Shares to the Participants and the arrangement stipulated under the 2023 A Share Incentive Scheme, the Independent Directors, the Supervisory Committee (when the Participants change), legal advisor and independent financial consultants shall simultaneously express clear opinions.

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3. The Company shall enter into an “Agreement on the Granting of Restricted Shares” with the Participants setting out their respective rights and obligations.
4. The Company shall keep a register for management of the Restricted Shares with reference to the “Agreement on the Granting of Restricted Shares” signed by the Participants and the subscription situation, and such register shall record the names of the Participants, the number of Restricted Shares to be granted, the Grant Date and the serial number of the relevant agreement on granting of the Restricted Shares.
5. The Company shall grant the Restricted Shares to the Participants and make an announcement within 60 days after the 2023 A Share Incentive Scheme is considered and initially approved at the 2022 AGM and the Class Meetings (or in the event that conditions for the grant are required to be satisfied, the date of which conditions for the grant having been satisfied), and the Grant Date will be determined during the Board meeting. If the Company fails to make an announcement in respect of the grant of the Restricted Shares within the 60-day period, the 2023 A Share Incentive Scheme shall be terminated, and the Board shall promptly disclose the reasons for the failure to implement the 2023 A Share Incentive Scheme and is prohibited from approving a share incentive scheme again within 3 months thereafter.
6. No Restricted Shares will be allotted and issued on the Grant Date, and the Restricted Shares under the First Grant will only be allotted and issued and attributed upon the relevant attribution conditions having been fulfilled.
7. The Participants of the Reserved Grant shall be determined within 12 months from the date on which the 2023 A Share Incentive Scheme is considered and approved at the 2022 AGM. The Reserved Grant will lapse where the Participants of the Reserved Grant are not determined for more than 12 months from the aforesaid date.
8. Where connected persons or other situations required by the listing rules of the place where the Company’s securities are listed are involved, the Company shall comply with such local laws and regulations and meet the relevant requirements (including, if necessary, any prior approval from the independent Shareholders).

(C) Procedures for the attribution of the Restricted Shares

1. Prior to attribution, the Company shall confirm whether the Participants have satisfied the attribution conditions. The Board shall consider whether the attribution conditions under the 2023 A Share Incentive Scheme have been satisfied and the Independent Directors and Supervisory Committee shall issue their explicit opinions at the same time. The Company’s legal advisor shall issue legal opinions as to whether the conditions for attribution of the Restricted Shares have been satisfied. A Board meeting to consider the satisfaction of attribution conditions under the 2023 A Share Incentive Scheme shall be convened within 6 months after each attribution period begins.
2. Each Participant shall set up a cash securities account before the first attribution period begins. The Participants who have fulfilled the attribution conditions shall from three months after the commencement of each attribution tranche (specific payment time shall be subject to payment notice confirmation to be issued by the Company at the time), pay the Grant Price for the subscription of the Restricted Shares into the account designated by the Company, which will be verified and

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confirmed by a certified public accountant. Participants who have not paid the Grant Price within the requisite period shall be deemed to have waived his/her right to subscribe for the Restricted Shares. The Company shall apply to the Shenzhen Stock Exchange for the attribution of the Restricted Shares to Participants, and apply to the CSDC for the attribution matters after confirmation by the Shenzhen Stock Exchange. The Restricted Shares of the Participants who have not fulfilled the attribution conditions in the relevant tranche shall not be attributed and shall be lapsed. The Company shall make timely disclosure in respect of the implementation of the 2023 A Share Incentive Scheme.

In each of the above Board meetings, Directors who have an interest in the relevant resolution shall abstain from voting.

(ix) Method and Procedures for Adjustment

(A) Adjustment method of the number of the Restricted Shares

In the event of any capitalization of reserve, bonus issue, share split, share consolidation or new issue of shares of the Company during the period from the date of announcement of the 2023 A Share Incentive Scheme to the completion of attribution registration of Restricted Shares by the Participants, the number of Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

1. *Capitalization of reserve, bonus issue or share split*

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

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by conversion of capital reserve, bonus issue or sub-division of shares (i.e. the number of shares increased per share upon issue of shares by conversion of capital reserve, bonus issue or sub-division of shares); Q represents the number of Restricted Shares after the adjustment.

2. *Share consolidation*

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one Share of the Company shall be consolidated into n Shares); Q represents the number of Restricted Shares after the adjustment.

3. *New issue of shares*

In the event of new issue of Shares by the Company, no adjustment shall be made to the number of Restricted Shares granted.

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

In the event of any dividend distribution, capitalization of reserve, bonus issue, share split, rights issue, share consolidation or new issue of shares of the Company during the period from the date of announcement of the 2023 A Share Incentive Scheme to the completion of attribution registration of Restricted Shares by the Participants, the Grant Price shall be adjusted accordingly. The adjustment method is as follows:

1. *Capitalization of reserve, bonus issue or share split*

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

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by conversion of capital reserve, bonus issue or sub-division of shares to each Share (i.e. the number of shares increased per share upon issue of shares by conversion of capital reserve, bonus issue or sub-division of shares); P represents the Grant Price after the adjustment.

2. *Rights issue*

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

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 allotted and issued under the rights issue to the total share capital of the Company before the rights issue); P represents the Grant Price after the adjustment.

3. *Share consolidation*

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of consolidation of shares (i.e. one Share of the Company shall be consolidated into n Shares); P represents the Grant Price after the adjustment.

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 Grant Price after the adjustment. P shall be greater than 1 after the dividend distribution.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 17.03(13) of the Listing Rules.

5. *New issue of shares*

In the event of new issue of Shares by the Company, no adjustment shall be made to the Grant Price of the Restricted Shares.

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(C) Adjustment procedures

The Company's general meeting authorizes the Board to adjust the number of Restricted Shares and the Grant Price based on the reasons set forth in the 2023 A Share Incentive Scheme. After the Board adjusts the number of Restricted Shares and the Grant Price in accordance with the above provisions, it shall promptly announce and notify the Participants. The Company shall employ lawyers to provide professional opinions to the Board on whether the above adjustments comply with the requirements under the Management Measures, the Articles of Association and the 2023 A Share Incentive Scheme.

(x) Other Rights and Obligations of the Company and the Participants and Dispute Mechanism

(A) Rights and obligations of the Company

1. The Company has the right to interpret and implement the 2023 A Share Incentive Scheme, to conduct performance appraisal on the Participants, and to supervise and examine whether the Participants are eligible for attribution. If the Participants fail to meet the attribution conditions as determined under the 2023 A Share Incentive Scheme, upon approval by the Board, the Restricted Shares that have been granted to the Participants but have not yet been attributed shall not be attributed and shall be lapsed.
2. The Company has the right to require the Participants to work for the Company according to the requirements of the positions at which he/she is employed. If the Participant is not qualified for the positions or fails the assessment, or if the Participant violates the law, violates professional ethics, divulges company secrets, violates the Company's rules and regulations, neglects his/her duty or malfeasance or has other acts that seriously damage the Company's interests or reputation, upon approval by the Board, the Restricted Shares that have been granted to the Participants but have not yet been attributed shall not be attributed and shall be lapsed.
3. The Company shall withhold and pay the personal income tax and other taxes and fees payable by the Participants according to the relevant provisions of the national tax laws and regulations.
4. The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Participants to obtain relevant Restricted Shares according to the 2023 A Share Incentive Scheme.

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5. The Company shall timely, truly, accurately and completely disclose the information disclosure documents related to the 2023 A Share Incentive Scheme in accordance with the relevant laws, regulations and regulatory documents, ensure that there are no false records, misleading statements or material omissions, and timely fulfill the relevant reporting obligations of the 2023 A Share Incentive Scheme.
6. In accordance with the 2023 A Share Incentive Scheme and the relevant requirements of the CSRC, the Shenzhen Stock Exchange and registration and clearing companies, the Company shall handle the registration of the attribution of Restricted Shares for the Participants that meet the attribution conditions. However, the Company shall not be held liable if the Participants fails to complete the registration matters of the attribution of Restricted Shares and causes losses to the Participants due to the reasons on the part of the CSRC, the Shenzhen Stock Exchange and the registration and clearing companies.
7. Other relevant rights and obligations stipulated in laws, administrative regulations and regulatory documents.

(B) Rights and obligations of the Participants

1. The Participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions at which he/she is employed by the Company.
2. The Participants have the right to receive the attributed Restricted Shares granted in accordance with the 2023 A Share Incentive Scheme, and should follow the Lock-up obligations aforementioned and deal with his/her Restricted Shares in accordance with relevant provisions.
3. The source of funds for the Participants is their own financing.
4. Prior to the vesting and registration, the Restricted Shares granted to the Participants under the 2023 A Share Incentive Scheme shall not be transferred or assigned, used as guarantee or repay debts.
5. Prior to the vesting and registration, the Restricted Shares granted to the Participants under the 2023 A Share Incentive Scheme do not carry any voting rights, transfer and other rights (including those arising on liquidation of the Company). It is also not participate in the distribution of bonus shares or share dividends.
6. The income received by the Participants as a result of the 2023 A Share Incentive Scheme shall be subject to personal income tax and other taxes and fees in accordance with national tax regulations.

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7. The Participants undertake that if there are false records, misleading statements or material omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting or exercising rights and interests, the Participants shall fulfill their undertakings and return all the benefits obtained from the 2023 A Share Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.
8. If the Participant is no longer eligible to be a Participant under the 2023 A Share Incentive Scheme as stipulated in Article 8 of the Management Measures during the implementation of the 2023 A Share Incentive Scheme, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be lapsed.
9. If the Participant ceases to be employed by the Company after attribution of the Restricted Shares, such Participant shall not engage in business related or similar to that of the Company for two years following the end of such Participant's employment with the Company. If the Participant who ceases to be employed by the Company after attribution of the Restricted Shares, engages in business related or similar to that of the Company within the two years following the end of such Participant's employment with the Company, such Participant shall return to the Company all interests in the Restricted Shares granted, and be liable for damages for breach in the same amount. Such Participant shall also be liable for damages should he/she cause loss to the Company.
10. The Participant agreed to authorize the Company to register the share-related matters under the Incentive Scheme.
11. Other relevant rights and obligations stipulated in laws, administrative regulations, regulatory documents and the 2023 A Share Incentive Scheme.

(C) Dispute settlement mechanism between the Company and the Participants

Any dispute between the Company and the Participants shall be resolved in accordance with the provisions of the 2023 A Share Incentive Scheme and the "Agreement on the Granting of Restricted Shares". In event of any dispute that is not clearly covered by such provisions, the Company and the Participants shall negotiate and resolve their disputes in accordance with national laws and the principles of fairness and reasonableness. Where any dispute cannot be settled by negotiation, it shall be resolved through litigation by submitting to the People's Court with jurisdiction over the Company's place of business.

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(D) Other descriptions

The Participant won't be involved in the procedure for examination and approval of the Incentive Scheme and the follow-up performance appraisal works at project group level and individual level.

(xi) Amendment and Termination of the 2023 A Share Incentive Scheme

(A) Procedure for the amendment and termination of the 2023 A Share Incentive Scheme

1. Procedure for the amendment of the 2023 A Share Incentive Scheme

- (a) If the Company intends to make amendments to the 2023 A Share Incentive Scheme before it is considered and approved by the Shareholders at the 2022 AGM and the Class Meetings, the amendments shall be considered and approved by the Board and the Remuneration and Appraisal Committee, and that the independent non-executive Directors shall also issue their opinions. If the Company intends to make amendments to the 2023 A Share Incentive Scheme that has been adopted by Shareholders at the 2022 AGM and the Class Meetings, such amendments shall be submitted to the general meeting and class meetings of A Shareholders and H Shareholders for its approval and shall not include circumstances that would result in the acceleration of attribution or reduction of the Grant Price. There are not any specific term of the 2023 A Share Incentive Scheme that can be changed by the Directors without the approval of the Shareholders in general meeting after the 2023 A Share Incentive Scheme is approved at the 2022 AGM, A Share Class Meeting and H Share Class Meeting.
- (b) The Company shall timely disclose the reasons and contents of the amendments. The Independent Directors and the Supervisory Committee shall make clear opinions on whether the amended plan is conducive to the sustainable development of the Company and whether there are any situations that clearly harm the interests of the Company and all shareholders. The legal advisor shall express its professional opinions on whether the amended plan conforms to the provisions of the Management Measures and relevant laws and regulations, and whether there are any circumstances that clearly harm the interests of the Company and all the Shareholders.

2. Procedure for the termination of the 2023 A Share Incentive Scheme

- (a) If the Company intends to terminate the 2023 A Share Incentive Scheme before it is considered and approved at the 2022 AGM and the Class Meetings, the Board shall consider and approve and disclose such intended termination of the 2023 A Share Incentive Scheme. If the Company intends to terminate the implementation of the 2023 A Share Incentive Scheme after it is considered and approved at the 2022 AGM and the Class Meetings, it shall be submitted to the Board and the general meeting and class meetings of A Shareholders and H Shareholders for approval and be disclosed.

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- (b) The Company shall timely disclose the announcement of resolutions of the general meeting or the Board. The legal advisor shall express its professional opinions on whether the termination of 2023 A Share Incentive Scheme conforms to the provisions of the Management Measures and relevant laws and regulations, and whether there are any circumstances that clearly harm the interests of the Company and all the Shareholders.

(B) In the event of any changes occurred at the Company level

1. In the event that any of the circumstances below occurs, the 2023 A Share Incentive Scheme shall be terminated, and the Restricted Shares that have been granted to the Participants under the 2023 A Share Incentive Scheme but have not yet been attributed shall not be attributed and shall be lapsed:
 - (a) 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;
 - (b) 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;
 - (c) 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 commitments;
 - (d) Laws and regulations stipulate that equity incentives shall not be implemented; or
 - (e) Other circumstances as determined by the CSRC.
2. *Merger or division of the Company, etc.*

In case of merger or division of the Company, the Board shall decide whether to terminate the 2023 A Share Incentive Scheme within five trading days from the date of merger or division.

3. *Change of control of the Company*

In the event of a change of control of the Company by way of a merger, privatization of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, or resolution of the general meeting of the Shareholders to replace half of all members of the Board before the expiry of the term of office of the Board, the Board shall decide whether to terminate the 2023 A Share Incentive Scheme within five trading days from the date of the change of the control.

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4. If the Company fails to meet the conditions for granting or attribution of the Restricted Shares due to false records, misleading statements or material omissions in the information disclosure documents, the Restricted Shares that have not yet been attributed shall not be attributed and shall be lapsed.

If the Restricted Shares that have been granted to the Participants have already been attributed, all the Participants shall return the granted rights and interests. If a Participant who is not responsible for the above matters suffers from losses due to the return of rights and interests, such Participant can recover such losses from the Company or the responsible targets in accordance with the relevant arrangements under the 2023 A Share Incentive Scheme. The Board shall recover the proceeds from the Participants in accordance with the preceding paragraph and the relevant arrangements under the 2023 A Share Incentive Scheme.

(C) In the event of any changes in the personal circumstances of the Participants

1. Change in position of the Participants

- (a) If the position of a Participant changes but he/she still works in the Company or its subsidiaries, the Restricted Shares granted to him/her shall still be attributed in accordance with the procedures stipulated in the 2023 A Share Incentive Scheme.
- (b) If a Participant becomes a Supervisor or an Independent Director, or changes to a position not allowed to hold the Restricted Shares of the Company, the Restricted Shares that have been attributed shall not be affected. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be lapsed.
- (c) If a Participant violates the law, violates professional ethics, divulges confidential information of the Company, causes damage to the interests or reputation of the Company due to failure to discharge his duties or willful misconduct, and resulting in a change of position, or causes the Company to terminate the employment or labor relationship with such Participant due to the above-mentioned reasons, such Participants shall return to the Company all interests in the Restricted Shares already attributed. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be lapsed.

At the same time, in the event of serious circumstances which include but not limited to serious misconduct, a material misstatement in the Company's financial statement or other serious circumstances, the Company may also claim for the damages suffered by the Company from such Participant in accordance with relevant laws and regulations.

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2. *Resignation of the Participants*

If the employment or labor relationship between the Company and a Participant is terminated (due to reasons including but not limited to layoffs by the Company, failure to pass performance evaluation, expiry and non-renewal of employment contract, voluntary resignation of such Participant or passive termination of employment or labor relationship between the Company and such Participant), the Restricted Shares that have been attributed prior to the date of termination of such employment shall not be affected, and the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be lapsed.

3. *Retirement of the Participants*

If a Participant enters into re-employment arrangements with the Company after retirement, the Restricted Shares that have been granted to him/her will be carried out in accordance with the procedures stipulated in the 2023 A Share Incentive Scheme in effect before the retirement. If such Participant rejects the Company's request for his/her re-employment, or if such Participant retires and leaves the Company, the Restricted Shares that have been granted but not yet attributed shall not be attributed, and shall be lapsed.

4. *Incapacity of the Participants*

- (a) If a Participant becomes incapacitated due to work injury and leaves the Company, the Remuneration and Appraisal Committee shall decide whether the Restricted Shares granted to such Participant shall be carried out in accordance with the procedures stipulated in the 2023 A Share Incentive Scheme in effect before the occurrence thereof, and the personal performance evaluation results will no longer be included in the attribution conditions; or the Company shall cancel his/her Restricted Shares that have been granted but not yet been attributed.
- (b) If a Participant leaves the Company due to incapacity not resulting from work injury, the Restricted Shares that have been attributed to the Participant shall not be affected. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be lapsed.

5. *Death of the Participants*

- (a) In the event of death of a Participant due to the carrying out of his/her duty, the Remuneration and Appraisal Committee shall decide whether the Restricted Shares granted to him/her shall be held by the designated beneficiary to his/her estate or such beneficiary as stipulated by applicable law, and shall be carried out in accordance with the procedures stipulated in the 2023 A Share Incentive Scheme in effect before his/her death, and the results of his/her personal performance evaluation shall not be included in the attribution conditions; or the Company shall cancel his/her Restricted Shares that have been granted but has not been attributed.

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- (b) In the event of death of a Participant not due to the carrying out of his/her duty, the Restricted Shares that have been attributed to the Participants shall not be affected. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be lapsed.

6. *Change of control of the subsidiary where the Participants work*

If a Participant works in a subsidiary of the Company, and if the Company loses control over such subsidiary while the Participant not works there, the Restricted Shares that have been attributed shall not be affected. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be lapsed.

7. *Change in eligibility of the Participants*

If a Participant no longer meets the eligibility requirements to participate in the 2023 A Share Incentive Scheme due to any one of the following circumstances, the Restricted Shares that have been attributed shall not be affected, and the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be lapsed:

- (a) The Participant has been determined as an inappropriate candidate by the Stock Exchange within the most recent 12 months;
- (b) The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
- (c) The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the most recent 12 months;
- (d) The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of any company;
- (e) Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
- (f) Other circumstances as determined by the CSRC.

8. *Others*

Circumstances not expressly stipulated in the 2023 A Share Incentive Scheme and the method of handling such circumstances shall be determined by the Remuneration and Appraisal Committee.

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(xii) Accounting Treatment and Impact on the Operating Performance

(A) Accounting treatment

In accordance with the rules of the 2023 A Share Incentive Scheme, any Restricted Shares attributed in the respective tranche shall not be assignable or transferable for 6 months from the date of satisfying the attribution conditions considered and approved by the Board for the Restricted Shares in each tranche (the “**Restrictive Factor**”). Such condition is a non-attribution condition, and based on the Enterprise Accounting Standard, when determining the fair value of an equity instrument on the Grant Date, the enterprise shall consider the impact of such non-attribution condition. The fair value of this second class of Restricted Shares represents the fair value (including the option’s inherent value and time value) by adopting the Option Pricing Model after deducting the discounted costs arising from the Restrictive Factor.

The Company used the Black-Scholes model (B-S Model) to estimate the fair value of the Restricted Shares as of the date of the announcement in relation to the adoption of the 2023 A Share Incentive Scheme amongst other things (i.e. March 30, 2023). The specific figures for such estimation are as follows:

- (a) Underlying share price: RMB57.05 (March 30, 2023 as closing date)
- (b) Valid period of call option: 1 year, 2 years, 3 years and 4 years (from grant date to the first vesting date of each period), valid period of put option: 0.5 year (restricted factors, i.e. the additional Lock-up Period after each vesting date)
- (c) Historical volatility: annualized volatility of the Shenzhen Composite Index for respective period
- (d) Risk-free interest rate: the benchmark RMB deposit rate for financial institutions formulated by the People’s Bank of China for respective period

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

The Company will grant 1,643,700 Restricted Shares, of which 1,479,300 Restricted Shares will be granted under the First Grant (subject to adjustment) to the Participants. The fair value of the Restricted Shares was estimated based on the closing data in relation to the A Shares on the Shenzhen Stock Exchange of the trading day prior to the publication of the draft 2023 A Share Incentive Scheme, and the total equity expense of the grant under the 2023 A Share Incentive Scheme was estimated to be RMB40.29 million. The total amount of the above expenses as the incentive cost of the 2023 A Share Incentive Scheme will be recognized over the course of the 2023 A Share Incentive Scheme in proportion in installments and will be charged to operating profit or loss. In accordance with accounting standards, the amount shall be based on the fair value of the Shares calculated on the “actual grant date”, assuming the

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Grant Date to be in May 2023, and that all of the Participants have fulfilled the attribution conditions and all Restricted Shares have been attributed within the relevant attribution tranche, the amortization of cost of the Restricted Shares from the years 2023 to 2027 shall be as follows:

Unit: RMB0'000

Amortization cost of the Restricted Shares	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
4,029.03	1,200.01	1,498.76	812.51	407.44	110.31

Notes:

1. The above costs are projected costs, and actual costs are related to the Grant Price, the Grant Date, the closing price of the A Shares on the Grant Date, the number of Restricted Shares granted and the best estimate of the number of attributable equity instrument.
2. Shareholders' attention is drawn to the possible dilutive effect of the share-based payment described above.
3. The final influence of the above projected amortization expenses on the Company's operating results is subject to the audit report issued by the accountants.
4. Any discrepancy between the total amount and the arithmetical sum of the amounts listed in the above table is due to rounding.

The cost of the 2023 A Share Incentive Scheme will be charged to cost expenses. Without considering the positive effect of the 2023 A Share Incentive Scheme on the Company's performance, the Company estimates, based on current information, that the amortization of cost expenses of the 2023 A Share Incentive Scheme will have an impact on net profit of each year within the validity period, but the impact is not significant. Considering the positive effect of the 2023 A Share Incentive Scheme on the Company's operation and development, which will stimulate the enthusiasm of the management and business team, improve operating efficiency and reduce operating costs, the 2023 A Share Incentive Scheme will play a positive role in the Company's long-term performance.

(xiii) Proposed grant of Restricted Shares and Issue of new A Shares under the 2023 A Share Incentive Scheme

Subject to the approval of the Shareholders at the 2022 AGM and the Class Meetings, the Board has resolved to grant not more than 1,643,700 Restricted Shares under the First Grant, all of which will be granted to not more than 295 Participants under the First Grant pursuant to the 2023 A Share Incentive Scheme, representing approximately 0.14% of the total issued share capital of the Company as at the Latest Practicable Date.

No Restricted Shares will be granted to connected persons of the Company.

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In addition to the principal terms of the proposed 2023 A Share Incentive Scheme summarized in the paragraph headed “21. Proposed Adoption of the 2023 A Share Incentive Scheme” above, further information in relation to the issue and allotment of the Restricted Shares under the 2023 A Share Incentive Scheme are set out below:

The total funds to be raised and the proposed use of proceeds: Not more than RMB40.29 million, being the aggregate Grant Price, will be paid by the Participants to subscribe for 1,479,300 Restricted Shares under the First Grant (subject to adjustment) under the 2023 A Share Incentive Scheme. The proceeds obtained by the Company from the 2023 A Share Incentive Scheme shall be applied towards the replenishment of the Group’s liquidity.

Grant Price: The Grant Price of the Restricted Shares under the First Grant and the Reserved Grant pursuant to the 2023 A Share Incentive Scheme shall be RMB28.58 per A Share which was determined with reference to the basis set out in the paragraph headed “21. Proposed Adoption of the 2023 A Share Incentive Scheme – (v) Grant Price and Basis of Determination of the Grant Price” above. A Participant who has satisfied the conditions for grant and attribution may purchase new A Shares allotted and issued by the Company at such Grant Price.

Aggregate nominal value: The nominal value of the A Shares of the Company is RMB1.00 per A Share. The aggregate nominal value of the Restricted Shares to be granted under the 2023 A Share Incentive Scheme is not more than RMB1,643,700.

Fund raising activities in the past 12 months: The Company had not conducted any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

(xiv) Reasons for and Benefits of the Adoption of the Proposed 2023 A Share Incentive Scheme

Please refer to the paragraph headed “21. Proposed Adoption of the 2023 A Share Incentive Scheme – (i) Purpose of the 2023 A Share Incentive Scheme” in this circular.

The Directors are of the view that the adoption of the 2023 A Share Incentive Scheme will realize the aforesaid goals, and that the Terms and Conditions of the 2023 A Share Incentive Scheme are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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(xv) Other Information

A. *Fund raising activities in the past 12 months*

The Company had not conducted any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

B. *Information of the Company and the Participants*

The Company is a joint stock limited liability company established in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (stock code: 3759) and A Shares are listed on the Shenzhen Stock Exchange (stock code: 300759).

The Group is a leading fully-integrated pharmaceutical research and development service platform with global operations to accelerate drug innovation for its customers.

C. *Implications under the Listing Rules*

Each of the 2023 A Share Incentive Scheme and other fully effective share incentive schemes of the Company, namely the 2019 A Share Incentive Scheme, the 2021 A Share Incentive Scheme, the 2022 A Share Incentive Scheme and the H Share Scheme, will constitute a share scheme and shall be subject to the applicable disclosure requirements under Chapter 17 of the Listing Rules. Pursuant to Chapter 17 of the Listing Rules, share schemes involving the grant of new shares must be approved by shareholders of the listed issuer in general meeting. Accordingly, the adoption of the 2023 A Share Incentive Scheme will be subject to, among others, the Shareholders' approval at the 2022 AGM. In addition, in relation to the 2023 A Share Incentive Scheme, we have applied to the Stock Exchange 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 2023 A Share Incentive Scheme in the event of dividend distribution, on the basis that, among other things: (i) the Company is a PRC issuer with its A Shares listed on the Shenzhen Stock Exchange, and the 2023 A Share Incentive Scheme involves issue of new A Shares only. Therefore, the 2023 A Share Incentive Scheme must comply with the PRC laws. As advised by the PRC legal advisor of the Company, and according to (i) article 48 of the Management Measures for Equity Incentive of Listed Companies (《上市公司股權激勵管理辦法》) issued by China Securities Regulatory Commission, and (ii) paragraph 10 of subsection 2(4) under article 2 of chapter 2 of the Self-regulatory Guidelines for the Companies Listed on the growth enterprise board of the Shenzhen Stock Exchange No. 1 – Business Processing (《深圳證券交易所創業板上市公司自律監管指南第1號–業務辦理》), in the event of dividend distribution, the price and number of shares to be granted pursuant to share incentive schemes adopted by listed companies are required to be adjusted and its relevant adjustment method and procedures shall be included in the scheme document in accordance with the relevant provisions. As such, the Grant Price pursuant to the 2023 A Share Incentive Scheme shall be adjusted in the event of any dividend distribution to be conducted by the Company, in order to fully comply with the aforementioned laws and regulations. Such adjustment arrangement

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is also consistent with those implemented under the share incentive schemes previously adopted by the Company, namely, the 2019 A Share Incentive Scheme, the 2021 A Share Incentive Scheme and the 2022 A Share Incentive Scheme; (ii) the proposed adoption of the 2023 A Share Incentive Scheme will be subject to the approval of the Shareholders at the 2022 AGM and the Class Meetings, whereby the H Shareholders will have the opportunity to fully consider and evaluate the terms of the 2023 A Share Incentive Scheme based on its merits and the interest of the H Shareholders will not be prejudiced; (iii) the number of A Shares proposed to be issued and granted under the First Grant and the Reserved Grant pursuant to the 2023 A Share Incentive Scheme is 1,643,700 Shares, representing only approximately 0.14% of the total shares of the Company as at the Latest Practicable Date, and the dilution effect of the 2023 A Share Incentive Scheme is minimal; and (iv) the Company believes that the adjustment to the Grant Price of the 2023 A Share Incentive Scheme in the event of dividend distribution will not adversely affect interest of Shareholders of the Company.

The resolutions in relation to the adoption of the proposed 2023 A Share Incentive Scheme and the Assessment Management Measures, the issue and grant of the Restricted Shares to the Participants under the 2023 A Share Incentive Scheme were considered and approved at the meeting of the Board held on March 30, 2023.

As at the date of which the 2023 A Share Incentive Scheme was announced (i.e. March 30, 2023), 58 Participants held a total of 141,550 A Shares (which represented approximately 0.01% of the total issued share capital of the Company) and controlled the exercise of the voting rights of such Shares. Therefore, when matters relating to the 2023 A Share Incentive Scheme, which include but not limited to (i) 2023 A Share Incentive Scheme and its summary; (ii) Assessment Management Measures for implementation of the 2023 A Share Incentive Scheme; and (iii) authorization to the Board to handle matters pertaining to the 2023 A Share Incentive Scheme are being considered at the 2022 AGM, the A Share Class Meeting and the H Share Class Meeting, any Shareholder who is a Participant or a related party of any Participant shall abstain from voting at the 2022 AGM. The Company has requested all Participants to abstain from voting on such matters, and details in relation to the shareholding of such Participants as of the date of the 2022 AGM and the corresponding poll results in relation to the above matters will be disclosed in the poll results announcement to be published after the conclusion of the 2022 AGM.

With respect to the 2019 A Share Incentive Scheme, 2021 A Share Incentive Scheme and 2022 A Share Incentive Scheme, all awards thereunder have been granted and no further grants will be made. In relation to the H Share Scheme, as it only involves existing Shares, it shall only be subject to the disclosure requirements under Rule 17.12 of the Listing Rules.

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22. PROPOSED ADOPTION OF THE ASSESSMENT MANAGEMENT MEASURES FOR THE IMPLEMENTATION OF THE 2023 A SHARE INCENTIVE SCHEME

To ensure the smooth implementation of the 2023 A Share Incentive Scheme, the Assessment Management Measures have been formulated according to the PRC Company Law, the PRC Securities Law, the Management Measures and other relevant laws, administrative regulations, normative documents, the relevant requirements of the Articles of Association as well as the actual situation of the Company.

The full text of the Assessment Management Measures for implementation of the 2023 A Share Incentive Scheme is set out in Appendix VIII to this circular. The Assessment Management Measures were prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the Assessment Management Measures, the Chinese version shall prevail.

A special resolution will be proposed at the 2022 AGM and the Class Meetings to consider and, if thought fit, approve the adoption of the Assessment Management Measures for implementation of the A Shares.

23. PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2023 A SHARE INCENTIVE SCHEME

To ensure the successful implementation of the 2023 A Share Incentive Scheme, a special resolution will be proposed at the 2022 AGM and the Class Meetings that the Board be authorized to handle matters pertaining to the 2023 A Share Incentive Scheme, including but not limited to the following:

1. To authorize the Board to determine the eligibility requirements and conditions of the Participants under the 2023 A Share Incentive Scheme, and determine the Grant Date of the Restricted Shares;
2. To authorize the Board to adjust the number of the Restricted Shares and the number of underlying shares involved according to the method stipulated in the 2023 A Share Incentive Scheme in the event of capitalization of capital reserves, bonus issue and share split or consolidation of the Company;
3. To authorize the Board to adjust the Grant Price of the Restricted Shares of the First Grant and the Reserved Grant according to the method stipulated in the 2023 A Share Incentive Scheme in the event of capitalization of capital reserves, bonus issue, share split or consolidation and dividend distribution of the Company;
4. To authorize the Board to directly reduce the number of Restricted Shares lapsed prior to any further grant of the Restricted Shares;
5. To authorize the Board to grant the Restricted Shares to a Participant upon his/her fulfillment of the conditions of grant, and authorize the chairman of the Board and his/her authorized persons to handle all necessary matters in connection with the grant of the Restricted Shares;

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6. To authorize the Board to review and confirm the attribution eligibility of the Participants and the conditions for attributing the Restricted Shares, and to authorize the Board to delegate such rights to the Remuneration and Appraisal Committee;
7. To authorize the Board to determine whether the Restricted Shares may be attributed to a Participant;
8. To authorize the Board or the chairman of the Board and his/her authorized persons to handle all matters necessary in connection with the attribution of the Restricted Shares to the Participants, including but not limited to the submission of application to the Shenzhen Stock Exchange in respect of the attribution of the Restricted Shares, applying to CSDC for registration and clearing services, amending the Articles of Association, and registering the change in registered capital of the Company;
9. To authorize the Board to handle matters in connection with the attribution of the Restricted Shares which have not been attributed;
10. To authorize the Board to determine all matters in relation to the Reserved Grant pursuant to the 2023 A Share Incentive Scheme, including the Participants, number of Restricted Shares to be granted, Grant Price and the Grant Date;
11. To authorize the Board or the chairman of the Board and his/her authorized persons to sign, execute, amend or terminate any agreement in connection with the 2023 A Share Incentive Scheme and other relevant agreements;
12. To authorize the Board or the chairman of the Board and his/her authorized persons to manage and adjust the 2023 A Share Incentive Scheme of the Company, and from time to time formulate or amend the management and implementation rules of the 2023 A Share Incentive Scheme, subject to compliance with the terms of the 2023 A Share Incentive Scheme. However, if such amendments are subject to approval at the general meeting or/and by relevant regulatory authorities under the requirements of laws, regulations or relevant regulatory authorities, such amendments by the Board shall be subject to such approvals; and
13. To authorize the Board or the chairman of the Board and his/her authorized persons to implement all other necessary matters in connection with the 2023 A Share Incentive Scheme, except such rights as expressly required under the relevant documents to be exercised by the Shareholders at a general meeting.

The Board proposed that the Shareholders authorize the Board or the chairman of the Board and his/her authorized persons to complete procedures with relevant governments and authorities in relation to the 2023 A Share Incentive Scheme including review, registration, filing, approval and consent; to sign, execute, amend and complete documents submitted to relevant governments, authorities, organizations, and individuals; to amend the Articles of Association and handle the registration of the change in registered capital of the Company (including capital increase and capital reduction); and to carry out all actions deemed to be necessary, appropriate, or expedient in relation to the 2023 A Share Incentive Scheme.

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The Board proposed that the Shareholders also authorize the Board or the chairman of the Board and his/her authorized persons to engage intermediaries, such as receiving bank, accountants, lawyers or securities companies, for the implementation of the 2023 A Share Incentive Scheme.

Further, the Board proposed that the Shareholders also approve the period of authorization given to the Board or the chairman of the Board and his/her authorized persons to be consistent with the validity period of the 2023 A Share Incentive Scheme. Save as specifically required by the laws, administrative regulations, rules of the CSRC, regulatory documents, the 2023 A Share 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.

A special resolution will be proposed at the 2022 AGM and the Class Meetings to consider and if thought fit, approve the authorizations to be granted to the Board to deal with matters relating to the 2023 A Share Incentive Scheme.

24. PROPOSED INCREASE IN REGISTERED CAPITAL

Reference is made to the announcement of the Company dated March 30, 2023, in relation to, among others, the proposed increase in registered capital and amendments to the Articles of Association.

On February 1, 2023, the Company has completed the relevant registration and listing and circulation procedures of a total of 156,925 A Shares, being the underlying restricted shares attributed during the first attribution tranche pursuant to the 2021 A Share Incentive Scheme.

As a result of the aforesaid matters, the registered capital and the total number of shares of the Company shall be changed accordingly. The total number of shares of the Company has increased from 1,191,067,629 Shares to 1,191,224,554 Shares and the registered capital has increased from RMB1,191,067,629 to RMB1,191,224,554. In light of the changes of the registered capital of the Company above, the Board proposed to increase the registered capital of the Company from RMB1,191,067,629 (divided into 1,191,067,629 Shares) to RMB1,191,224,554 (divided into 1,191,224,554 Shares).

The proposed increase in the registered capital of the Company is subject to approval of the special resolution by the Shareholders at the 2022 AGM of the Company.

25. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION BY VIRTUE OF THE PROPOSED INCREASE IN REGISTERED CAPITAL

Reference is made to the announcement of the Company dated March 30, 2023, in relation to, among others, the proposed amendments to the Articles of Association.

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In view of the increase in the registered capital of the Company, and in order to (i) conform to the latest applicable laws of the People's Republic of China and the core shareholder protection standards as provided in the latest version of Appendix 3 to the Listing Rules; and (ii) incorporate certain housekeeping amendments, the Board proposed to make amendments to the relevant provisions of the Articles of Association.

Upon taking effect of the proposed amendments, the Articles of Association will fully comply with the requirements of the Listing Rules, including the core shareholder protection standards as set out in Appendix 3 to the Listing Rules

A special resolution will be proposed at the 2022 AGM to consider and approve the amendments to the Articles of Association by virtue of the proposed increase in registered capital, details of which are set out in Appendix IX to this circular.

Save for the proposed amendments, other provisions of the Articles of Association shall remain unchanged. The proposed amendments to the Articles of Association are prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

26. PROPOSED REPURCHASE AND CANCELLATION OF PART OF RESTRICTED A SHARES GRANTED UNDER THE 2019 A SHARE INCENTIVE SCHEME

A special resolution will be proposed at the 2022 AGM and H Share Class Meeting to consider and approve the proposed repurchase and cancellation of part of the Restricted A Shares granted under the 2019 A Share Incentive Scheme.

Pursuant to the relevant provisions of the 2019 A Share Incentive Scheme and the proposal on repurchase and cancellation of part of the Restricted A Shares granted under the 2019 A Share Incentive Scheme, and due to the resignation of three Participants (as defined in the 2019 A Share Incentive Scheme), the Company intends to repurchase and cancel a total of 69,750 Restricted A Shares allotted and issued to such Participants at the repurchase price of RMB11.90 per Share, which was adjusted as a result of the implementation of the 2021 Capitalization of Reserve according to the 2019 A Share Incentive Scheme.

The 69,750 Restricted A Shares, which was adjusted as a result of the implementation of the 2021 Capitalization of Reserve according to the 2019 A Share Incentive Scheme, have been granted to these Participants but are still in the lock-up period pursuant to the provisions of the 2019 A Share Incentive Scheme. Among the participants, Mr. Yu Wu was a substantial shareholder and a director (resigned in October 2022) of Pharmaron (Chengdu) Clinical Services Co., Ltd., a subsidiary of the Company. As such, Mr. Yu Wu is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As the repurchase of Restricted A Shares from Mr. Yu Wu will be conducted on normal commercial terms or better, and all the applicable percentage ratios are less than 0.1%, the transaction will be fully exempt from the reporting, announcement and independent shareholders' approval requirements in relation to connected transactions under Rules 14A.73(1) and 14A.76(1) of the Listing Rules. Save as disclosed above, none of these Participants are connected persons of the Company as defined under the Listing Rules.

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Upon the completion of the repurchase and cancellation of the 69,750 Restricted A Shares, the number of total issued Shares of the Company will drop from 1,191,224,554 Shares to 1,191,154,804 Shares, and the registered capital has decreased from RMB1,191,224,554 to RMB1,191,154,804.

The repurchase and cancellation of part of Restricted A Shares will not have a substantive impact on the Company's financial conditions or operating results. The 2022 Profit Distribution Plan and the amount of Dividends are not affected by the repurchase and cancellation of the 69,750 Restricted Shares to be repurchased and cancelled.

27. PROPOSED REDUCTION OF REGISTERED CAPITAL

Reference is made to the announcement of the Company dated April 27, 2023, in relation to, among others, the proposed reduction of the registered capital.

In light of the proposed repurchase and cancellation of part of the Restricted A Shares granted under the 2019 A Share Incentive Scheme as detailed under "26. Proposed Repurchase and Cancellation of Part of Restricted A Shares Granted under the 2019 A Share Incentive Scheme" above, the Board proposes to decrease the registered capital of the Company, and the total number of shares of the Company shall be changed. The total number of issued shares of the Company has decreased from 1,191,224,554 Shares to 1,191,154,804 Shares, and the registered capital of the Company has decreased from RMB1,191,224,554 to RMB1,191,154,804.

As a result of the changes of the registered capital of the Company above, the Board proposed to change the registered capital of the Company from RMB1,191,224,554 (divided into 1,191,224,554 shares) to RMB1,191,154,804 (divided into 1,191,154,804 shares).

The proposed reduction of the registered capital of the Company is subject to (i) the approval of the special resolution by the Shareholders at the 2022 AGM; and (ii) the approval of the proposed repurchase and cancellation of part of Restricted A Shares granted under the 2019 A Share Incentive Scheme by the Shareholders by way of special resolution at the 2022 AGM (please refer to the paragraph headed "26. Proposed Repurchase and Cancellation of Part of Restricted A Shares granted under the 2019 A Share Incentive Scheme" above for further details).

28. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION BY VIRTUE OF (I) REDUCTION OF REGISTERED CAPITAL AND (II) CHANGE IN BOARD COMPOSITION

Reference is made to the announcement of the Company dated April 27, 2023 in relation to, among others, the amendments to the articles of association by virtue of (i) reduction of registered capital and (ii) change in board composition.

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By virtue of (i) the proposed reduction of registered capital, and (ii) the proposed change in board composition, as mentioned under paragraphs headed “27. Proposed Reduction of Registered Capital” and “31. Proposed Appointment of Executive Directors of The Third Session of The Board” below, respectively, the Board proposes to make amendments to the Articles of Association.

Save for the proposed amendments, other provisions of the Articles of Association shall remain unchanged. The proposed amendments to the Articles of Association are prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

A special resolution will be proposed at the 2022 AGM to consider and approve the amendments to the Articles of Association, details of which are set out in Appendix IX to this circular. The proposed amendments to the Articles of Association by virtue of the reduction of registered capital and the change in Board composition are subject to (i) the approval of the special resolution by the Shareholders at the 2022 AGM; (ii) the approval of the proposed repurchase and cancellation of part of Restricted A Shares granted under the 2019 A Share Incentive Scheme by the Shareholders by way of special resolution at the 2022 AGM (please refer to the paragraph headed “26. Proposed Repurchase and Cancellation of Part of Restricted A Shares granted under the 2019 A Share Incentive Scheme” above for further details); (iii) approval of the proposed reduction of registered capital by the Shareholders by way of special resolution at the 2022 AGM (please refer to the paragraph headed “27. Proposed Reduction of Registered Capital” above for further details); and (iv) approval of the proposed change in Board Composition by the Shareholders by way of special resolution at the 2022 AGM (please refer to the paragraph headed “31. Proposed Appointment of Executive Directors of the Third Session of the Board” below for further details).

The Board has resolved to propose a resolution at the 2022 AGM to authorize the Board to delegate the management of the Company to handle the approval and filing procedures with relevant regulatory authorities involved in such amendments, and to make adjustments to the wordings of such amendments to the Articles of Association according to opinions of the regulatory authorities.

29. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS

Pursuant to the relevant laws and regulations, and in light of the proposed amendments to the Articles of Association, the Board proposed to amend the Rules of Procedure for the General Meetings of the Company. An ordinary resolution is being proposed at the 2022 AGM to consider and approve the proposed amendments to the Rules of Procedure for the General Meetings, the full text of the which is set out in Appendix X to this circular.

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30. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE

The Board proposed to amend the Rules of Procedure for the Supervisory Committee of the Company in accordance with the Articles of Association and the latest requirements under the relevant laws, administrative regulations, regulatory documents such as the Shenzhen Listing Rules. An ordinary resolution is being proposed at the 2022 AGM to consider and approve the proposed amendments to the Rules of Procedure for the Supervisory Committee, the full text of which is set out in Appendix XI to this circular.

31. PROPOSED APPOINTMENT OF EXECUTIVE DIRECTORS OF THE THIRD SESSION OF THE BOARD

Reference is made to the announcement of the Company dated April 27, 2023 in relation to, among others, the proposed appointment of the executive Directors of the third session of the Board.

In accordance with Article 138 of the Articles of Association, the term of office of each of the Directors is three years.

With a view to accommodate the actual situation and business development needs of the Company, further strengthen the decision-making efficiency and optimize the corporate governance of the Company, the Board proposed to decrease the number of Board members from 11 to 9, which shall include three executive Directors, two non-executive Directors and four independent non-executive Directors. In particular, the proportion of the number of independent non-executive Directors will increase, which can ensure that (i) the decision making process of the Board can be supervised; (ii) corporate governance of the Company can be enhanced; and (iii) the interests of the minority Shareholders can be protected. Details of the corresponding amendments are set out in “28. Proposed Amendments to the Articles of Association by virtue of (i) Reduction of Registered Capital and (ii) Change in Board Composition”

In accordance with the nomination policy of the Directors of the Company, Dr. LOU Boliang, Mr. LOU Xiaoqiang and Ms. ZHENG Bei were nominated by the Shareholders as executive Directors. Upon review by the Nomination Committee, the above candidates are qualified to serve as Directors, and the Board proposed the appointment of Dr. LOU Boliang, Mr. LOU Xiaoqiang and Ms. ZHENG Bei as executive Directors of the third session of the Board.

The Nomination Committee has reviewed the proposed composition of the members of the third session of the Board and was of the view that the proposed composition of the Board is in compliance with the requirements of the Articles of Association, the applicable laws, regulations and the Listing Rules and the needs of the Company.

Pursuant to the relevant provisions of the Company Law of the PRC and the Articles of Association, all executive Directors of the second session of the Board shall continue to perform their duties as executive Directors in accordance with applicable laws and regulations until the election of the members of the third session of the Board is completed.

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The Company will enter into a service contract with each of the appointed executive Directors of the third session of the Board. The executive Directors shall not receive any remuneration in their capacities as Directors, but will only receive corresponding remuneration in their capacities as their respective roles in the Company. Their remuneration for the year ending December 31, 2023 for their respective roles consists of basic annual salary plus performance bonus, and such basic remuneration is determined with reference to similar remuneration standards in the market, taking into account factors such as roles and responsibilities, ability and working location. The basic salary shall be paid on a monthly basis. The performance bonus shall be determined based on the results of individual performance appraisal and the operation of the Company. The Company shall reimburse the Directors all necessary and actual expenses in relation to the participation of Board meetings, the Board committee meetings, the meetings of the Supervisors and the general meetings of shareholders.

In accordance with the relevant requirements of the Articles of Association, the proposed appointment of Directors is subject to the approval by the Shareholders at a general meeting. The term of office of each of the executive Directors shall be three years commencing from the approval of their election by the Shareholders at the 2022 AGM. The elections of each of the above candidates for the executive Directors will be proposed to the Shareholders for a poll at the 2022 AGM respectively. Biographical details of the candidates for election as members of the third session of the Board as executive Directors are set out in Appendix XVII to this circular.

32. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS (OTHER THAN THE INDEPENDENT NON-EXECUTIVE DIRECTORS) OF THE THIRD SESSION OF THE BOARD

Reference is made to the announcement of the Company dated April 27, 2023 in relation to, among others, the proposed appointment of the non-executive Directors of the third session of the Board.

In accordance with Article 138 of the Articles of Association, the term of office of each of the Directors is three years. As mentioned in the paragraph headed “31. Proposed Appointment of Executive Directors of The Third Session of The Board” above, the Board proposed that the third session of the Board shall consist of nine Directors, two of whom shall be non-executive Directors.

In accordance with the nomination policy of the Directors of the Company, Mr. HU Baifeng was nominated by the Shareholders as non-executive Directors, and Mr. LI Jiaqing was recommended by the Nomination Committee and nominated by the Board. Upon review by the Nomination Committee, the above candidates are qualified to serve as Directors, and the Board proposed the appointment of Mr. HU Baifeng and Mr. LI Jiaqing as non-executive Directors of the third session of the Board.

The Nomination Committee has reviewed the proposed composition of the members of the third session of the Board and was of the view that the proposed composition of the Board is in compliance with the requirements of the Articles of Association, the applicable laws, regulations and the Listing Rules and the needs of the Company.

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Pursuant to the relevant provisions of the Company Law of the PRC and the Articles of Association, all non-executive Directors of the second session of the Board shall continue to perform their duties as non-executive Directors in accordance with applicable laws and regulations until the election of the members of the third session of the Board is completed.

The Company will enter into a service contract with each of the appointed non-executive Directors of the third session of the Board. The non-executive Directors shall not receive any Directors' fees for their role as Directors, and the Company shall reimburse the Directors all necessary and actual expenses in relation to the participation of Board meetings, the Board committee meetings, the meetings of the Supervisors and the general meetings of shareholders.

In accordance with the relevant requirements of the Articles of Association, the proposed appointment of Directors is subject to the approval by the Shareholders at a general meeting. The term of office of each of the non-executive Directors shall be three years commencing from the approval of their election by the Shareholders at the 2022 AGM. The elections of each of the above candidates for the non-executive Directors will be proposed to the Shareholders for a poll at the 2022 AGM respectively. Biographical details of the candidates for election as members of the third session of the Board as non-executive Directors are set out in Appendix XVIII to this circular.

33. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE THIRD SESSION OF THE BOARD

Reference is made to the announcement of the Company dated April 27, 2023 in relation to, among others, the proposed appointment of the independent non-executive Directors of the third session of the Board.

In accordance with Article 138 of the Articles of Association, the term of office of each of the Directors is three years. As mentioned in the paragraph headed "31. Proposed Appointment of Executive Directors of The Third Session of The Board" above, the Board proposed that the third session of the Board shall consist of nine Directors, four of whom shall be independent non-executive Directors. In particular, the proportion of the number of independent non-executive Directors will increase, which can ensure that (i) the decision making process of the board can be supervised, (ii) corporate governance of the Company can be enhanced; and (iii) the interests of the minority Shareholders can be protected. Details of the corresponding amendments are set out in "28. Proposed Amendments to the Articles of Association by virtue of (i) Reduction of Registered Capital; and (ii) Change in Board Composition."

All of the proposed independent non-executive Directors were nominated by the Nomination Committee. Upon consideration of the opinion from the Nomination Committee, the Board proposed the appointment of Mr. ZHOU Qilin, Ms. LI Lihua, Mr. TSANG Kwan Hung Benson and Mr. YU Jian as the independent non-executive Directors of the third session of the Board.

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The Nomination Committee has reviewed the proposed composition of the members of the third session of the Board and was of the view that the proposed composition of the Board is in compliance with the requirements of the Articles of Association, the applicable laws, regulations and the Listing Rules and the needs of the Company.

Pursuant to the relevant provisions of the Company Law of the PRC and the Articles of Association, all Directors of the second session of the Board shall continue to perform their duties as Directors in accordance with applicable laws and regulations until the election of the members of the third session of the Board is completed.

The Company will enter into a service contract with each of the appointed independent non-executive Directors of the third session of the Board. The remuneration for each of them will be RMB300,000 per year (before tax), which was determined with reference to their respective experience, duties and responsibilities for undertaking their role as independent non-executive Directors, and the prevailing market conditions, and in accordance with the applicable laws, regulations and regulatory provisions as well as relevant remuneration policies of the Company, and is subject to the approval by the Shareholders at the 2022 AGM.

In accordance with the relevant requirements of the Articles of Association, the proposed appointment of independent non-executive Directors is subject to the approval by the Shareholders at a general meeting. The relevant proposals will be put forward to the 2022 AGM for the Shareholders' consideration and approval. The term of office of the independent non-executive Director of the third session of the Board will be three years, commencing from the approval of their election by the Shareholders at the 2022 AGM.

The elections of each of the above candidates for independent non-executive Directors will be proposed to the Shareholders for a poll at the 2022 AGM respectively. Biographical details of the candidates for election as members of the third session of the Board as independent non-executive Directors are set out in Appendix XIX to this circular.

The Board is of the view that Mr. ZHOU Qilin, Ms. LI Lihua, Mr. TSANG Kwan Hung Benson and Mr. YU Jian are independent and capable of performing their respective duties as independent non-executive Directors based on the following reasons:

- (a) Each of them is able to confirm his/her independence with the Hong Kong Stock Exchange pursuant to the factors set out in Rule 3.13 of the Listing Rules;
- (b) None of them is an executive or a Director (other than an independent non-executive Director) of the Company, its holding company or of any of their respective subsidiaries or of any core connected persons of the Company within two years immediately prior to the date of his proposed appointment by the Board as independent non-executive Director of the third session of the Board of the Company;

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- (c) None of them is connected with a Director, the chief executive or a substantial shareholder of the Company within two years immediately prior to the date of his proposed re-election or appointment by the Board as independent non-executive Director of the third session of the Board of the Company; and
- (d) The Board, after due and careful consideration, considers each of them suitable for performing their respective duties as independent non-executive Directors.

Accordingly, the Board believes that the valuable knowledge and experience of Mr. ZHOU Qilin, Ms. LI Lihua, Mr. TSANG Kwan Hung Benson and Mr. YU Jian will continue to provide valuable and diverse views to the Board and make contributions to the diversity of the Board.

34. PROPOSED APPOINTMENT OF SUPERVISORS OF THE THIRD SESSION OF THE SUPERVISORY COMMITTEE

Reference is made to the announcement of the Company dated April 27, 2023 in relation to, among others, the proposed appointment of the shareholder representative Supervisors of the third session of the Supervisory Committee.

According to the Articles of Association, the term of office of the second session of the Supervisory Committee is three years.

In accordance with the relevant requirements of the Articles of Association, the Supervisory Committee proposed that the third session of the Supervisory Committee shall consist of three Supervisors, including two shareholder representative Supervisors and one employee representative Supervisor. The proposed appointment of shareholder representative Supervisors are subject to the approval by the Shareholders at a general meeting, and the employee representative Supervisors will be elected at the employee representative meeting.

The Supervisory Committee proposed appointment of Dr. YANG Kexin and Ms. FENG Shu as the shareholder representative Supervisors of the third session of the Supervisory Committee. Biographical details of Dr. YANG Kexin and Ms. FENG Shu are set out in Appendix XX to this circular. The relevant proposals will be put forward to the 2022 AGM for the Shareholders' consideration and approval. If approved by the Shareholders at the 2022 AGM, Dr. YANG Kexin and Ms. FENG Shu and the employee representative Supervisor elected at the employee representative meeting will form the third session of the Supervisory Committee. The term of office of the Supervisor of the third session of the Supervisory Committee will be three years commencing from the approval of their election by the Shareholders at the 2022 AGM.

Pursuant to the relevant provisions of the Company Law of the PRC and the Articles of Association, all Supervisors of the second session of the Supervisory Committee shall continue to perform their duties as Supervisors in accordance with applicable laws and regulations until the election of the members of the third session of the Supervisory Committee becomes effective.

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The Company will enter into a service contract with each of the elected Supervisors. The Supervisors shall receive the corresponding remuneration in their capacities as their respective roles in the Company. Their remuneration for the year ending December 31, 2023 consists of basic annual salary plus performance bonus, and such basic remuneration is determined with reference to similar remuneration standards in the market, taking into account factors such as roles and responsibilities, ability and working location. The salary shall be paid on a monthly basis, and the performance bonus shall be determined based on the results of individual performance appraisal and the operation of the Company. The Supervisors shall not receive any remuneration in their capacities as Supervisors. The Company will reimburse the Supervisors all necessary and actual expenses in relation to the participation of Board meetings, the Board committee meetings, the meetings of the Supervisors and the general meetings of shareholders.

The election of each of Dr. YANG Kexin and Ms. FENG Shu as Supervisors will be proposed to the Shareholders for a poll at the 2022 AGM. Biographical details of the candidates for election as members of the third session of the Supervisory Committee as shareholder representative Supervisors are set out in Appendix XX to this circular.

35. THE 2022 AGM AND THE CLASS MEETINGS

Notices convening the 2022 AGM and the H Share Class Meeting of the Company to be held on Wednesday, June 21, 2023 at 1:30 p.m. and two forms of proxy and the Independent Director's Proxy Forms for use at the 2022 AGM and the H Share Class Meeting are enclosed. To be valid, the forms of proxy and the Independent Director's Proxy Forms must be completed and signed in accordance with the instructions printed thereon, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the 2022 AGM and the H Share Class Meeting (i.e., not later than 1:30 p.m. on Tuesday, June 20, 2023 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the forms of proxy and/or the Independent Director's Proxy Forms will not preclude you from attending and voting at the 2022 AGM and the H Share Class Meeting if you so wish.

Please note that Ms. Li Lihua, an Independent Non-Executive Director, has sent out the Independent Director's Proxy Forms in accordance with the relevant regulations of the PRC to solicit votes from the Shareholders on the resolutions regarding (i) the 2023 A Share Incentive Scheme and the related matters, as you may think fit, (ii) other resolutions at the 2022 AGM and the H Share Class Meeting. Should you wish to appoint Ms. Li Lihua as your proxy to vote for you and on your behalf at the 2022 AGM and the H Share Class Meeting on the resolutions regarding (i) the 2023 A Share Incentive Scheme and the related matters, as you may think fit, (ii) other resolutions, please complete the Independent Director's Proxy Forms. Alternatively, if you wish to appoint any person other than Ms. Li Lihua as your proxy to vote for you and on your behalf at the 2022 AGM and the H Share Class Meeting on the resolutions regarding the 2023 A Share Incentive Scheme and the related matters and/or other resolutions, you may simply disregard the Independent Director's Proxy Forms and complete and return the forms of proxy for the 2022 AGM and the H Share Class Meeting.

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The forms of proxy and the Independent Director's Proxy Forms are enclosed with this circular and are also published on the websites of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.pharmaron.com). Whether or not you are able to attend the 2022 AGM and the H Share Class Meeting, please complete and return the enclosed forms of proxy for the 2022 AGM and the H Share Class Meeting and/or the Independent Director's Proxy Forms in accordance with the instructions printed thereon and to lodge the same with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not less than 24 hours before the time appointed for holding the 2022 AGM and the H Share Class Meeting. Completion and return of the forms of proxy and/or the Independent Director's Proxy Forms will not preclude you from attending the 2022 AGM and the H Share Class Meeting or any adjournment thereof (as the case may be) should you so wish.

For the purpose of determining the H Shareholders entitled to attend and vote at the 2022 AGM and the H Share Class Meeting, the register of members of the H Shares has been scheduled to close from Friday, June 16, 2023 to Wednesday, June 21, 2023 (both days inclusive), during which no transfer of H Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Friday, June 16 2023 shall be entitled to attend and vote at the 2022 AGM and the H Share Class Meeting. In order to be eligible to attend and vote at the 2022 AGM and the H Share Class Meeting, holders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H shares) for registration no later than 4:30 p.m. on Thursday, June 15, 2023.

36. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the H Shareholders entitled to attend and vote at the 2022 AGM, the register of members of the H Shares of the Company will be closed from Friday, June 16, 2023 to Wednesday, June 21, 2023 (both days inclusive), during which no transfer of H Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Friday, June 16, 2023 shall be entitled to attend and vote at the 2022 AGM.

37. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, apart from certain exceptions, any vote of Shareholders at a general meeting must be taken by poll.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she has in the same manner.

LETTER FROM THE BOARD

An announcement on the poll results will be published by the Company after the 2022 AGM and the H Share Class Meeting in the manner prescribed under the Listing Rules.

38. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that (i) the proposed adoption of the 2023 A Share Incentive Scheme (including the A Share Specific Mandate for issue and allotment of the Restricted Shares under the 2023 A Share Incentive Scheme and the issue and grant of the Restricted Shares); (ii) the proposed adoption of the Assessment Management Measures; (iii) the proposed authorization to the Board to handle all matters relating to the 2023 A Share Incentive Scheme, are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholder as a whole, although the A Share Specific Mandate for the issue and allotment of the Restricted Shares under the 2023 A 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 the relevant resolutions in relation to the above matters to be proposed at the 2022 AGM and the Class Meetings.

The Board also considers that all other resolutions set out in the Notice of 2022 AGM and the Notices of the Class Meetings are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of the resolutions set out in the Notice of 2022 AGM and the Notices of the Class Meetings.

39. 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.

Yours faithfully
For and on behalf of the Board
Dr. Lou Boliang
Chairman

WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2022

To the Shareholders of Pharmaron Beijing Co., Ltd.:

During the year of 2022, the Board of the Company strictly complied with the Company Law, the Securities Law, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, other laws and regulations, and the requirements of the Articles of Association and the Rules of Procedure for the Board of the Company, conscientiously implemented the resolutions passed at the general meetings, actively promoted the implementation of the resolutions of the Board, and continuously standardized the corporate governance. All Directors performed their duties conscientiously and diligently, ensuring the sustainable, healthy and stable development of the Company. The main work of the Board in 2022 is reported as follows:

I. BUSINESS OPERATION OF THE COMPANY IN 2022

In 2022, despite the international geopolitical tensions, and inflationary pressures in Europe and America, the Company maintained focus on executing the development plan made at the beginning of the year, and overcame numerous difficulties with the joint efforts of all employees in this uncertain year. The Company was able to maintain the strong momentum of overall revenue growth, and elevate business and operational efficiency of mature segments continuously. Although the new business is still in the investment stage, capacity building and integration have been preliminary completed and is expected to gradually contributing to the Group's performance in the future. During the Reporting Period, the Company realized revenue of RMB10,266,288,200, with a year-on-year growth of 37.92%; with delay to a certain extent in profit growth during the investment stage of new business, the Company realized operating profit of RMB1,689,891,700; gross profit margin from principal operations reached 36.73%, with an increase of 0.71 percentage points over last year; the Company realized the Non-IFRSs adjusted net profit attributable to equity shareholders of the Company of RMB1,834,271,000, with a year-on-year growth of 25.46%. Mainly affected by the significant decrease in non-recurring gains or losses in 2022 compared with 2021, the Company realized the net profit attributable to shareholders of listed companies of RMB1,374,604,200, with a decrease of RMB286,424,300 over last year. During the same period, the Company maintained a good growth in the backlog, and as at December 31, 2022, the Company total backlog represents a 30% growth as compared to December 31, 2021. With the growth in business demand, the Company continuously expanded its talent pool. As of December 31, 2022, the total number of employees reached 19,481, including 17,406 R&D, production technology and clinical services staff, accounting for 89.35% of the total number of employees in the Company, with a year-on-year increase of 3,951 employees.

In 2022, the Company continued to adhere to the “Customer Centric” corporate philosophy, with approximately 90% of the revenue coming from a large, diverse, loyal and repeated customer base that includes the global top 20 pharmaceutical companies, among which the revenue of such customers from the global top 20 pharmaceutical companies accounted for 14.60% of the revenue of the Company, including 35.98% from listed biopharmaceutical companies and 49.42% from private biopharmaceutical companies and research institutes. In addition, the Company actively expanded its customer base, introducing about 800 new customers in 2022. In 2022, the revenue from customers in North America accounted for 64.72%, revenue from customers in EU (including U.K.) accounted for 14.45%, revenue from customers in China accounted for 18.32%, and revenue from customers in other regions accounted for 2.51%. With the increase in number of customers, the Company further optimized its revenue structure by reducing the revenue concentration of the top 20 customers from 33.75% in 2021 to 29.64% in 2022. While the revenue concentration decreased, the average revenue from the top 20 customers increased by 21.12% when compared with 2021. The advantages of the fully-integrated service strategy have been further validated, and customer loyalty was further improved.

Adhering to the strategy of building a fully-integrated service platform, the Company expanded its service capabilities to meet its business needs, further improved its international services platform and continuously strengthened new services expansion through both internal construction and external merger & acquisition, continually providing new impetus for the mid-and long-term growth of the Company. During the Reporting Period, the Company’s capital expenditure for internal construction was RMB2,949,861,200. The external merger & acquisition mainly includes improving the laboratory animal supply system and expanding the geographic footprint of CMC (small molecule CDMO) late-stage manufacturing capacity, and the capital expenditure for the relevant merger & acquisition projects and other equity investments was RMB1,359,716,100. With the expansion of global footprint, the Company owns 11 operating facilities and has more than 1,500 employees in U.K. and U.S.. In 2022, the revenue of the overseas subsidiaries accounted for 12.08% of the revenue of the Company.

While business is developing rapidly, the Company continued to strengthen its ESG management system construction, establish ESG governance policies, clarify ESG governance responsibilities and integrated sustainable development goals into the Company’s strategy and governance. In addition to the disclosed five-year environmental goals, the Company further leveraged on the commitment to the scientific carbon target project, comprehensively reviewed the carbon footprint of the Company and its value chain, actively responded to international climate initiative, and publicly promised to mitigate the risk of climate change in the future. Following the latest development of climate science, the Company has set carbon reduction targets, formulated reasonable and feasible energy conservation and emission reduction measures, explored the best path for optimizing and upgrading the enterprise energy structure, and worked with value chain partners to promote environmental conservation from goals to practice. In the 12th China Securities Golden Bauhinia Awards, the Company won the award of “Best ESG Practice Listed Company”, which reflected the affirmation of the capital market for the Company’s ESG effort.

II. PERFORMANCE OF THE BOARD**1. Meetings**

According to the development needs of the Company, the Board convened meetings in a timely manner to make decisions on major issues. During the year, a total of six Board meetings were held to make decisions on important matters such as the Resolution Regarding 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital, the Resolution Regarding the Nomination and By-election of Independent Non-executive Directors of the Second Board of the Company by the Board and the Resolution Regarding the Acquisition of 100% Equity Interest in Domestic Company and Connected Transaction. The resolutions of the meetings were carefully organized and implemented, which effectively promoted the development of the Company. The details of the Board meetings convened by the Company in 2022 are as follows:

Session	Date	Resolutions considered and approved
The 18th Meeting of the Second Session of the Board of Directors	March 25, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the 2021 Work Report of the Board 2. Resolution Regarding the 2021 Work Report of the General Manager 3. Resolution Regarding the Final Financial Accounts for 2021 4. Resolution Regarding 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital 5. Resolution Regarding the 2021 Self-Assessment Report on Internal Control of the Company 6. Resolution Regarding the Full Text and Summary of the 2021 Annual Report and the 2021 Annual Results Announcement of the Company 7. Resolution Regarding the Remuneration Plan for Directors of the Company 8. Resolution Regarding the Remuneration Plan for Senior Management of the Company 9. Resolution Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022 10. Resolution Regarding the Engagement of Overseas Accounting Firms of the Company for 2022 11. Resolution Regarding Confirmation of Ordinary Related Party Transactions for 2021

Session	Date	Resolutions considered and approved
		12. Resolution Regarding the Estimated Application for Credit Lines from Non-Related Financial Institutions for 2022
		13. Resolution Regarding the Forecast of Guarantee Quota for the Year 2022
		14. Resolution Regarding Purchase of Wealth Management Products with Certain Idle Self-owned Funds
		15. Resolution Regarding the Confirmation of Hedging Product Transactions for 2021 and the Estimated Hedging Product Transaction Quota for the Year of 2022
		16. Resolution Regarding the 2021 Environmental, Social and Governance Report of the Company
		17. Resolution Regarding the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. (Draft) and its Summary
		18. Resolution Regarding the Assessment Management Measures for the Implementation of the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.
		19. Resolution Regarding the General Meeting of Shareholders Authorizing the Board to Handle Matters Related to the 2022 A-share Incentive Plan
		20. Resolution Regarding the General Meeting to Grant a General Mandate to the Board to Increase Issues in H Shares of the Company
		21. Resolution Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction
		22. Resolution Regarding the Provision of Financial Assistance by the Company to Employees for House Purchasing
		23. Resolution Regarding Convening the 2021 Annual General Meeting, the 2022 Second A Shareholders' Class Meeting and the 2022 Second H Shareholders' Class Meeting

Session	Date	Resolutions considered and approved
The 19th Meeting of the Second Session of the Board of Directors	April 15, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the Specific Mandate to Issue Additional H Shares pursuant to the Conversion and Issuance of H Share Convertible Bonds 2. Supplemental Resolution Regarding 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital
The 20th Meeting of the Second Session of the Board of Directors	April 28, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the 2022 First Quarterly Report of the Company
The 21st Meeting of the Second Session of the Board of Directors	July 28, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2021 2. Resolution Regarding the Fulfillment of Vesting Conditions for the First Vesting Period of the 2021 Restricted A Share Incentive Scheme but the Shares are not Listed Temporarily 3. Resolution Regarding the Cancellation of Certain Restricted Shares Granted but Not Vested under the 2021 Restricted A Share Incentive Scheme 4. Resolution Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2022 5. Resolution Regarding the Grant of Restricted Shares to the Participants 6. Resolution Regarding the Amendments to the First H Share Award and Trust Scheme 7. Resolution Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) 8. Resolution Regarding the Appointment of Independent Non-executive Directors to Oversee the Trading of Securities of the Company by Other Directors of the Company

Session	Date	Resolutions considered and approved
The 22nd Meeting of the Second Session of the Board of Directors	August 29, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the Full Text and Summary of the 2022 Interim Report and the Interim Results Announcement of the Company 2. Resolution Regarding the Nomination and By-election of Independent Non-executive Directors of the Second Board by the Board 3. Resolution Regarding the Increase in Registered Capital 4. Resolution Regarding the Amendments to the Articles of Association of Pharmaron Beijing Co., Ltd. 5. Resolution Regarding the Authorizing the Board by the General Meeting to Handle Matters Relating to the Change of Registered Capital and the Amendments to the Articles of Association of Pharmaron Beijing Co., Ltd. 6. Resolution Regarding the Amendments to the Management System for the Holding and Trading of Shares of the Company by Directors, Supervisors and Senior Management 7. Resolution Regarding Convening the Second Extraordinary General Meeting of 2022
The 23rd Meeting of the Second Session of the Board of Directors	October 27, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the 2022 Third Quarterly Report of the Company 2. Resolution Regarding the Acquisition of Certain Equity Interests in and Capital Increase to Holding Subsidiaries and Connected Transaction

2. Implementation of resolutions of general meetings

In 2022, the Company convened one annual general meeting and two extraordinary general meetings. The Board of the Company performed its duties in strict compliance with the requirements of the Company Law, the Securities Law, other laws and regulations and the Articles of Association, and strictly implemented the resolutions considered and approved at the general meetings in accordance with the resolutions of and the authorization given by the general meetings.

3. Performance of Duties of the Special Committees of the Board*(1) Performance of duties by the Audit Committee during the Reporting Period*

The primary duties of the Audit Committee are to supervise, inspect and evaluate the internal control and financial information of the Company in accordance with the Articles of Association. All members of the Audit Committee of the Company are independent non-executive Directors. The establishment of the Audit Committee has strengthened the decision-making function of the Board, ensured the effective supervision of the Board on the senior management and improved the corporate governance structure. During the Reporting Period, the Audit Committee held a total of six meetings to consider the resolutions in relation to the self-assessment report on internal control, re-appointment of auditors and connected transactions of the Company, details of which are as follows:

Session	Date	Resolutions considered and approved
The 10th Meeting of the Audit Committee of the Second Session of the Board of Directors	March 25, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the 2021 Internal Control Audit Report of the Company 2. Resolution Regarding the 2021 Work Report of the Internal Control and Internal Audit Department and the Inspection Report on Major Issues for the Second Half of 2021 3. Resolution Regarding the Final Financial Accounts for 2021 4. Resolution Regarding the Full Text and Summary of the 2021 Annual Report and the 2021 Annual Results Announcement of the Company 5. Resolution Regarding 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital 6. Resolution Regarding the appointment of domestic financial and internal control auditors of the Company for 2022 7. Resolution Regarding the Engagement of Overseas Accounting Firms of the Company for 2022 8. Resolution Regarding the Special Audit Statement on the Occupation of Funds by the Controlling Shareholder and Other Related Parties of the Company 9. Resolution Regarding Confirmation of Ordinary Related Party Transactions for 2021

Session	Date	Resolutions considered and approved
		<ol style="list-style-type: none"> 10. Resolution Regarding the Confirmation of Hedging Product Transactions for 2021 and the Forecast on the Transaction Amount of Hedging Product Transactions for 2022 11. Resolution Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction 12. Resolution Regarding the Provision of Financial Assistance by the Company to Employees for House Purchasing 13. Resolution Regarding the Confirmation of Related Legal Persons, Related Natural Persons and Connected Persons of the Company 14. Resolution Regarding Review of the Company's Compliance with the Corporate Governance Code 15. Resolution Regarding the Summary of Audit Work in 2021
The 11th Meeting of the Audit Committee of the Second Session of the Board of Directors	April 28, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the 2022 First Quarterly Report of the Company 2. Resolution Regarding the Internal Control and Internal Audit Work Report
The 12th Meeting of the Audit Committee of the Second Session of the Board of Directors	July 28, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)
The 13th Meeting of the Audit Committee of the Second Session of the Board of Directors	August 29, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the Work Report and Material Issues Inspection Report of the Internal Control and Internal Audit Department for the First Half of 2022 2. Resolution Regarding the Full Text and Summary of the 2022 Interim Report and the Interim Results Announcement of the Company 3. Resolution Regarding Confirmation of Related Legal Persons, Related Natural Persons and Connected Persons of the Company

Session	Date	Resolutions considered and approved
The 14th Meeting of the Audit Committee of the Second Session of the Board of Directors	October 27, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the Work Report of Internal Control and Internal Audit Department 2. Resolution Regarding the 2022 Third Quarterly Report of the Company 3. Resolution Regarding the Acquisition of Certain Equity Interests in and Capital Increase to Holding Subsidiaries and Connected Transaction
The 15th Meeting of the Audit Committee of the Second Session of the Board of Directors	December 23, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the Audit Plan for 2022

(2) Performance of duties by the Remuneration and Appraisal Committee during the Reporting Period

The primary duties of the Remuneration and Appraisal Committee are to review and supervise the implementation of the remuneration system and performance appraisal system with effective incentives and constraints, to make recommendations to the Board on the remuneration system, performance appraisal system and the A share equity incentive scheme of the Company for the Directors, Supervisors and senior management of the Company, and to evaluate the performance and behaviors of the Directors and senior management. During the Reporting Period, two meetings were held.

Session	Date	Resolutions considered and approved
The 6th meeting of the Remuneration and Appraisal Committee of the Second Session of the Board of Directors	March 25, 2022	<ol style="list-style-type: none"> 1. Resolution Regarding the Remuneration Plan for Directors of the Company 2. Resolution Regarding the Remuneration Plan for Senior Management of the Company 3. Resolution Regarding Performance Appraisal of Senior Management of the Company 4. Resolution Regarding the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. (Draft) and its Summary 5. Resolution Regarding the Assessment Management Measures for the Implementation of the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. 6. Resolution Regarding the Verification of the List of Participants of the 2022 Restricted A Share Incentive Scheme of the Company

Session	Date	Resolutions considered and approved
The 7th Meeting of the Remuneration and Appraisal Committee of the Second Session of the Board of Directors	July 28, 2022	1. Resolution Regarding the Fulfillment of Vesting Conditions for the First Vesting Period of the 2021 Restricted A Share Incentive Scheme but the Shares are not listed Temporarily

(3) Performance of duties by the Strategy Committee during the Reporting Period

The primary duties of the Strategy Committee are to study and make recommendations on the medium-term and long-term development strategies and major investment decisions of the Company, and to assist the Board in carrying out relevant work within its terms of reference. The Strategy Committee, as the decision-making body for ESG governance, is responsible for supervising, reviewing and making decisions on the Company's ESG strategies and objectives. During the Reporting Period, the Company convened two meetings of the Strategy Committee.

Session	Time	Resolutions considered and approved
The 4th Meeting of the Strategy Committee of the Second Session of the Board of Directors	March 25, 2022	1. Resolution Regarding the 2021 Environmental, Social and Governance Report of the Company
The 5th Meeting of the Strategy Committee of the Second Session of the Board of Directors	October 27, 2022	1. Resolution Regarding Formulating Scientific Carbon Targets and Corresponding Work Plan

(4) Performance of duties by the Nomination Committee during the Reporting Period

The primary duties of the Nomination Committee are to formulate the selection criteria and procedures for the Directors and managers of the Company, search for candidates, select and make recommendations. During the Reporting Period, two meetings were held.

Session	Date	Resolutions considered and approved
The 2nd Meeting of the Nomination Committee of the Second Session of the Board of Directors	March 25, 2022	1. Resolution Regarding the Assessment of the Independence of Independent Non-executive Directors

Session	Date	Resolutions considered and approved
The 3rd Meeting of the Nomination Committee of the Second Session of the Board of Directors	August 29, 2022	1. Resolution Regarding the Nomination and By-election of Independent Non-executive Directors of the Second Board of the Company

4. Performance of duties by Independent Directors

In accordance with the relevant provisions and requirements of the Company Law, the Articles of Association and the Working System of Independent Non-executive Directors, the Independent Directors of the Company, with a responsible attitude towards the Company and its shareholders, diligently and faithfully performed their duties, actively attended relevant meetings, carefully considered all resolutions, expressed their views and opinions objectively based on their independent positions, and put forward professional opinions or suggestions on major issues such as the Company's operation and management, financial management, related party transactions and profit distribution. The Independent Directors regularly communicated with the auditors, paid full attention to important matters such as the Company's internal control construction, risk prevention and control, and financial audit, and played a positive role in standardizing the Company's operation and safeguarding the legitimate rights and interests of the Company and its shareholders.

5. Investor relations management

The investor relations service team focuses on investor services. On the premise of complying with the scope of information disclosure, it attaches importance to the communication demands of investors, actively listens to investors' suggestions, and attaches importance to the shareholding experience of investors. The Company actively organizes and participates in investor relations activities, including answering investor hotlines, replying Q & A on the EasyIR platform, telephone conferences, results briefings, etc. In 2022, the Company answered a total of 84 questions raised through the EasyIR platform; A total of 8 research activities were held, and a total of nearly 2,400 institutional investors and individual investors were interviewed, promoting the communication between domestic and overseas investors and the Company. In addition, the investor relations service team actively cooperated with the regulatory authorities to carry out investor education and publicity work, including investor education publicity activities such as "learning and publicizing the spirit of the 20th National Congress of the Communist Party of China and promoting the full implementation of the Constitution" during the Constitution Publicity Week, National Security Education Day and National Investor Protection Publicity Day.

6. Environmental, Social and Governance

The Company has established a three-level ESG governance structure with the Board and the Strategy Committee as the “governance level”, the ESG Executive Committee as the “management”, and each department and first-level subsidiaries as the “execution level”. In order to achieve its own energy conservation and emission reduction goals in a scientific manner and promote the low-carbon transformation of the supply chain, the Company launched the Science Based Targets initiative (SBTi) in the first half of 2022 on the basis of the energy conservation and emission reduction goals for the five years set by the Board in 2021, and signed the SBTi Commitment Letter on 22 June 2022. The Company is committed to promoting climate science-based carbon emission reduction targets and international initiatives that align with the global temperature control targets in the Paris Agreement. In addition, the Company adheres to the principle of integrity and takes compliance operation as the bottom line, strictly controls product quality and safety, attracts and retains outstanding talents, actively participates in public welfare undertakings, and demonstrates social responsibility and commitment.

7. Information disclosure

The Board operated in strict compliance with the relevant requirements of the Securities Law, the Articles of Association, the Rules of Procedure for the Board and the Information Disclosure Management System. The Company actively carried out work in fulfilling information disclosure obligations and strengthening investor relations management. In 2022, the Board disclosed information in a timely, true, accurate and complete manner, and 185 announcements in respect of A shares and 340 announcements in respect of H shares (in aggregate in both Chinese and English) have been disclosed. On the basis of compliance with mandatory information disclosure requirements, the Company took the initiative to conduct voluntary information disclosure to enhance investors’ confidence. The information disclosure work has been recognized by the regulatory authorities. Since its listing, the Company has maintained the “A” rating (the highest level) in the information disclosure assessment of the Shenzhen Stock Exchange for three consecutive years, establishing a good corporate image.

8. Review of corporate governance functions of the Company

Since its listing on the Stock Exchange, the Company has been in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange. The Board has reviewed the corporate governance of the Company in 2022 and is of the view that the corporate governance functions of the Company are legal and effective, and the existing Shareholders Communication Policy of the Company is legal and effective.

Due to the resignation of Mr. Dai Lixin and Ms. Chen Guoqin as independent non-executive Directors of the second session of the Board of the Company, the Company convened the 2022 second extraordinary general meeting on September 23, 2022, at which Ms. Li Lihua and Mr. Zhou Qilin were elected as independent non-executive Directors of the

second session of the Board of the Company. The Company currently has 11 members in the Board, including 9 male members and 2 female members. The members of the Board of the Company have a variety of academic background, skills, knowledge and experience. The academic background includes: chemistry, business management, law, information economics, economics, material science and engineering, business administration, management and other disciplines; Skills, knowledge and experience include scientific research, corporate management, investment, legal services, finance and audit, etc. The Board considers that the Board Diversity Policy is effective. The Company will continue to strive to improve the existing policies and enhance the level of corporate governance.

9. Review the mechanism for the Board to obtain independent opinions

The Board of the Company has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors, and has a high level of independence; the Company strictly comply with the requirements of Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited on the composition of Board committees to ensure that each Board committee can obtain independent perspectives; the structure of the Board is reasonable, the size of the Board is appropriate and the skills, knowledge, experience and gender of the members of the Board as well as the term of office of each independent non-executive Director is balanced, which is conducive to maintaining a balance between the number of Directors who have a deep understanding of the Company and the number of Directors who have new perspectives and insights; each independent non-executive director shall inform the Company as soon as practicable if there is any change of his/her personal information that may affect his/her independence; no remuneration in respect of share options, share grants or other equity interests with performance related elements were paid to independent non-executive Directors in order to maintain their objectivity and independence in the Board.

III. PROSPECTS FOR 2023

1. Improving standardized corporate governance

The Board of the Company will review the Company's overall management systems by continuous upholding the principles of honesty, trustworthy and standardized operation, amend and update the Company's management systems in a timely manner in accordance with the amendments to relevant laws and regulations and self-regulatory guidelines and take into account the actual situation of listed company, develop internal policies and procedures to promote the steady improvement of corporate governance. Members of the Board will actively participate in various trainings organized by Beijing Securities Regulatory Bureau and Shenzhen Stock Exchange to improve professional competence. Furthermore, the Board will also enhance its corporate governance by strengthening communication with international institutional investors and listening to their reasonable suggestions. The second session of the Board of the Company will expire in 2023. The Board will strictly comply with the requirements of relevant laws and regulations to implement the decision-making procedures for

election of the Board to ensure legal, compliant, smooth and orderly election. In strict compliance with the requirements of the Rules Governing the Listing of Shares on the ChiNext of Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other rules and regulations, the Board will promote the improvement of the corporate internal control and audit system, and establish an effective stringent internal control and risk control system with comprehensive and transparent whole-process. On the basis of the actual needs of corporate governance, the Company will review the deficiencies and learn from experience to ensure that the Internal Control and Internal Audit Department perform its duties in accordance with laws and regulations and maximize its supervision function, promote the Company to form an internal self-regulation and correction mechanism to guarantee routine operation. The Board will, in light of the Company's particular conditions, standardize the Company's operations through business integrity, transparent management, and constant improvements to the corporate governance structure, so as to maximize the interests of all shareholders and the Company.

2. Emphasis on investor relations management

The Company will continue strengthening investor relation management in Shenzhen and Hong Kong. The Board will urge relevant departments and personnel to manage investor relations based on the needs of investors. The Board will make appropriate arrangements for reception of target audience, such as institutional investors and news media, to visit the Company for on-site discussion and survey, and for maintaining properly the confidentiality of undisclosed information. The Board will also strengthen contact and communication with institutional investors and individuals through various channels, such as non-deal road shows, results presentation, hotline and emails for investors, investor interaction platforms, field research and online briefings. The Board will treat all domestic and foreign investors fairly, openly and impartially, thereby safeguarding their rights to suggestions and inquiries. This will help investors deepen their understanding and recognition of the Company and promote long-term, stable and good interaction between the Company and investors. In 2023, the Board will renew efforts to strengthen the protection of legitimate rights and interests of investors in strict accordance with the relevant provisions of the Securities Law on investor protection. The Company will communicate with investors through online and offline channels such as the publicity and education on investor rights protection in cooperation with regulatory authorities, hotlines, online platforms and on-site publicity at general meetings, so as to popularize risk knowledge to investors to raise their awareness of risk prevention.

3. Implementation of the concept of green development

The Company actively responds to the national "dual-carbon" strategy. As the "governance layer" of ESG work, the Board and the Strategy Committee will take the scientific carbon target project as an opportunity to urge and guide the ESG Executive Committee to set medium and long-term carbon reduction goals, formulate reasonable and feasible energy conservation and emission reduction measures, explore the best path for the optimization and upgrading of corporate energy structure, thus promote environmental protection from goals to

practices. In addition, the Company initiates to integrate social responsibility into its own strategy and governance. The Board will consciously implement the concept of green and sustainable development in the long term, serve customers, shareholders and the society with a higher sense of social responsibility, promote the low-carbon transformation of the supply chain, proactively respond to climate change, and assume the due responsibility for promoting the healthy and harmonious development of the Company and the whole society.

4. Adhering to high-quality information disclosure

As the Company has its stocks listed on A-shares and H-shares markets in Shenzhen and Hong Kong, the Board will remain regard information disclosure as one of its priorities. The Board will as ever conscientiously and consciously fulfill its information disclosure obligations, prepare and disclose regular and interim reports with high quality, strictly monitor information disclosure, and effectively improve the standards and transparency of the Company's information disclosure. The Board made timely, truthful, accurate and complete information disclosure and received an "A" rating in the information disclosure assessment by Shenzhen Stock Exchange, which helps the Company establish a good corporate image in the capital market. In 2023, the Board of the Company will urge the Directors, senior management and relevant staff to strengthen the study of the Company Law, the Securities Law, the Administrative Measures for Information Disclosure of Listed Companies, the Guidelines for Self-discipline Supervision of Listed Companies No. 2 – Standardized Operation of Companies Listed on the ChiNext Market, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relevant laws, regulations, rules and regulatory documents, with a view to ensure the quality of information disclosure and operation standards by improving its own professional quality.

5. Major business plan for 2023

In 2023, the Company will persevere the growth strategy of building "end-to-end, fully integrated and global" services platform by focusing on the following works:

(1) Strengthen its leading position in the small molecule R&D service area

After years of efforts, the Company has built a small molecule pharmaceutical R&D and manufacturing service platform broadly covering the full process from drug discovery to preclinical and clinical development. In 2023, the Company will continue to deepen its efforts in strengthening its leading position in small molecule R&D services and further enhance its competitiveness globally. On one hand, we will continue to invest in new technology in small molecule services to ensure our leading position; on the other hand, we will continue to expand and deepen our services offerings. Specifically, in 2023, we will continue to treat laboratory chemistry as the core business and cornerstone of our growth strategy, actively expanding geographically while improving our global program management system, expanding our service networks in the pharmaceutical R&D hotspots in China, and continuing to promote the construction of Xi'an campus and Chongqing laboratory. We will also further strengthen the

synergy and integration between laboratory chemistry and small molecule CDMO, and vigorously develop one-stop chemistry and manufacturing services globally. For bioscience services, while we continuously strengthen our bioscience services in the discovery stage, we will expand our services offerings based on customers' needs and make significant scientific and technical advancement assisted by cutting-edge technologies invested. In order to further extend the Company's bioscience service capacity, we will continue to promote the construction of the Phase I of the Campus III in Ningbo.

(2) Continue improving biologics and CGT service platform

For building the biologics service platform, in 2023, we will accelerate the build-up of the CDMO service platform for biologics, further develop our biologics discovery service capabilities by expanding our team, hence broadening our services offerings. We will also accelerate the construction of biologics development and manufacturing facilities in Ningbo (Campus II in Ningbo) and establish a quality system that meets the highest international standard.

For cell and gene therapies service platform, in 2022, we had initially integrated our CGT testing services in U.S. with our gene therapy CDMO services in U.K.. In 2023, we will take advantage of positive synergies, actively expand our customer base by leveraging our existing strengths, and gradually increase our business scale and operations management efficiency, so as to further develop our CGT services platform to meet the needs of our domestic and international customers.

(3) Continue to improve the fully integrated clinical development service platform

Through a series of integration, the clinical development service platform in China will further strengthen the clinical development service capability of each subsidiary and department and enhance team cohesion. For our overseas clinical development services, we will continue to strengthen our healthy volunteer-based early clinical research services and expand to patient clinical studies for oncology and other therapeutic areas. In 2023, the company will give full play to the brand effect of "Pharmaron Clinical" to improve our market competitiveness and industry influence.

(4) Continue to strengthen our talent pool to support our long-term and sustainable growth

Talents are the foundation of innovation and the key to strengthening our core competitiveness. It is our long-standing human resources strategy to build an inclusive and open development platform to attract and train our talent pool. In 2023, we will continue to attract high calibre R&D talents globally, improve the company's benefits system to maximize the retention of talents in key positions, and further expand and enhance our multi-dimensional and comprehensive training system. In 2023, we will focus on the training of our middle and senior level of managers, and strengthen the business etiquette training and customized business English training on the basis of professional training to strengthen the quality internally and shape the image externally, so as to provide strong support to the future growth of the Company.

(5) *Further enhance management capabilities*

In 2023, the Company will continue to take production safety and information security as the top priority in our daily operation so as to protect the health of employees and safeguard information and intellectual property of our customers. We will continue to provide high quality services and products to our customers by adhering to the highest international quality standards.

With the expansion of services offering and geographic footprint of our fully integrated services platform to provide customers with interdisciplinary and global service solutions, a professional, systematic and scientific project management system is essential to support the business growth. In 2023, we will strategically emphasize the importance of project management, adhere to “transparent, timely, professional and efficient” project management goals, and build an efficient project management system to create value for our customers by effectively utilizing and linking the integrated service platform for new drug development.

(6) *Continue to expand domestic and overseas market shares*

For the overseas market growth, we will continue to maintain our solid relationships with our existing customer base, analyze and explore in-depth customer needs, expand our service offerings, increase customer loyalty through ensuring service quality, and introduce new customers with the help of our reputation and brand influence. For the domestic market, we will implement a China market strategy based on the characteristics of Chinese market, continue to expand customer base to better understand and address the domestic needs, emphasize team building and service quality building to improve our competitiveness in the domestic market.

The Board of Pharmaron Beijing Co., Ltd.*

March 2023

* *For identification purposes only*

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2022

(Independent Director: Dai Lixin)

Dear shareholders and shareholder representatives:

I was an independent director of the Second Session of the Board of Directors of Pharmaron Beijing Co., Ltd. (the “Company”). I was also a member of the Strategy Committee of the Second Session of the Board of Directors of the Company. I have performed my duties diligently, faithfully and conscientiously in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, Independent Director Systems of Listed Companies, the Listing Rules of ChiNext of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board and other relevant laws and regulations, as well as the provisions and requirements of the Articles of Association of the Company, the Working Policy of Independent Directors since I took office. I have actively attended the general meetings and meetings of the Board of Directors, carefully deliberated various proposals of the Board of Directors, expressed independent opinions on relevant matters of the Company, given full play to the role of independent directors, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders.

I retired as an independent director of the Second Session of the Board of Directors and a member of the strategy committee of the Company on September 23, 2022. Now I will report my performance of duties in 2022 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS

During my tenure in 2022, I actively participated in the meetings of the Board of Directors held by the Company, carefully reviewed the meeting materials, actively participated in the discussion of various proposals and put forward reasonable suggestions in a diligent and responsible manner, and played a positive role in the correct decision-making of the Board of Directors.

During my tenure in 2022, I attended 4 meetings of the Board of Directors and 1 general meeting in person. After careful reviewing of the resolutions, I did not find that the resolutions considered by the Board of Directors were harmful to the interests of the Company and all shareholders. Therefore, I casted in favor of the resolutions at all Board meetings I attended in 2022, without objection or abstention.

During my tenure in 2022, the Company convened 1 meeting of the strategy committee, and I attended the meeting by proxy. I casted in favor of the resolution at meeting of the strategy committee I attended in 2022, without objection or abstention.

II. INDEPENDENT OPINIONS AND PRIOR APPROVAL

As an independent director of the Company, I provided independent opinions and prior approval of opinions for the following matters in 2022:

1. Independent opinions

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
March 25, 2022	The 18th meeting of the second Board	<ol style="list-style-type: none"> 1. Independent Opinion Regarding the Resolution on 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital; 2. Independent Opinion Regarding the 2021 Self-Assessment Report on Internal Control of the Company; 3. Independent Opinion Regarding the Remuneration Plan for Directors of the Company; 4. Independent Opinion Regarding the 2022 Remuneration Plan for Senior Management of the Company; 5. Independent Opinion Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022; 6. Independent Opinion Regarding the Appointment of Overseas Accounting Firms for 2022; 7. Special Instruction and Independent Opinion Regarding the Funds Occupation and External Guarantee by the Related Parties of the Company; 8. Independent Opinion Regarding Confirmation of Ordinary Related Party Transactions for 2021; 9. Independent Opinion Regarding Purchase of Wealth Management Products with Certain Idle Self-owned Funds; 	For For For For For For For For For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		10. Independent Opinion Regarding the Confirmation of Hedging Product Transactions for 2021 and the Estimating Hedging Product Transaction Quota in 2022;	For
		11. Independent Opinion Regarding the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. (Draft) and its Summary;	For
		12. Independent Opinion Regarding the Assessment Management Measures for the Implementation of the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.;	For
		13. Independent Opinion Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction;	For
		14. Independent Opinion Regarding the Provision of Financial Assistance by the Company to Employees for House Purchasing.	For
April 15, 2022	The 19th meeting of the second Board	Independent Opinion on Supplemental Resolution Regarding 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
July 28, 2022	The 21st meeting of the second Board	1. Independent Opinion Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2021;	For
		2. Independent Opinion Regarding the Fulfillment of Vesting Conditions for the First Vesting Period of the 2021 Restricted A Share Incentive Scheme but the Shares are not Listed Temporarily;	For
		3. Independent Opinion Regarding the Cancellation of Certain Restricted Shares Granted but Not Vested under the 2021 Restricted A Share Incentive Scheme;	For
		4. Independent Opinion Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2022;	For
		5. Independent Opinion Regarding the Grant of Restricted Shares to the Participants;	For
		6. Independent Opinion Regarding the Amendments to the First H Share Award and Trust Scheme;	For
		7. Independent Opinion Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership).	For
August 29, 2022	The 22nd meeting of the second Board	1. Independent Opinion Regarding the Nomination and By-election of Independent Non-executive Directors of the second Board by the Board;	For
		2. Special Instruction and Independent Opinion Regarding the Fund Occupation and External Guarantee of Related Parties.	For

2. Prior approval

Meeting Date	Session	Matters subject to prior approval	Type of opinions
March 25, 2022	The 18th meeting of the second Board	1. Prior Approval Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022;	For
		2. Prior Approval Regarding the Engagement of Overseas Accounting Firms of the Company for 2022;	For
		3. Prior Approval Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction.	For
July 28, 2022	The 21st meeting of the second Board	Prior Approval Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)	For

III. PERFORMANCE OF SPECIAL COMMITTEES

As a member of the Strategy Committee, I actively performed my duties in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Strategy Committee. During my tenure in 2022, I kept in close contact with other directors, senior management and other relevant personnel of the Company through phone calls and email, regularly knew about the condition of production and operation and financial condition. In addition, I paid close attention to the impact of external environment and market changes on the Company, kept abreast of the progress of major issues of the Company, mastered the operation and operation dynamics of the Company, and actively and effectively performed the duties as the independent director, which made decision-making of the Board of Directors be more scientific and objective, and earnestly safeguard the legitimate rights and interests of the Company and shareholders.

IV. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties as the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely knew about the Company's operating conditions and possible operating risks, independently, objectively and impartially exercised the right to vote, and fully maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.

2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.

3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

V. FIELD VISIT TO THE COMPANY

By leveraging my expertise in chemistry, I actively learned about the Company's production and operation, internal control and financial situation during my attendance to the Board meetings and general meetings as well as by seeking other opportunities. I took the initiative to communicate with other directors, senior management and related personnel of the Company, timely followed up the implementation of the resolutions of the board of directors and internal system, paid attention to the impact of external environment and market changes on the Company, and actively put forward reasonable suggestions for the operation of the Company.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2022, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding on the relevant laws and regulations. Moreover, I actively participated in the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene Board meeting or EGM in 2022;

2. No proposal was made to appoint or dismiss the accounting firm in 2022;

3. No independent external audit institutions and advisory bodies were hired in 2022;
4. I still meet the relevant provisions on independence of Independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: Dai Lixin
Email: dailx@sioc.ac.cn

Independent Director: _____

Dai Lixin
March 30, 2023

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2022

(Independent Director: Chen Guoqin)

Dear shareholders and shareholder representatives:

As an independent director of the Second Session of the Board of Directors of Pharmaron Beijing Co., Ltd. (the “Company”), I have performed my duties diligently and faithfully in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, the Independent Director Systems of Listed Companies, the Listing Rules of ChiNext of Shenzhen Stock Exchange, the No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board and other relevant laws, regulations and normative documents of law, as well as the provisions and requirements of the Articles of Association of the Company and the Working Policy of Independent Non-executive Directors. I have actively attended the relevant meetings of the Company, carefully deliberated various proposals of the board of directors and made prudent decisions, expressed independent opinions on the major issues of the Company, given full play to the independent and professional role of independent directors, paid attention to the development of the Company, timely understood its production and operation information, promoted its standardized operation, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the minority shareholders.

I retired as an independent director of the Second Session of the Board of Directors, a member of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration and Appraisal Committee of the Company on September 23, 2022. Now I will report my performance of duties as an independent director in 2022 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS IN 2022

In 2022, the Company held 6 meetings of the Board of Directors, 6 meetings of the Audit Committee, 2 meetings of the Remuneration and Appraisal Committee and 2 meeting of the Nomination Committee. During my tenure in 2022, I attended all the meetings of the Board of Directors and special committees of the Board of Directors in person by communication, and voted in favor of the resolutions without voting by proxy.

In 2022, the Company held three General Meetings and I attended such three General Meetings by means of telecommunication, namely (1) the 2022 First Extraordinary General Meeting, the 2022 First A Shareholders’ Class Meeting, the 2022 First H Shareholders’ Class Meeting held on January 14, 2022; (2) the 2021 Annual General Meeting, the 2022 Second A Shareholders’ Class Meeting, the 2022 Second H Shareholders’ Class Meeting held on May 31, 2022; (3) the 2022 Second Extraordinary General Meeting held on September 23, 2022.

II. INDEPENDENT DIRECTOR'S OPINIONS AND PRIOR APPROVAL

As an independent director of the second session of the Board of Directors of the Company, I provided independent opinions and prior approval opinions for the following matters during my tenure in 2022:

1. Independent opinions

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
March 25, 2022	The 18th meeting of the second Board	<ol style="list-style-type: none"> 1. Independent Opinion Regarding the Resolution on 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital; 2. Independent Opinion Regarding the 2021 Self-Assessment Report on Internal Control of the Company; 3. Independent Opinion Regarding the Remuneration Plan for Directors of the Company; 4. Independent Opinion Regarding the 2022 Remuneration Plan for Senior Management of the Company; 5. Independent Opinion Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022; 6. Independent Opinion Regarding the Appointment of Overseas Accounting Firms for 2022; 7. Independent Opinion Regarding Special Instruction of the Funds Occupation and External Guarantee by the Related Parties of the Company; 8. Independent Opinion Regarding Confirmation of Ordinary Related Party Transactions for 2021; 9. Independent Opinion Regarding Purchase of Wealth Management Products with Certain Idle Self-owned Funds; 	For For For For For For For For For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		10. Independent Opinion Regarding the Confirmation of Hedging Product Transactions for 2021 and the Estimating Hedging Product Transaction Quota in 2022;	For
		11. Independent Opinion Regarding the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. (Draft) and its Summary;	For
		12. Independent Opinion Regarding the Assessment Management Measures for the Implementation of the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.;	For
		13. Independent Opinion Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction;	For
		14. Independent Opinion Regarding the Provision of Financial Assistance by the Company to Employees for House Purchasing.	For
April 15, 2022	The 19th meeting of the second Board	Independent Opinion on Supplemental Resolution Regarding 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital	For
July 28, 2022	The 21st meeting of the second Board	1. Independent Opinion Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2021;	For
		2. Independent Opinion Regarding the Fulfillment of Vesting Conditions for the First Vesting Period of the 2021 Restricted A Share Incentive Scheme but the Shares are not Listed Temporarily;	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		3. Independent Opinion Regarding the Cancellation of Certain Restricted Shares Granted but Not Vested under the 2021 Restricted A Share Incentive Scheme;	For
		4. Independent Opinion Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2022;	For
		5. Independent Opinion Regarding the Grant of Restricted Shares to the Participants;	For
		6. Independent Opinion Regarding the Amendments to the First H Share Award and Trust Scheme;	For
		7. Independent Opinion Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership).	For
August 29, 2022	The 22nd meeting of the second Board	1. Independent Opinion Regarding the Nomination and By-election of Independent Non-executive Directors of the second Board by the Board;	For
		2. Special Instruction and Independent Opinion Regarding the Fund Occupation and External Guarantee of Related Parties.	For

2. Prior approval

Meeting Date	Session	Matters subject to prior approval	Type of opinions
March 25, 2022	The 18th meeting of the second Board	1. Prior Approval Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022;	For
		2. Prior Approval Regarding the Engagement of Overseas Accounting Firms of the Company for 2022;	For
		3. Prior Approval Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction.	For
July 28, 2022	The 21st meeting of the second Board	Prior Approval Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)	For

III. PERFORMANCE OF SPECIAL COMMITTEES**1. Attendance to and voting at meetings of Audit Committee**

As a member of the Audit Committee, I actively performed my duties and participated in the meetings of the Audit Committee in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Audit Committee. The Audit Committee held 4 meetings during my tenure in 2022, and I attended all the meetings and voted for resolutions by way of communication in person and voted in favor of the resolution without voting by proxy.

2. Attendance to and voting at meetings of Remuneration and Appraisal Committee

As a member of the Remuneration and Appraisal Committee, I paid close attention to the work scope and main responsibilities of the senior management, and supervised the formulation and implementation of the compensation system and performance appraisal system of the Company in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee held 2 meetings during my tenure in 2022, and I attended all the meetings and voted for resolutions by way of communication in person and voted in favor of the resolution without voting by proxy.

3. Attendance to and voting at meetings of Nomination Committee

The Nomination Committee held a total of 2 meetings during my tenure in 2022. As a member of the Nomination Committee, I attended all the meetings and voted for resolutions by way of communication in person and voted in favor of the resolution without voting by proxy.

IV. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties as the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely knew about the Company's operating conditions and possible operating risks with other directors, independently, objectively and impartially exercised the right to vote, and maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.
2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.
3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

V. FIELD VISIT TO THE COMPANY

By leveraging my expertise in law and other professions, I actively learn about the Company's production and operation, internal control and financial situation during my attendance to the Board meetings and general meetings as well as by seeking other opportunities. I took the initiative to communicate with other directors, senior management, auditors and related personnel of the Company, timely followed up the implementation of the resolutions of the board of directors, general meeting and internal system, paid attention to the impact of external environment and market changes on the Company, and actively put forward reasonable suggestions for the operation and management of the Company.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2022, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding on the relevant laws and regulations. Moreover, I actively participated in the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene Board meeting in 2022;
2. No proposal was made to appoint or fire the accounting firm in 2022;
3. No independent external audit institutions and advisory bodies were hired in 2022;
4. I still meet the relevant provisions on independence of Independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: Chen Guoqin
Email: chenguoqin@splf.com.cn

Independent Director: _____

Chen Guoqin
March 30, 2023

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2022

(Independent Director: Li Lihua)

Dear shareholders and shareholder representatives:

I became an independent director of the Second Session of the Board of Directors of Pharmaron Beijing Co., Ltd. (the “Company”) upon approval by the shareholders’ general meeting on September 23, 2022, and became a member of the Audit Committee, the chairperson of Remuneration and Appraisal Committee and the chairperson of Nomination Committee of the Second Session of the Board of Directors. As an independent director of the Second Session of the Board of Directors, I have performed my duties diligently and faithfully in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, Independent Director Systems of Listed Companies, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board, Guidelines for the Standardized Operation of Listed Companies on the ChiNext Market of Shenzhen Stock Exchange and other relevant laws, regulations and normative documents, as well as the provisions and requirements of the Articles of Association of the Company, the Working Policy of Independent Directors. I have actively attended the relevant meetings of the Company, carefully deliberated various proposals of the board of directors and made prudent decisions, expressed independent opinions on the major issues of the Company, given full play to the independent and professional role of independent directors, paid attention to the development of the Company, timely understood its production and operation information, promoted its standardized operation, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the minority shareholders. Now I will report my performance of duties as an independent director in 2022 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS

During the tenure in 2022, I should attend 1 meeting of the Board of Directors and 2 meetings of Audit Committee. Actually, I attended 1 meeting of the Board of Directors and 2 meetings of Audit Committee. In 2022, I attended the meetings of the Board of Directors and its committees in person by communication, without voting by proxy. I believed the Board meetings were convened and held according to the statutory requirements, legal and effective decision-making procedures were performed for major business decisions and other major issues, and none of the proposals harmed the interests of all shareholders, especially minority shareholders. Therefore, I had no objection to the proposals of the Board of Directors and other matters of the Company in 2022 and voted in favor of the same without any objection or abstention.

II. INDEPENDENT OPINIONS AND PRIOR APPROVAL

As an independent director of the Second Session of the Board of Directors of the Company, during the tenure in 2022, the Company convened 1 Board meeting, during which no prior approval of opinions and independent opinion by independent directors were needed, therefore I had not provided independent opinions and prior approval yet.

III. PERFORMANCE OF SPECIAL COMMITTEES

As a member of the Audit Committee, I actively performed my duties and participated in the meetings of the Audit Committee in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Audit Committee. I paid close attention to the Company's financial position, internal control work and its implementation, regularly checked the use of raised funds, and supervised the internal audit work.

As a member and the convener of the Remuneration and Appraisal Committee, I paid close attention to the scope of work and main responsibilities of the senior management and supervised the formulation and implementation of the compensation system and performance appraisal system of the Company in strict accordance with the relevant provisions of the Working System of Independent Directors and the Working Rules of the Remuneration and Appraisal Committee.

As a member and the convener of the Nomination Committee, I actively participated in the meetings of the Nomination Committee, fully reviewed the performance and qualification of the Company's management and safeguarded the interests of the Company and shareholders in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Nomination Committee under the of the Board of Directors.

IV. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties of the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely understood the Company's operating conditions and possible operating risks, independently, objectively and impartially exercised the right to vote, and fully maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.
2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, the Self-regulatory Guidelines for Listed Companies No. 2 of Shenzhen

Stock Exchange – Standardized Operation of Listed Companies on the ChiNext Market, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.

3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

V. FIELD VISIT TO THE COMPANY

By leveraging my expertise in laws, I actively understood its production and operation, internal control and financial situation during my attendance to the Board meetings as well as by seeking other opportunities. I took the initiative to communicate with other directors, senior management and related personnel of the Company, timely followed up the implementation of the resolutions of the Board of Directors and internal system, paid attention to the impact of external environment and market changes on the Company, and actively put forward reasonable suggestions for the operation of the Company.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2022, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding of the relevant laws and regulations. Moreover, I actively participated the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene Board meeting and general meeting in 2022;
2. No proposal was made to appoint or dismiss the accounting firm in 2022;
3. No independent external audit institutions and advisory bodies were hired in 2022;
4. I still meet the relevant provisions on independence of independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: Li Lihua

Email: llh0113@sohu.com

As an independent director of the Second Session of the Board of Directors of the Company, in 2023, I will continue to diligently, responsibly and faithfully perform my duties, actively participate in the Company's operation and management decisions, and earnestly safeguard the rights and interests of the Company and all shareholders, especially minority shareholders. I will make full use of my professional knowledge and experience to put forward more reasonable suggestions for the decision-making of the Board of Directors, ensure the objective and fair decision of the Board of Directors, improve the decision-making ability and leadership of the Board of Directors, and safeguard the legitimate rights and interests of the Company and all shareholders.

Independent Director: _____

Li Lihua
March 30, 2023

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2022

(Independent Director: Zhou Qilin)

Dear shareholders and shareholder representatives:

I became an independent director of the Second Session of the Board of Directors of Pharmaron Beijing Co., Ltd. (the “Company”) upon approval by the shareholders’ general meeting on September 23, 2022, and became a member of the Strategy Committee of the Second Session of the Board of Directors. As an independent director of the Second Session of the Board of Directors, I have performed my duties diligently and faithfully in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, Independent Director Systems of Listed Companies, the Listing Rules of ChiNext of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board and other relevant laws, regulations and normative documents, as well as the provisions and requirements of the Articles of Association of the Company, the Working Policy of Independent Directors. I have actively attended the relevant meetings of the Company, carefully deliberated various proposals of the board of directors and made prudent decisions, expressed independent opinions on the major issues of the Company, given full play to the independent and professional role of independent directors, paid attention to the development of the Company, timely understood its production and operation information, promoted its standardized operation, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the minority shareholders. Now I will report my performance of duties as an independent director in 2022 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS

During the tenure in 2022, I should attend 1 meeting of the Board of Directors and 1 meeting of Strategy Committee. Actually, I attended 1 meeting of the Board of Directors and 1 meeting of Strategy Committee. In 2022, I attended the meetings of the Board of Directors and its committees in person by communication, without voting by proxy. I believed the Board meetings were convened and held according to the statutory requirements, legal and effective decision-making procedures were performed for major business decisions and other major issues, and none of the proposals harmed the interests of all shareholders, especially minority shareholders. Therefore, I had no objection to the proposals of the Board of Directors and other matters of the Company in 2022 and voted in favor of the same without any objection or abstention.

II. INDEPENDENT OPINIONS AND PRIOR APPROVAL

As an independent director of the Second Session of the Board of Directors of the Company, during the tenure in 2022, the Company convened 1 Board meeting, during which no prior approval of opinions and independent opinion by independent directors were needed, therefore I had not provided independent opinions and prior approval yet.

III. PERFORMANCE OF SPECIAL COMMITTEES

As a member of the Strategy Committee, I actively performed my duties and participated in the meetings of the Strategy Committee in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Strategy Committee. I paid close attention to the Company's long-term development strategies and major investment, timely understood its production and financial condition. I kept in close contact with other directors, senior management and other relevant personnel of the Company through phone calls and email, and kept abreast of the progress of major issues of the Company.

IV. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties of the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely understood the Company's operating conditions and possible operating risks, independently, objectively and impartially exercised the right to vote, and fully maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.
2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, the Self-regulatory Guidelines for Listed Companies No. 2 of Shenzhen Stock Exchange – Standardized Operation of Listed Companies on the ChiNext Market, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.
3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

V. FIELD VISIT TO THE COMPANY

By leveraging my expertise in chemistry, I actively understood its production and operation, internal control and financial situation during my attendance to the Board meetings as well as by seeking other opportunities. I took the initiative to communicate with other directors, senior management and related personnel of the Company, timely followed up the implementation of the resolutions of the Board of Directors and internal system, paid attention to the impact of external environment and market changes on the Company, and actively put forward reasonable suggestions for the operation of the Company.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2022, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding of the relevant laws and regulations. Moreover, I actively participated the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene Board meeting and general meeting in 2022;
2. No proposal was made to appoint or dismiss the accounting firm in 2022;
3. No independent external audit institutions and advisory bodies were hired in 2022;
4. I still meet the relevant provisions on independence of independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: Zhou Qilin
Email: qlzhou@nankai.edu.cn

As an independent director of the Second Session of the Board of Directors of the Company, in 2023, I will continue to diligently, responsibly and faithfully perform my duties, actively participate in the Company's operation and management decisions, and earnestly safeguard the rights and interests of the Company and all shareholders, especially minority shareholders. I will make full use of my professional knowledge and experience to put forward more reasonable suggestions for the decision-making of the Board of Directors, ensure the objective and fair decision of the Board of Directors, improve the decision-making ability and leadership of the Board of Directors, and safeguard the legitimate rights and interests of the Company and all shareholders.

Independent Director: _____

Zhou Qilin
March 30, 2023

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2022

(Independent Director: TSANG Kwan Hung Benson)

Dear shareholders and shareholder representatives:

I was an independent director of the Second Session of the Board of Directors of Pharmaron Beijing Co., Ltd. (the “Company”). I have performed my duties diligently and faithfully in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, the Rules on Independent Director Systems of Listed Companies, the Listing Rules of ChiNext of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board and other relevant laws and regulations and normative documents, as well as the Articles of Association of the Company, the Working Policy of Independent Directors and other relevant provisions and requirements related to the Company. I have actively attended the relevant meetings of the Company, carefully deliberated various proposals of the Board of Directors and made prudent decisions, expressed independent opinions on major matters of the Company. Besides, I gave full play to the independent and professional role of independent directors, paid attention to the development of the Company, kept abreast of its production and operation information, promoted its standardized operation, and effectively safeguarded the legitimate rights and interests of the Company and all shareholders, especially the minority shareholders. Now I will report my performance of duties as an independent director in 2022 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS IN 2022

In 2022, the Company totally held 6 meetings of the Board of Directors and 3 shareholders’ general meetings. I attended and voted at 6 meetings of the Board of Directors in person by communication, and voted for all resolutions at such meetings; and attended 2 shareholders’ general meetings by communication.

II. INDEPENDENT DIRECTORS’ OPINIONS AND PRIOR APPROVAL

As an independent director of the second session of the Board of Directors of the Company, I provided independent opinions and prior approval of opinions for the following matters in 2022:

1. Independent opinions

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
March 25, 2022	The 18th meeting of the second Board	1. Independent Opinion Regarding the Resolution on 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital;	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		2. Independent Opinion Regarding the 2021 Self-Assessment Report on Internal Control of the Company;	For
		3. Independent Opinion Regarding the Remuneration Plan for Directors of the Company;	For
		4. Independent Opinion Regarding the 2022 Remuneration Plan for Senior Management of the Company;	For
		5. Independent Opinion Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022;	For
		6. Independent Opinion Regarding the Appointment of Overseas Accounting Firms for 2022;	For
		7. Independent Opinion Regarding the Special Instruction for the Funds Occupation and External Guarantee by the Related Parties of the Company;	For
		8. Independent Opinion Regarding Confirmation of Ordinary Related Party Transactions for 2021;	For
		9. Independent Opinion Regarding Purchase of Wealth Management Products with Certain Idle Self-owned Funds;	For
		10. Independent Opinion Regarding the Confirmation of Hedging Product Transactions for 2021 and the Estimating Hedging Product Transaction Quota in 2022;	For
		11. Independent Opinion Regarding the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. (Draft) and its Summary;	For
		12. Independent Opinion Regarding the Assessment Management Measures for the Implementation of the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.;	For
		13. Independent Opinion Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction;	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		14. Independent Opinion Regarding the Provision of Financial Assistance by the Company to Employees for House Purchasing.	For
April 15, 2022	The 19th meeting of the second Board	Independent Opinion on Supplemental Resolution Regarding 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital	For
July 28, 2022	The 21st meeting of the second Board	1. Independent Opinion Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2021;	For
		2. Independent Opinion Regarding the Fulfillment of Vesting Conditions for the First Vesting Period of the 2021 Restricted A Share Incentive Scheme but the Shares are not Listed Temporarily;	For
		3. Independent Opinion Regarding the Cancellation of Certain Restricted Shares Granted but Not Vested under the 2021 Restricted A Share Incentive Scheme;	For
		4. Independent Opinion Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2022;	For
		5. Independent Opinion Regarding the Grant of Restricted Shares to the Participants;	For
		6. Independent Opinion Regarding the Amendments to the First H Share Award and Trust Scheme;	For
		7. Independent Opinion Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership).	For
August 29, 2022	The 22nd meeting of the second Board	1. Independent Opinion Regarding the Nomination and By-election of Independent Non-executive Directors of the second Board by the Board;	For
		2. Special Instruction and Independent Opinion Regarding the Fund Occupation and External Guarantee of Related Parties.	For

2. Prior approval

Meeting Date	Session	Matters subject to prior approval	Type of opinions
March 25, 2022	The 18th meeting of the second Board	1. Prior Approval Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022;	For
		2. Prior Approval Regarding the Engagement of Overseas Accounting Firms of the Company for 2022;	For
		3. Prior Approval Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction.	For
July 28, 2022	The 21st meeting of the second Board	Prior Approval Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)	For

III. SURVEYS TO THE COMPANY

In 2022, I kept in close contact with other directors, senior management and other relevant personnel of the Company through phone calls and email, regularly knew about the condition of production and operation and financial condition. In addition, I paid close attention to the impact of external environment and market changes on the Company, kept abreast of the progress of major issues of the Company, mastered the operation and operation dynamics of the Company, and actively and effectively performed the duties as the independent director, which made decision-making of the Board of Directors be more scientific and objective, and earnestly safeguard the legitimate rights and interests of the Company and shareholders.

IV. PERFORMANCE OF SPECIAL COMMITTEES

I have been a member of the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee under the Second Session of the Board of Directors.

As a member of the Audit Committee of the Second Session of the Board of Directors, I actively performed my duties in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Audit Committee. I actively participated in the meetings of the audit committee. The Audit Committee of the Second Session of the Board of Directors held six meetings in 2022, and I attended these meetings. I paid close attention to the Company's financial position, internal control work and its implementation, connected/related-party transactions and made recommendations in a timely manner, as well as regularly checked the use of raised funds, and supervised the internal audit work.

As a member of the Remuneration and Appraisal Committee under the Second Session of the Board of Directors, I paid close attention to the scope of work and main responsibilities of the senior executives, and supervised the formulation and implementation of the compensation system and performance appraisal system of the Company in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Remuneration and Appraisal Committee. In 2022, the Remuneration and Appraisal Committee under the Second Session of the Board of Directors held two meetings, and I attended these meetings.

I have been a member of the Nomination Committee under the Second Session of the Board of Directors. In 2022, the Remuneration and Appraisal Committee under the Second Session of the Board of Directors held two meetings, and I attended these meetings.

V. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties as the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely knew about the Company's operating conditions and possible operating risks, independently, objectively and impartially exercised the right to vote, and fully maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.
2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.
3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2022, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding on the relevant laws and regulations. Moreover, I actively participated in the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene Board meeting or EGM in 2022;
2. No proposal was made to appoint or dismiss the accounting firm in 2022;
3. No independent external audit institutions and advisory bodies were hired in 2022;
4. I still meet the relevant provisions on independence of independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: TSANG Kwan Hung Benson

Email: tsangbkh@yahoo.com.hk

As an independent director of the second session of the Board of Directors of the Company, in 2023, I will continue to diligently, responsibly and faithfully perform my duties, actively participate in the Company's operation and management decisions, and earnestly safeguard the rights and interests of the Company and all shareholders, especially minority shareholders. I will make full use of my professional knowledge and experience to put forward more reasonable suggestions for the decision-making of the board of directors, ensure the objective and fair decision of the board, improve the decision-making ability and leadership of the board, and safeguard the legitimate rights and interests of the Company and all shareholders.

Independent Director: _____

TSANG Kwan Hung Benson

March 30, 2023

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2022

(Independent Director: Yu Jian)

Dear shareholders and shareholder representatives:

As an independent director of the second session of the Board of Directors of the Company, I have performed my duties diligently and faithfully in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, Independent Director Systems of Listed Companies, the Listing Rules of ChiNext of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board and other relevant laws, regulations and normative documents, as well as the provisions and requirements of the Articles of Association of the Company and the Working Policy of Independent Directors. I have actively attended the relevant meetings of the Company, carefully deliberated various proposals of the Board of Directors and made prudent decisions, expressed independent opinions on the major issues of the Company, given full play to the independent and professional role of independent directors, paid attention to the development of the Company, timely understood its production and operation information, promoted its standardized operation, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the minority shareholders. Now I will report my performance of duties as an independent director in 2022 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS

In 2022, I attended 6 meetings of the Board of Directors, 6 meetings of Audit Committee, 2 meetings of Remuneration and Appraisal Committee, 2 meetings of Nomination Committee, and 3 general meeting. Actually, I attended 6 meetings of the Board of Directors, 6 meetings of Audit Committee, 2 meetings of Remuneration and Appraisal Committee, 2 meetings of Nomination Committee and 3 general meetings. In 2022, I attended the meetings of the Board of Directors and its committees in person by communication, without voting by proxy. I believed the Board meetings were convened and held according to the statutory requirements, legal and effective decision-making procedures were performed for major business decisions and other major issues, and none of the proposals harmed the interests of all shareholders, especially minority shareholders. Therefore, I had no objection to the proposals of the Board of Directors and other matters of the Company in 2022, and voted in favor of the same without any objection or abstention.

II. INDEPENDENT OPINIONS AND PRIOR APPROVAL

As an independent director of the second session of the Board of the Directors of the Company, I provided independent opinions and prior approval of opinions for the following matters in 2022:

1. Independent opinions

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
March 25, 2022	The 18th meeting of the second Board	<ol style="list-style-type: none"> 1. Independent Opinion Regarding the Resolution on 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital; 2. Independent Opinion Regarding the 2021 Self-Assessment Report on Internal Control of the Company; 3. Independent Opinion Regarding the Remuneration Plan for Directors of the Company; 4. Independent Opinion Regarding the 2022 Remuneration Plan for Senior Management of the Company; 5. Independent Opinion Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022; 6. Independent Opinion Regarding the Appointment of Overseas Accounting Firms for 2022; 7. Special Instruction and Independent Opinion Regarding the Funds Occupation and External Guarantee by the Related Parties of the Company; 8. Independent Opinion Regarding Confirmation of Ordinary Related Party Transactions for 2021; 9. Independent Opinion Regarding Purchase of Wealth Management Products with Certain Idle Self-owned Funds; 	<p>For</p> <p>For</p> <p>For</p> <p>For</p> <p>For</p> <p>For</p> <p>For</p> <p>For</p> <p>For</p>

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		10. Independent Opinion Regarding the Confirmation of Hedging Product Transactions for 2021 and the Estimating Hedging Product Transaction Quota in 2022;	For
		11. Independent Opinion Regarding the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. (Draft) and its Summary;	For
		12. Independent Opinion Regarding the Assessment Management Measures for the Implementation of the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.;	For
		13. Independent Opinion Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction;	For
		14. Independent Opinion Regarding the Provision of Financial Assistance by the Company to Employees for House Purchasing.	For
April 15, 2022	The 19th meeting of the second Board	Independent Opinion on Supplemental Resolution Regarding 2021 Profit Distribution and Conversion of Capital Reserve to Share Capital	For
July 28, 2022	The 21st meeting of the second Board	1. Independent Opinion Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2021;	For
		2. Independent Opinion Regarding the Fulfillment of Vesting Conditions for the First Vesting Period of the 2021 Restricted A Share Incentive Scheme but the Shares are not Listed Temporarily;	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		3. Independent Opinion Regarding the Cancellation of Certain Restricted Shares Granted but Not Vested under the 2021 Restricted A Share Incentive Scheme;	For
		4. Independent Opinion Regarding the Adjustment to the Grant Price and the Number of Restricted A Share Incentive Scheme for 2022;	For
		5. Independent Opinion Regarding the Grant of Restricted Shares to the Participants;	For
		6. Independent Opinion Regarding the Amendments to the First H Share Award and Trust Scheme;	For
		7. Independent Opinion Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership).	For
August 29, 2022	The 22nd meeting of the second Board	1. Independent Opinion Regarding the Nomination and By-election of Independent Non-executive Directors of the second Board by the Board;	For
		2. Special Instruction and Independent Opinion Regarding the Fund Occupation and External Guarantee of Related Parties.	For

2. Prior approval

Meeting Date	Session	Matters subject to prior approval	Type of opinions
March 25, 2022	The 18th meeting of the second Board	1. Prior Approval Regarding the Appointment of Domestic Financial and Internal Control Auditor of the Company for 2022;	For

Meeting Date	Session	Matters subject to prior approval	Type of opinions
		2. Prior Approval Regarding the Engagement of Overseas Accounting Firms of the Company for 2022;	For
		3. Prior Approval Regarding the Acquisition of 100% Equity Interest in Domestic Company and Related Party Transaction.	For
July 28, 2022	The 21st meeting of the second Board	Prior Approval Regarding the Execution of the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)	For

III. PERFORMANCE OF SPECIAL COMMITTEES

As a member and the convener of the Audit Committee, I actively performed my duties and participated in the meetings of the Audit Committee in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Audit Committee. I paid close attention to the Company's financial position, internal control work and its implementation, regularly checked the use of raised funds, and supervised the internal audit work. The Audit Committee held six meetings in 2022, and I attended these meetings.

As a member of the Remuneration and Appraisal Committee, I paid close attention to the scope of work and main responsibilities of the senior executives, and supervised the formulation and implementation of the compensation system and performance appraisal system of the Company in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee held two meetings in 2022, and I attended these meetings.

As a member of the Nomination Committee, I actively participated in the meetings of the Nomination Committee, fully reviewed the performance and qualification of the Company's management, and safeguarded the interests of the Company and shareholders in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Nomination Committee under the Session of the Board of Directors. The Nomination Committee held two meetings in 2022, and I attended these meetings.

IV. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties as the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely knew about the Company's operating conditions and possible operating risks, independently, objectively and impartially exercised the right to vote, and fully maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.
2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.
3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

V. FIELD VISIT TO THE COMPANY

By leveraging my expertise in financial and accounting and other professions, I actively learned about the Company's production and operation, internal control and financial situation during my attendance to the Board meetings and general meetings as well as by seeking other opportunities. I took the initiative to communicate with other directors, senior management and related personnel of the Company, timely followed up the implementation of the resolutions of the Board of Directors, general meeting and internal system, paid attention to the impact of external environment and market changes on the Company, and actively put forward reasonable suggestions for the operation and financial management of the Company.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2022, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding on the relevant laws and regulations. Moreover, I actively participated in the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene Board meeting or EGM in 2022;
2. No proposal was made to appoint or dismiss the accounting firm in 2022;
3. No independent external audit institutions and advisory bodies were hired in 2022;
4. I still meet the relevant provisions on independence of independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: Yu Jian

Email: yujian@snai.edu

As an independent director of the Second Session of the Board of Directors of the Company, in 2023, I will continue to diligently, responsibly and faithfully perform my duties, actively participate in the Company's operation and management decisions, and earnestly safeguard the rights and interests of the Company and all shareholders, especially minority shareholders. I will make full use of my professional knowledge and experience to put forward more reasonable suggestions for the decision of the Board of Directors, ensure the objective and fair decision of the Board of Directors, improve the decision-making ability and leadership of the Board of Directors, and safeguard the legitimate rights and interests of the Company and all shareholders.

Independent Director: _____

Yu Jian
March 30, 2023

WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022

In 2022 (hereafter collectively as “Reporting Period”), the Supervisory Committee of Pharmaron Beijing Co., Ltd.(the “Company”), according to the Company Law, Securities Law, Articles of Association, other laws and regulations and the requirements of the Rules of Procedures of Supervisory Committee of the Company, earnestly performed the supervisory duties, diligently performs the functions and powers, and effectively monitored the major events such as decision making procedures of company operation, production and operation activities, financial condition and the performance of duty of directors and senior management of the Company, which promoted the standard operation and healthy development of the Company, and actively safeguarded the legitimate rights and interests of the Company and all Shareholders. The performance of duty of Supervisory Committee of the Company in 2022 was as follows:

I. MEETINGS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee organized and convened 6 meetings in total during the Reporting Period, which shall be attended by 3 supervisors and were actually attended by 3supervisors. Details of these meetings are as follow:

- (I) The 14th meeting of the second session of the Supervisory Committee of the Company was held on March 25, 2022, which considered and approved:
1. Resolution on Work Report of the Supervisory Committee for 2021
 2. Resolution on Final Accounts Report for 2021
 3. Resolution on Profit Distribution and Conversion of Capital Reserve into Share Capital Plan for 2021
 4. Resolution on the Company’s Self-Evaluation Report of Internal Control for 2021
 5. Resolution on the Full Text and Summary of the Annual Report for 2021 and Annual Results Announcement for 2021
 6. Resolution on Remunerations Plan for Supervisors
 7. Resolution on Appointment of Domestic Financial and Internal Control Auditor for 2022
 8. Resolution on the Appointment of Overseas Accounting Firms for 2022
 9. Resolution on Confirmation of the Daily Related-party Transactions in 2021

10. Resolution Regarding the Forecast of Guarantee Quota for the Year 2022
 11. Resolution on Using Some Idle Self-owned Funds to Purchase Wealth Management Products
 12. Resolution Regarding the Confirmation of Hedging Product Transactions for 2021 and the Estimated Hedging Product Transaction Quota for the Year of 2022
 13. Resolution on 2022 Restricted A Share Incentive Scheme (Draft) of Pharmaron Beijing Co., Ltd.* and its Abstract
 14. Resolution on Management Measures for the Implementation and Assessment of the 2022 A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.
 15. Resolution on Reviewing the List of Scheme Participants of 2022 Restricted A Share Incentive Scheme
 16. Resolution on the Grant of General Mandate by the General Meeting to the Board of Directors for Issuing Additional H Shares
 17. Resolution on Acquisition of 100% Equity Interests of Domestic Company and Related Party Transaction
 18. Resolution on Provision of Financial Assistance for Home Purchase by Employees
- (II) The 15th meeting of the second session of the Supervisory Committee of the Company was held on April 15, 2022, which considered and approved:
1. Supplemental Resolution on Profit Distribution and Conversion of Capital Reserve into Share Capital Plan for 2021
- (III) The 16th meeting of the second session of the Supervisory Committee of the Company was held on April 28, 2022, which considered and approved:
1. Resolution on the First Quarterly Report of the Company for 2022
- (IV) The 17th Meeting of the Second Session of the Supervisory Committee of the Company was held on July 28, 2022, which considered and approved:
1. Resolution on Adjustment to the Grant Price and Grant Number under the 2021 Restricted A Share Incentive Scheme

2. Resolution on the Fulfilment of Vesting Conditions for the First Vesting Period and Temporary Non-listing of Shares under the 2021 Restricted A Share Incentive Scheme
 3. Resolution on the Lapsing of Certain Restricted Shares Granted but Not Yet Vested under the 2021 Restricted A Share Incentive Scheme
 4. Resolution on the Adjustment to Grant Price and Grant Number under the 2022 Restricted A Share Incentive Scheme
 5. Resolution on Granting Restricted Stocks to Scheme Participants
 6. Resolution on Amendments on the First H Share Award and Trust Scheme
 7. Resolution on Signing the Amended Limited Partnership Agreement of Ningbo Kangjun Zhongyuan Equity Investment Partnership Enterprise(Limited Partnership)
- (V) The 18th meeting of the second session of the Supervisory Committee of the Company was held on August 29, 2022, which considered and approved:
1. Resolution on the Full Text and Summary of the Semi-annual Report for 2022 and Interim Results Announcement for 2022
- (VI) The 19th meeting of the second session of the Supervisory Committee of the Company was held on October 27, 2022, which considered and approved:
1. Resolution on the Third Quarterly Report of the Company for 2022
 2. Resolution on Acquisition of Certain Equity Interests in and Capital Increase to a Subsidiary and Connected Transaction

II. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2022

(I) The operation of the Company according to law

During the Reporting Period, the Supervisory Committee has conducted effective supervision over the procedures for convening meetings of board of directors and the general meeting, the resolution matters, the decision-making process of the board of directors and the general meeting, the implementation of the general meeting resolution by the board of directors, the performance of the directors and senior management, the Company's internal control system and its legal compliance, and continuously supervised the implementation of major decisions of the Company and the daily standard performance and full due diligence of directors and senior management.

In the view of the Supervisory Committee, the Company's works were conducted in strict accordance with the Company Law, the Articles of Association and other relevant laws and regulations, and the business decisions were scientific and reasonable. The Company has improved the internal management and internal control system, and established a good internal control mechanism. When performing their duties, the directors and senior management of the Company were diligent and dutiful, complied with the national laws, regulations and the Articles of Association of the Company, and safeguarded the interests of the Company. No violations of laws, regulations or actions against the interests of the Company were found.

(II) Written opinions on regular reports of the Company

During the Reporting Period, the Supervisory Committee carefully reviewed the annual report for 2021, and the first quarterly report, semi-annual report and third quarterly report for 2022. It believed that the aforementioned regular reports prepared by the Company were in accordance with the laws, administrative regulations and the requirements of the CSRC, the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited, and the report was true, accurate and complete, and did not contain any false statement, misleading representation or material omission.

(III) Financial activities of the Company

The Supervisory Committee inspected and supervised the Company's financial affairs in accordance with the law. After inspection and examination, the Supervisory Committee held that: The Company had sound financial system, standard financial operation and good financial condition. The Company's 2022 annual financial report complied with the relevant provisions of the PRC Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and was able to objectively, truly and accurately reflect the Company's financial position and business results.

(IV) Asset disposal and acquisition of the Company

The Company did not have any major asset disposal during the Reporting Period.

During the Reporting Period, the Company completed the acquisitions of 100% equity interests of Aesica Pharmaceuticals Limited (currently renamed as "Pharmaron Manufacturing Services (UK) Ltd"), 100% equity interests of Beijing Anikepter Biotech Co., Ltd.* (北京安凱毅博生物技術有限公司) and API manufacturing facility in Coventry, Rhode Island, U.S ("Pharmaron Manufacturing Services (US) LLC"). The above acquisitions have fulfilled the relevant approval procedures. Such mergers and acquisitions have strengthened the Company's capacity in safety assessment of biosciences, further enhanced the overall strength of Pharmaron's platform for small molecule CDMO service, and provided favorable conditions for us to improve our chemistry and manufacturing capabilities in China, U.S. and UK. Also,

it enabled the Company to provide comprehensive end-to-end chemistry and manufacturing service offerings, enrich our global service networks, and thus gain impetus on medium- and long- term development of the Company.

(V) Related-party/Connected transactions of the Company

The Supervisory Committee paid close attention to the Company's dealings with related parties/connected persons. It completed the supervision and verification of the related-party/connected transactions during the Reporting Period in accordance with the Articles of Association and related-party transaction management system and concluded that:

The decision-making procedures for the daily connected transactions of the Company in 2022 complied with the provisions of the Company Law and other laws, regulations and normative documents as well as the Articles of Association and the connected transaction management system; The pricing of transactions followed the fair and reasonable principle, and there was no circumstance that the Company's profit was manipulated through connected transactions, and the interests of the Company and shareholders were prejudiced.

During the Reporting Period, the Company completed the acquisitions of 100% equity interests of Beijing Anikeeper Biotech Co., Ltd held by Ms. Chen Jing and Mr. Chen Xuejun, being related natural person and independent third party, respectively. The related-party transaction will strengthen our quality control of experimental animals, optimize our supply system of experimental animal, and enhance our capabilities in the biological sciences such as drug safety assessment. The abovementioned acquisitions would not have material and adverse impact on the Company's financial position and operation, and there was no circumstance that the interests of the Company and minority shareholders were prejudiced.

During the Reporting Period, as part of the restructuring of Pharmaron Clinical, the Company exercised the pre-emptive right to complete the acquisition of 23.2280% equity interests of Pharmaron (Chengdu) Clinical Services Co., Ltd. ("Pharmaron Clinical") held by YU WU (the connected person), Li Xianghao and Liu Yang. Meanwhile, the Company and other investors increased the registered capital of Pharmaron Clinical, accordingly, the shareholding of Pharmaron Clinical held by the Company increased from 55.8856% to 81.5759%, which tightened the Company's control over Pharmaron Clinical and helped it build a fully-integrated clinical research and development service platform. The abovementioned acquisitions would not have material and adverse impact on the Company's financial position and operation, and there was no circumstance that the interests of the Company and minority shareholders were prejudiced.

(VI) External guarantee of the Company and funds occupied by related parties

After verification, the Supervisory Committee held that: during the Reporting Period, there was no violation of guarantee and overdue guarantee of the Company, and no connected party occupied its funds.

(VII) Information disclosure of the Company

During the reporting period, the Supervisory Committee examined the internal report of major information, the preparation and submission of information disclosure to the Supervisory Committee, and the completion of information disclosure. The Supervisory Committee concluded that the Company delivered significant information in a timely manner, and disclosed information in strict compliance with the Administrative Measures for Information Disclosure of Listed Companies, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and other laws and regulations and the requirements of Information Disclosure Management System of the Company. It also confirmed that the information disclosure was true, accurate, complete, timely and fair, and did not contain false representation, misleading statements, material omission and other circumstance that will mislead investors, and the interests of the Company and minority shareholders were not prejudiced. During the Reporting Period, the information disclosure by the Company was assigned rating as A by the Shenzhen Stock Exchange.

(VIII) Internal control of the Company

The Company has, based on the needs of industry characteristics, company scale and actual production and operation conditions, formulated and effectively implemented its “Internal Control and Management System”, improved its internal control organization, ensured the normal operation of its business activities, prevented operational risks, and protected the asset safety and integrity. The internal control system of the Company was robust, and there were no major defects in the overall internal control of the Company. The Self-evaluation Report of Internal Control for 2022 truly and objectively reflected the construction and operation of the Company’s internal control system, which conformed to the requirements of relevant national laws and regulations and the Articles of Association.

III. WORK PLAN OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023

In 2023, the Supervisory Committee will continue to strictly perform the duties assigned to it by the Company Law, Securities Law and other laws and regulations, and urge the Company to further improve its standard operation level and improve the corporate governance structure, and work hard to protect the legitimate rights and interests of the Company and its shareholders, focusing on the following four aspects:

- (I) To strengthen self-study, actively participate in the training organized by regulatory departments, improve professional quality, so as to further enhance the capacity and efficiency of the Supervisory Committee, promote the standardized operation of the Company.
- (II) To strengthen supervision and inspection and prevent business risks. The Supervisory Committee will monitor the financial operations of the Company by regularly understanding and reviewing financial reports; continue to strengthen

oversight over major issues such as the Company's internal control, related-party/connected transactions, and the diligent and responsible performance of directors and senior management, provide warning on the risks found in the supervision in a timely manner, and report to the relevant units and departments.

- (III) To cooperate with internal and external audit institutions, timely communicate with them, and fully understand the supervision information. The Supervisory Committee will strengthen the financial accounting audit and management, carefully check the financial statements, carry out special checks on important subjects, strengthen the awareness of risk prevention, and promote the further improvement of the Company's financial management level.
- (IV) The second session of Supervisory Committee will expire in 2023, the Supervisory Committee will make overall planning and comprehensive deployment to fulfill the decision-making procedures for the election in strict accordance with the relevant laws and regulations, ensuring that the change of the session of Supervisory Committee is in legal compliance, maintained stable, and in order.

Supervisory Committee of Pharmaron Beijing Co., Ltd.

March 2023

FINANCIAL STATEMENTS FOR THE YEAR 2022

The financial and accounting statements prepared by the Company in accordance with the PRC Accounting Standards for Business Enterprises in 2022 have been audited by Ernst & Young Hua Ming LLP, which has issued an unqualified audit report (EYHM (2023) Audit No. 61401351_A01).

The financial and accounting statements prepared by the Company in accordance with International Financial Reporting Standards (“IFRSs”) in 2022 have been audited by Ernst & Young, which has issued an unqualified audit report.

Note:

Unless otherwise specified, the following data are financial data prepared by the Company in accordance with the PRC Accounting Standards for Business Enterprises.

The Company’s financial statements for the year 2022 are summarized as follows:

I. KEY ACCOUNTING DATA AND FINANCIAL INDEXES

	Unit: RMB		
Item	During the Reporting Period	During the corresponding period of last year	Change (%)
Revenue	10,266,288,179.53	7,443,769,724.38	37.92
Net profit attributable to shareholders of the listed company	1,374,604,224.18	1,661,028,567.53	-17.24
Net profit attributable to shareholders of the listed company excluding non-recurring gains or losses	1,421,388,329.84	1,340,802,324.63	6.01
Adjusted net profit attributable to shareholders of the listed company under non-IFRSs	1,834,271,047.39	1,461,984,383.35	25.46
Net cash flow of operating activities	2,142,816,416.93	2,058,043,830.38	4.12
Basic earnings per share	1.1625	1.3988	-16.89
Diluted earnings per share	1.1608	1.3691	-15.21
Return on net asset on weighted average basis	13.28%	17.31%	A decrease of 4.03 pp

APPENDIX III FINANCIAL STATEMENTS FOR THE YEAR 2022

Item	As at the end of 2022	As at the end of 2021	Change (%)
Total assets	20,492,557,228.07	18,389,124,353.35	11.44
Net asset attributable to shareholders of the listed company	10,548,615,357.20	10,129,240,934.77	4.14

II. ANALYSIS ON FINANCIAL POSITION, BUSINESS RESULTS AND CASH FLOWS

(I) Asset composition and changes during the Reporting Period

Unit: RMB10,000

Item	31 December 2022		1 January 2022		Change (%)
	Amount	Proportion in total assets	Amount	Proportion in total assets	
Cash and bank balances	149,748.38	7.31%	354,381.97	19.27%	-57.74%
Held-for-trading financial assets	74,536.24	3.64%	155,462.11	8.45%	-52.06%
Trade receivables	188,188.25	9.18%	122,884.90	6.68%	53.14%
Prepayments	2,303.89	0.11%	2,495.18	0.14%	-7.67%
Other receivables	9,473.03	0.46%	11,608.97	0.63%	-18.40%
Inventories	104,146.13	5.08%	68,004.00	3.70%	53.15%
Contract assets	33,260.08	1.62%	19,498.10	1.06%	70.58%
Non-current assets					
due within one year	264.65	0.01%	–	0.00%	–
Other current assets	91,680.01	4.47%	130,014.99	7.07%	-29.49%
Total current assets	653,600.66	31.89%	864,350.22	47.00%	-24.38%
Investments in debt	13,929.20	0.68%	–	0.00%	–
Long-term equity investments	62,997.18	3.07%	45,260.58	2.46%	39.19%
Other non-current financial assets	23,904.85	1.17%	31,006.31	1.69%	-22.90%
Fixed assets	566,469.58	27.64%	392,257.32	21.33%	44.41%
Construction in progress	167,080.64	8.15%	137,370.29	7.47%	21.63%
Productive biological assets	17,801.60	0.87%	14,323.32	0.78%	24.28%
Right-of-use assets	95,024.80	4.64%	37,105.45	2.02%	156.09%
Intangible assets	80,253.45	3.92%	69,293.52	3.77%	15.82%

Item	31 December 2022		1 January 2022		Change (%)
	Amount	Proportion in total assets	Amount	Proportion in total assets	
Goodwill	268,786.48	13.12%	209,626.51	11.40%	28.22%
Long-term deferred expenses	49,637.52	2.42%	17,160.14	0.93%	189.26%
Deferred income tax assets	5,878.90	0.29%	1,559.51	0.08%	276.97%
Other non-current assets	43,890.85	2.14%	19,599.26	1.07%	123.94%
Total non-current assets	1,395,655.06	68.11%	974,562.21	53.00%	43.21%
Total assets	2,049,255.72	100.00%	1,838,912.43	100.00%	11.44%

Key change analysis:

Cash and bank balances: Cash and bank balances decreased by RMB2,046,335,900, representing a decrease of 57.74% as compared with the balances of the beginning of the year. Cash and cash equivalents decreased by a net amount of RMB1,409,996,700, as detailed in (IV) Cash flows and changes during the Reporting Period.

Held-for-trading financial assets: The balance of Held-for-trading financial assets decreased by RMB809,258,700 or 52.06% as compared with that of the beginning of the year, mainly because of the redemption of medium-risk and low-risk wealth management products of banks at maturity during the Reporting Period.

Trade receivables: The balance of trade receivables increased by RMB653,033,500 or 53.14% as compared with that of the beginning of the year, mainly because of an increase in revenue during the Reporting Period.

Inventories: The balance of Inventories increased by RMB361,421,300 as compared with that of the beginning of the year, representing an increase of 53.15%, mainly because of an increase in raw materials reserved according to business needs during the Reporting Period. The fair value of consumable biological assets also increased.

Contract assets: The balance of contract assets increased by RMB137,619,800 or 70.58% as compared with that of the beginning of the year, mainly because of the growth of the Company's business.

Non-current assets due within one year: Non-current assets due within one year are the investments in debt due within one year.

Investments in debt: Investments in debt are the fixed rate notes purchased during the Reporting Period.

Long-term equity investments: The balance of long-term equity investments increased by RMB177,366,000 or 39.19% as compared with that of the beginning of the year, mainly because of new investments in AccuGen Group and Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)*(寧波康君仲元股權投資合夥企業(有限合夥)) during the Reporting Period.

Fixed assets: The balance of fixed assets increased by RMB1,742,122,600 or 44.41%, as compared with the that of the beginning of the year, mainly because of an increase in purchase and transferred-in construction in progress during the Reporting Period

Right-of-use assets: The balance of right-of-use assets increased by RMB579,193,500 or 156.09% as compared with that of the beginning of the year, mainly because of new properties under operating lease during the Reporting Period.

Long-term deferred expenses: The balance of long-term deferred expenses increased by RMB324,773,800 or 189.26% as compared with that of the beginning of the year, because of improvement expenses related to new properties under operating lease during the Reporting Period.

Deferred income tax assets: The balance of deferred income tax assets increased by RMB43,193,900 or 276.97% as compared with that of the beginning of the year, mainly because of an increase in deferred income tax assets related to tax losses.

Other non-current assets: The balance of other non-current assets increased by RMB242,915,900 or 123.94% as compared with that of the beginning of the year, mainly because of an increase in prepayments for equipment.

(II) Liability composition and changes during the Reporting Period

Unit: RMB10,000

Item	31 December 2022		1 January 2022		Change (%)
	Amount	Proportion in total assets	Amount	Proportion in total assets	
Short-term borrowings	66,276.74	3.23%	42,175.66	2.29%	57.14%
Held-for-trading financial assets	3,003.55	0.15%	–	0.00%	–
Trade payables	40,634.79	1.98%	31,553.35	1.72%	28.78%

Item	31 December 2022		1 January 2022		Change (%)
	Amount	Proportion in total assets	Amount	Proportion in total assets	
Contract liabilities	83,213.93	4.06%	67,962.05	3.70%	22.44%
Employee benefits payable	62,355.89	3.04%	52,846.34	2.87%	17.99%
Taxes payable	18,828.71	0.92%	11,419.16	0.62%	64.89%
Other payables	90,811.69	4.43%	75,281.26	4.09%	20.63%
Non-current liabilities due within one year	23,897.93	1.17%	15,583.68	0.85%	53.35%
Other current liabilities	2,220.06	0.11%	1,378.16	0.07%	61.09%
Total current liabilities	391,243.27	19.09%	298,199.66	16.22%	31.20%
Long-term borrowings	71,334.16	3.48%	95,609.50	5.20%	-25.39%
Bonds payable	374,091.94	18.26%	346,709.00	18.85%	7.90%
Lease liabilities	76,051.46	3.71%	28,433.77	1.55%	167.47%
Deferred income	15,237.50	0.74%	14,943.92	0.81%	1.96%
Deferred income tax liabilities	26,101.31	1.27%	17,330.02	0.94%	50.61%
Other non-current liabilities	11,209.31	0.55%	8,155.89	0.44%	37.44%
Total non-current liabilities	574,025.68	28.01%	511,182.10	27.80%	12.29%
Total liabilities	965,268.95	47.10%	809,381.76	44.01%	19.26%

Key change analysis:

Short-term borrowings: The balance of short-term borrowings increased by RMB241,010,800 or 57.14% as compared with that of the beginning of the year, because of new fiduciary loans for meeting the needs of business development during the Reporting Period.

Held-for-trading financial liabilities: Because of an increase in fair value of the cash flow hedging instrument during the Reporting Period.

Taxes payable: The balance of taxes payable increased by RMB74,095,500 or 64.89% as compared with that of the beginning of the year, mainly because of an increase in enterprise income tax payable during the Reporting Period.

Non-current liabilities due within one year: The balance of Non-current liabilities due within one year increased by RMB83,142,500 or 53.35%, mainly because of an increase in lease liabilities due within one year during the Reporting Period.

Other current liabilities: The balance of other non-current liabilities increased by RMB8,419,000 or 61.09% as compared with that of the beginning of the year, because of an increase in pending output VAT.

Lease liabilities: The balance of lease liabilities increased by RMB476,176,900 or 167.47% as compared with that of the beginning of the year, mainly because of an increase in lease liabilities related to new properties under operating lease during the Reporting Period.

Deferred income tax liabilities: The balance of the deferred income tax liabilities increased by RMB87,712,900 or 50.61% as compared with that of the beginning of the year, mainly because of an increase in deferred income tax liabilities related to one-off weighted deduction of fixed assets during the Reporting Period.

Other non-current liabilities: The balance of other non-current liabilities increased by RMB30,534,200 or 37.44% as compared with that of the beginning of the year, because of the changes in fair value of embedded derivatives in convertible bonds during the Reporting Period.

(III) Gains and losses and changes during the Reporting Period

Unit: RMB10,000

Item	2022		2021		Change (%)
	Amount	Proportion in revenue	Amount	Proportion in revenue	
Revenue	1,026,628.82	100.00%	744,376.97	100.00%	37.92%
Cost	649,789.02	63.29%	476,485.40	64.01%	36.37%
Taxes and surcharges	6,652.12	0.65%	4,403.89	0.59%	51.05%
Selling expenses	23,007.00	2.24%	15,561.65	2.09%	47.84%
Administrative expenses	149,780.86	14.59%	86,681.49	11.64%	72.79%
Research and development costs	28,232.49	2.75%	15,177.46	2.04%	86.02%
Financial expenses	17,702.62	1.72%	2,320.89	0.31%	662.75%
Other income	5,891.25	0.57%	6,418.68	0.86%	-8.22%
Investment income	7,452.71	0.73%	30,758.09	4.13%	-75.77%
Income from changes in fair value	6,809.23	0.66%	11,959.00	1.61%	-43.06%
Credit impairment losses	-2,029.59	-0.20%	-947.84	-0.13%	114.13%
Assets impairment losses	-477.77	-0.05%	-363.26	-0.05%	31.52%
Loss from disposal of assets	-121.38	-0.01%	-137.13	-0.02%	-11.49%

Item	2022		2021		
	Amount	Proportion in revenue	Amount	Proportion in revenue	Change (%)
Operating profit	168,989.17	16.46%	191,433.73	25.72%	-11.72%
Add: Non-operating revenue	319.67	0.03%	570.43	0.08%	-43.96%
Less: Non-operating expenses	2,669.71	0.26%	904.61	0.12%	195.12%
Profit before tax	166,639.13	16.23%	191,099.55	25.67%	-12.80%
Less: Income tax expenses	31,425.44	3.06%	29,091.89	3.91%	8.02%
Net profit	135,213.69	13.17%	162,007.66	21.76%	-16.54%
in which: Net profit attributable to owners of the parent	137,460.42	13.39%	166,102.86	22.31%	-17.24%
Non-controlling interests	-2,246.73	-0.22%	-4,095.20	-0.55%	-45.14%
Net profit attributable to owners of the listing company excluding non- recurring gains or losses	142,138.83	13.85%	134,080.23	18.01%	6.01%

Key change analysis:

Key changes in operating results: In 2022, under the interference of domestic pandemic, international geopolitical changes and the inflation in Europe and the United States, we firmly promoted the Company's development plan signed at the beginning of the year. Through the efforts of all staff, we overcame many difficulties in this uncertain year, maintained the rapid growth momentum of the Company's overall revenue and continuously and rapidly improved the business and operational efficiency of mature sectors. Although the new business needs investments, capacity building and integration have been preliminarily completed. It will gradually show its contribution to the Group's performance. During the Reporting Period, the Company achieved a revenue of RMB10,266,288,200, representing a year-on-year increase of 37.92%. Profit growth has been delayed in the investment stage of new business, achieving an operating profit of RMB1,689,891,700. Gross profit margin of principal operations reached 36.73%, representing a year-on-year increase of 0.71 percentage points. Non-IFRS adjusted net profit attributable to shareholders of the listing company was RMB1,834,271,000, representing a year-on-year increase of 25.46%. The net profit attributable to shareholders of the listed company was RMB1,374,604,200, representing a year-on-year decrease of RMB286,424,300, mainly because of a significant year-on-year decrease in non-recurring gains or losses in 2022.

Cost: In line with revenue, cost during the Report Period increased by RMB1,733,036,200 or 36.37% as compared with that of the corresponding period of last year.

Selling expenses: In line with revenue, selling expenses during the Report Period increased by RMB74,453,500 or 47.84% as compared with those of the corresponding period of last year.

Administrative expenses: Administrative expenses during the Report Period increased by RMB630,993,700 or 72.79% as compared with those of the corresponding period of last year. As the Company's business scale expanded, the number of management personnel and labor cost increased accordingly. Several mergers and acquisitions of companies were completed during the Reporting Period, resulting in an increase in administrative expenses.

Research and development costs: Research and development costs during the Reporting Period increased RMB130,550,300 or 86.02% as compared with those of the corresponding period of last year, mainly because of the Company's commitment to improving its research and development capabilities and professional technological level and its continuous increase in research and development investment.

Financial expenses: Financial expenses during the Reporting Period increased by RMB153,817,300 or 662.75% as compared with those of the corresponding period of last year:

- (1) Interest expenses during the Reporting Period amounted to RMB167,311,600, representing an increase of RMB84,238,100 as compared with RMB83,073,500 of the corresponding period of last year;
- (2) Exchange loss during the Reporting Period amounted to RMB42,392,400, representing an increase of RMB39,237,100 as compared with RMB3,155,200 of the corresponding period of last year.

Investment income: Investment income during the Reporting Period decreased by RMB233,053,800 or 75.77% as compared with that of the corresponding period of last year:

- (1) Investment income from associates and joint ventures decreased by RMB105,695,900;
- (2) Settlement of foreign currency forward contracts used for hedging against exchange rate risks during the corresponding period of last year: The portion not designated as a hedging instrument was transferred from income from changes in fair value to investment income with an amount of RMB90,616,100. The amount of the Reporting Period is nil.

Income from changes in fair value: Income from changes in fair value during the Reporting Period decreased by RMB51,497,700 or 43.06% as compared with that of the corresponding period of last year, mainly because of:

- (1) Loss from changes in the fair value of other non-current financial assets during the Reporting Period was approximately RMB118,677,600, representing a year-on-year decrease of RMB187,195,000;
- (2) Loss from changes in non-cash book fair value of embedded derivatives of convertible bonds during the Reporting Period was RMB30,534,200, representing a decrease of RMB103,388,000 as compared with RMB72,853,800 of the corresponding period of last year;
- (3) Income from changes in fair value resulted from an increase in market value of biological assets during the Reporting Period increased by RMB176,563,400 as compared with that of the corresponding period of last year;
- (4) Loss from the ineffective portion of changes in fair value of foreign currency forward contracts recognized during the Reporting Period was RMB2,178,900, Loss from changes in fair value recognized during the corresponding period of last year was RMB83,116,100 (The majority thereof was the portion not designated as a hedging instrument on the settlement date, and the majority thereof is also the portion of the income from changes in fair value of foreign currency forward contracts transferred to investment income).

Credit payment losses: Credit payment losses during the Reporting Period increased by RMB10,817,500 or 114.13% as compared with those of the corresponding period of last year, mainly because of an increase in impairment losses of trade receivables during the Reporting Period.

Assets impairment losses: Assets impairment losses during the Reporting Period increased by RMB1,145,100 or 31.52% as compared with those of the corresponding period of last year, mainly because of an increase in loss from inventory depreciation during the Reporting Period.

Non-operating income: Non-operating income during the Reporting Period decreased by RMB2,507,600 or 43.96% as compared with that of the corresponding period of last year, mainly because of a year-on-year decrease in government subsidies on the non-day-to-day activities received by the Company during the Reporting Period.

Non-operating expenses: Non-operating expenses during the Reporting Period increased by RMB17,651,000 or 195.12% as compared with those of the corresponding period of last year, mainly because of an increase in expenses of philanthropic and charitable donations made by the Company and loss from disposal of biological assets during the Reporting Period.

(IV) Cash flows and changes during the Reporting Period

Unit: RMB10,000

Item	2022 Amount	2021 Amount	Change
Net cash flow of operating activities	214,281.64	205,804.38	4.12%
Net cash flow of investment activities	-220,854.21	-525,814.69	58.00%
Net cash flow of financing activities	-141,726.37	366,139.49	-138.71%
Effect of exchange rate changes on cash and cash equivalents	7,299.27	-4,551.62	260.37%
Net increase in cash and cash equivalents	-140,999.67	41,577.56	-439.12%

Key change analysis:

Net cash flow of investment activities: Net cash output of investment activities during the Reporting Period was RMB2,208,542,100, representing a decrease of RMB3,049,604,800 or 58.00% as compared with that of the corresponding period of last year, mainly because of a year-on-year decrease of RMB3,719,018,200 in net outflow of medium-risk and low-risk wealth management products during the Reporting Period.

Net cash flow of financing activities: Net cash output of financing activities during the Reporting Period was RMB1,417,263,700, and the corresponding period of last year recorded a net inflow of RMB3,661,394,900, mainly because of proceeds of convertible bonds during the corresponding period of last year, repayments during the Reporting Period and the year-on-year increase in other cash paid for financing activities.

Effect of exchange rate changes on cash and cash equivalents: Exchange rate changes during the Reporting Period had an impact of RMB72,992,700 on cash and cash equivalents, and the corresponding period of last year recorded an impact of RMB-45,516,200, mainly because of fluctuations in the USD to CNY exchange rate.

Net increase in cash and cash equivalents: Mainly because of the above reasons, the net increase in cash and cash equivalents during the Reporting Period decreased by 439.12% as compared with those of the corresponding period of last year.

III. ACCOUNTING DATA DIFFERENCES UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

For the net profit attributable to shareholders of the listing company and the net asset attributable to shareholders of the listing company, there were no differences between disclosed in accordance with International Financial Reporting Standards and in accordance with the PRC Accounting Standards for Business Enterprises.

**The Board of
Pharmaron Beijing Co., Ltd.***
March 2023

* *For identification purposes only*

GUARANTEES QUOTA FOR THE YEAR 2023

Attention:

Pharmaron Beijing Co., Ltd. (the “Company” or “Pharmaron”) intends to provide guarantees to the secured party with an asset-liability ratio of more than 70%. All of the above guarantees are provided by the Company to its controlled subsidiaries, thus the financial risks are within the controllable range of the Company. Investors are advised to pay full attention to the risks involved in the guarantees.

The twenty-fourth meeting of the second session of the Board was held on 30 March 2023, at which the Proposal on the Forecast of Guarantees quota For The Year 2023 was considered and approved. The details of the proposal are announced as follows:

I. GUARANTEE OVERVIEW

In order to meet the daily operation and business development funding needs of Pharmaron Beijing Co., Ltd. (the “Company” or “Pharmaron”) and its subsidiaries, secure the successful completion of applications made by the Company and its subsidiaries to business related parties (including but not limited to banks, financial institutions and other business partners) for comprehensive bank credit (including but not limited to the applications for RMB or foreign currency liquidity loans, project loans, trade financing, bank acceptance, the L/C, letter of guarantee, bills discounting, factoring, export bill purchase, forward settlement and sale of foreign exchange, derivatives, etc.) and the smooth handling of other business matters. According to the forecasts made by the Company’s finance department, in 2023, the Company and its subsidiaries is expected to provide guarantees with total quota of no more than RMB4 billion (including equivalent amount in foreign currency, same below), including guarantees provided by the Company for subsidiaries at all levels within the scope of the consolidated financial statements, and mutual guarantees provided by subsidiaries at all levels within the scope of the consolidated financial statements, of which RMB0.6 billion will be provided to companies with asset-liability ratios of more than 70%, and RMB3.4 billion will be provided to companies with asset-liability ratios of less than 70%.

The guarantee items and related amounts that are still in the guarantee period under the Company’s 2022 guarantee shall not be included in the forecasted amount of guarantee in 2023. The guarantee methods include but are not limited to guarantee, mortgage, pledge, etc. Subject to the aforesaid limit, the Company may, according to the actual situation, adjust the guarantee quota among eligible guarantee objects (including newly added subsidiaries in the future) that have not exceeded the maximum asset-liability ratio of 70%.

The details the forecast of guarantees quota for the year 2023 of the Company and controlled subsidiaries in 2023 are as follows:

Guarantor	Secured party	Shareholding proportion of guarantor	Asset-liability ratio of the secured party in the latest period	Guarantee balance up to now (RMB100 million)	Increase in guarantee quota (RMB100 million)	Percentage of guarantee quota over the net assets of the Listed Company in the latest period		Whether Related-party guarantee or not
						5.69%	No	
Pharmaron	Pharmaron Shaoxing Co., Ltd. (“Pharmaron Shaoxing”)	100%	74.53%	4.71	6	5.69%	No	
Pharmaron	Pharmaron (Ningbo) Biologics Co., Ltd. (“Pharmaron Biologics”)	100%	15.78%	1.18	10	9.48%	No	
Pharmaron	Pharmaron (Beijing) Pharmaceutical Technology Co., Ltd. (“Pharmaron Beijing Pharmaceutical Technology”)	100%	22.91%	-	1	0.95%	No	
Pharmaron	Pharmaron (Ningbo) Drug Development Co., Ltd. (“Pharmaron Ningbo Drug Development”)	100%	17.56%	-	1	0.95%	No	
Pharmaron	Pharmaron (Chengdu) Clinical Research Service Co., Ltd. (“Pharmaron Clinical”)	81.58%	21.57%	0.92	2	1.90%	No	
Pharmaron	Pharmaron (Hong Kong) International Limited (“Pharmaron Hong Kong International”)	100%	26.64%	3.48	20	18.96%	No	

The Company and controlled subsidiaries follow the principle of prudence when providing external guarantees and review and approve external guarantees in strict accordance with relevant laws, regulations and system documents. The proposal on forecast of guarantee quota shall be valid from the date of approval by the 2022 annual general meeting to the date of convening of the 2023 annual general meeting. The above guarantee quota is reusable during

effective period. The Board shall propose at the general meeting to authorize the chairman of the Company and his authorized representative to sign the contracts related to the aforesaid guarantee matters. This matter does not involve connected transactions. For the guarantee beyond the above mentioned total guarantee quota, the Company shall carry out the corresponding review procedures in accordance with the specific provisions of the Company Law, the Stock Listing Rules of ChiNext of Shenzhen Stock Exchange, Guideline on Self-discipline Supervision of Listed Companies on ChiNext of Shenzhen Stock Exchange No. 2 – Standard Operation of Companies Listed on GEM and the Articles of Association.

II. BASIC INFORMATION OF THE SECURED PARTY

1. Pharmaron Shaoxing

Name	Pharmaron Shaoxing Co., Ltd.
Unified social credit code	91330604MA2894X91L
Date of establishment	January 3, 2017
Domicile	East Zone, Shangyu Economic and Technological Development Zone, Hangzhou Bay
Registered capital (paid-in capital)	RMB400,000,000
Legal representative	Boliang Lou
Business scope	Licensed items: production of pharmaceuticals; production of veterinary drugs; import of new chemicals; entrusted production of pharmaceuticals; operation of hazardous wastes; production of new chemicals; export and import of pharmaceuticals (items subject to the approval may not be operated until they are approved by relevant departments and the specific operation activities shall be subject to the approval results). General items: manufacturing of basic chemical raw materials (excluding manufacturing of licensed chemicals such as hazardous chemicals); import and export of goods; import and export of technologies; sales of chemical products (excluding licensed chemical products); sales of renewable resources; processing of renewable resources; manufacturing of specialty chemical products (excluding hazardous chemicals); sales of specialty chemical products (excluding hazardous chemicals); medical research and experimental development; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; biochemicals product technology research and development (except for projects subject to approval in accordance with the law, business activities shall be carried out independently by virtue of business licenses).
Equity Structure	100% of its equity interests held by the Company
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Pharmaron Shaoxing is as follows:

Unit: RMB0'000

Accounting Period	For the year 2021/ as at December 31 2021	For the year 2022/ as at December 31 2022
Total assets	111,727.68	134,561.22
Total liabilities	71,942.02	100,292.04
Net assets	39,785.66	34,269.18
Revenue	–	2,262.39
Total profit	144.50	-7,374.23
Net profit	108.38	-5,532.71
Total amount related to contingencies	–	–

2. Pharmaron Biologics

Name	Pharmaron (Ningbo) Biologics Co., Ltd.
Unified social credit code	91330201MA2H8JR46W
Date of establishment	October 9, 2020
Domicile	Rooms 109, Building No.1, 800 Binhai Forth Road, Hangzhou Bay New District, Ningbo, Zhejiang Province
Registered capital (paid-in capital)	RMB3,100,000,000
Legal representative	Boliang Lou
Business scope	General items: medical research, trial and development; technical services, technical development, technical consulting, technical exchange, technical transfer, technical promotion; technology import and export; import and export of goods; rental of non-residential properties (except for items required to be approved by law, carrying out business activities independently according to law against the business license). Licensed items: pharmaceutical production; entrusted production of medicines; technology import and export; goods import and export (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws. The specific items shall be subject to the approval).
Equity Structure	100% of its equity interests held by the Company
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Pharmaron Biologics is as follows:

Unit: RMB0'000

Accounting Period	For the year 2021/ as at December 31 2021	For the year 2022/ as at December 31 2022
Total assets	52,508.85	235,629.03
Total liabilities	1,342.27	37,170.53
Net assets	51,166.58	198,458.50
Revenue	–	0.16
Total profit	-452.99	-1,452.93
Net profit	-362.80	-1,089.33
Total amount related to contingencies	–	–

3. Pharmaron Beijing Pharmaceutical Technology

Name	Pharmaron (Beijing) Pharmaceutical Technology Co., Ltd.
Unified social credit code	91110400MA04GDFK29
Date of establishment	October 21, 2021
Domicile	Room 511, 5/F, Building 1, 6 Tai-He Road, Beijing Economic-Technological Development Area, Beijing (Yizhuang Group, High-end Industrial Area of Beijing Pilot Free Trade Zone)
Registered capital (paid-in capital)	RMB100,000,000
Legal representative	Boliang Lou
Business scope	Technology development, technology transfer, technical consultation and technical services for medicinal compounds, chemical drugs, biological products and biotechnology (except human stem cells, genetic diagnosis and treatment technology development and application); import and export of goods, import and export agency, import and export of technology; production of pharmaceutical products (market entities shall independently select business projects and carry out business activities in accordance with the law; pharmaceutical production and projects subject to approval in accordance with the law shall be carried out in accordance with the approved content after obtaining the approval from the relevant authorities; business activities prohibited and restricted by the national and local industrial policies shall not be carried out.)

Equity Structure	100% of its equity interests held by the Company
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Pharmaron Beijing Pharmaceutical Technology is as follows:

Unit: RMB0'000

Accounting Period	For the year 2022/ as at December 31 2022
Total assets	4,147.38
Total liabilities	950.00
Net assets	3,197.38
Revenue	–
Total profit	-3.49
Net profit	-2.62
Total amount related to contingencies	–

No data of the corresponding period in 2021 as Pharmaron Beijing Pharmaceutical Technology was newly established on October 21 2021.

4. Pharmaron Ningbo Drug Development

Name	Pharmaron (Ningbo) Drug Development Co., Ltd.
Unified social credit code	91330201MA2CJJYR49
Date of establishment	August 31, 2018
Domicile	Room 203-9, Building No. 2, 290 Xingci First Road, Hangzhou Bay New District, Ningbo, Zhejiang Province
Registered capital (paid-in capital)	RMB500,000,000
Legal representative	Boliang Lou

Business scope	General items: medical research, trial and development; technical services, technical development, technical consulting, technical exchange, technical transfer, technical promotion; leasing of non-residential properties (except for items required to be approved by law, carrying out business activities independently according to law against the business license). Licensed items: technology import and export; goods import and export (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws. The specific items shall be subject to the approval).
Equity Structure	100% of its equity interests held by the Company
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Pharmaron Ningbo Drug Development is as follows:

Unit: RMB0'000

Accounting Period	For the	For the
	year 2021/ as at December 31 2021	year 2022/ as at December 31 2022
Total assets	59,056.54	59,118.36
Total liabilities	9,523.42	10,381.64
Net assets	49,533.12	48,736.72
Revenue	–	664.34
Total profit	-48.59	-1,061.97
Net profit	-36.44	-796.40
Total amount related to contingencies	–	–

5. Pharmaron Clinical

Name	Pharmaron (Chengdu) Clinical Research Service Co., Ltd.
Unified social credit code	91510100MA6AGA9A02
Date of establishment	May 27, 2021
Domicile	Room 3301, 33/F, Block 2, No. 1199 North Section of Tianfu Avenue, Chengdu Hi-tech Zone, China (Sichuan) Pilot Free Trade Zone
Registered capital (paid-in capital)	RMB701,960,000
Legal representative	Xiaoqiang Lou
Business scope	General items: medical research and experimental development (excluding human stem cells, genetic diagnosis and treatment technology development and application); health consultation services (excluding diagnosis and treatment services); remote health management services; technical services, technology development, technology consulting, technology exchange, technology transfer and technology promotion; data processing services; corporate management consulting; corporate image planning; convention and exhibition services; computer system services; import and export of goods; technology import and export (except for items required to be approved by law, carrying out business activities independently according to law against the business license)
Equity Structure	81.58%, 10.11%, 3.41% and 4.90% of the equity interest was held by the Company, Xiamen Long Tai Kang Lin Enterprise Management Partnership (Limited Partnership), Liu Yang and other persons, respectively
Connected relationship with the Company	A subsidiary of the Company

Financial data of Pharmaron Clinical is as follows:

Unit: RMB0'000

Accounting Period	For the year 2021/ as at December 31 2021	For the year 2022/ as at December 31 2022
Total assets	106,306.22	165,573.18
Total liabilities	64,360.23	35,722.20
Net assets	41,945.99	129,850.98
Revenue	–	8,945.09
Total profit	-715.13	-6,016.98
Net profit	-715.13	-6,016.98
Total amount related to contingencies	–	–

6. Pharmaron Hong Kong International

Name	Pharmaron (Hong Kong) International Limited
Unified social credit code	2325640
Date of establishment	December 31, 2015
Domicile	22nd Floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
Registered capital (paid-in capital)	10,000 ordinary shares
Legal representative	Boliang Lou
Business scope	Shareholding by investment
Equity Structure	100% of its equity interests held by the Company
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Pharmaron Hong Kong International is as follows:

Unit: RMB0'000

Accounting Period	For the year 2021/ as at December 31 2021	For the year 2022/ as at December 31 2022
Total assets	56,897.27	80,707.35
Total liabilities	15,105.61	21,499.06
Net assets	41,791.66	59,208.29
Revenue	–	–
Total profit	-119.49	-1,045.19
Net profit	-119.49	-1,045.19
Total amount related to contingencies	–	–

The aforesaid guaranteed companies have good credit rating and no overdue loans, and none of them is a dishonest person subject to enforcement.

III. CONTENTS OF GUARANTEE AGREEMENT

This guarantee project is designed to predetermine the expected guarantee amount in the next 12 months, and the relevant agreement has not been signed. When the actual loan and guarantee occur, the guarantee amount, guarantee period, guarantee rate and other contents shall be determined by the Company and its related subsidiaries through negotiation with the lending bank and other financial institutions within the above limit, and relevant contracts shall be signed. The relevant guarantee matters shall be subject to the duly signed guarantee document, and the above guarantee limit can be reused.

IV. OPINIONS OF THE BOARD OF DIRECTORS

The capital arrangement and actual demand of the subsidiaries in 2023 have been taken into full account for this guarantee project, which is conducive to making full use of and flexibly allocating the Company's resources, solving the capital needs of the subsidiaries and improving the decision-making efficiency of the Company. The guarantee objects hereunder include wholly-owned subsidiaries and partly-owned subsidiaries. The risks in connection with the guarantees provided for the aforesaid wholly-owned subsidiaries and controlled subsidiaries are within the scope of control of the Company, which conforms to the overall interests of the Company and does not harm the interests of the Company and the investors. Other shareholders of the controlled subsidiaries, Pharmaron Clinical have not provided corresponding guarantees in proportion to their shareholdings, which is mainly because the Company holds 81.58% of the equity interest of Pharmaron Clinical, so that the Company has the power to control the decision-making in major events and daily operation and management,

as well as effectively supervise and manage the operations of Pharmaron Clinical. Besides, Pharmaron Clinical is in a stable financial position, with good credit standing and the ability to discharge its debts, and the financial risk in connection with the guarantees provided by the Company to it is within the control, and there is no situation that damages the interests of the Company and its shareholders. This guarantee project does not involve counter-guarantee. The board of directors made a comprehensive assessment on the asset quality, operating conditions, industry prospects, solvency and credit status of each secured party, and concluded that the secured party is in good operating conditions, has sufficient funds and has the ability to repay debts. Therefore, the board of directors approved the resolution on estimated guarantees quota for the year 2023, and it shall be submitted to the general meeting for consideration.

V. TOTAL NUMBER OF EXTERNAL GUARANTEES AND OVERDUE GUARANTEES

After the guarantees hereunder becoming effective, the total amount of guarantee quota for the listed company and its controlled subsidiaries is RMB9,952,270,200, accounting for 94.35% of the audited net assets of the Company during the latest period. As of December 31 2022, the actual external guarantee balance of the Company and its subsidiaries amounted to RMB1,148,049,600 (all guarantees were provided by the Company for the subsidiaries within the scope of the consolidated financial statements), accounting for 10.88% of the audited net assets of the Company in the latest period. The Company and its subsidiaries have no overdue external guarantee, no guarantee in relation to litigation or guarantee for the damages due to a losing judgment, and no guarantee for shareholders, actual controllers and their affiliates.

FOREIGN EXCHANGE HEDGING QUOTA FOR THE YEAR 2023

Important notice:

1. **Purpose, categories and amount of the transactions:** In order to hedge the risk of exchange rate fluctuations of foreign currencies against the RMB, Pharmaron Beijing Co., Ltd.* (hereinafter referred to as the “Company”) and its subsidiaries propose to carry out hedging products (including forward exchange business, swap business, foreign exchange option and other financial derivatives) transaction business. According to the Company’s export income, overseas business scale, overseas financing and the practice of the peer companies, the Company and its subsidiaries expect to carry out hedging product transactions with a cap of USD1 billion or other equivalent foreign currencies in 2023. The above transaction amount can be recycled during the investment period and the transaction amount (including the amount related to the re-trading of the proceeds from hedging products transactions) at any timepoint during the investment period shall not exceed such transaction amount.
2. **Review procedures:** On March 30, 2023, the Company convened the 24th meeting of the second session of the Board of Directors and the 20th meeting of the second session of the Supervisory Committee, at which the Resolution on the Confirmation of the Hedging Product Transaction for the Year of 2022 and Estimated Hedging Product Transaction Quota for the Year of 2023 was considered and approved, and such matter shall be subject to the approval at the general meeting of the Company.
3. **Risk warning:** The Company follows the principle of prudence. All hedging business is based on normal production and operation, relies on specific business operations, with the purpose of hedging and preventing exchange rate risks. However, hedging business has certain risks, therefore investors are advised to take caution of investment risks.

I. OVERVIEW**1. Investment purpose**

In recent years, the high volatility of the exchange rate of foreign currencies (e.g. the U.S. dollar) against the RMB has a certain impact on the Company’s financial position. In order to hedge the risk of exchange rate fluctuations of foreign currencies against the RMB, prevent the adverse effects of significant exchange rate fluctuations on the Company, improve the efficiency of capital use and enhance financial soundness, it is necessary for the Company and its subsidiaries to make full use of hedging instruments to reduce exchange loss, so as to avoid the risks of exchange rate fluctuations in the foreign exchange market.

The Company has formulated the Futures and Derivatives Trading Business Management System, which stipulated that the accounting department, internal control and internal audit department, securities division and all subsidiaries shall conduct end-to-end supervision on the hedging products transactions based on their respective duties and designate professionals for the hedging business, and the organizations with which it works are all financial institutions with sound reputation and strict risk control measures. In a word, the targeted risk control measures taken by the Company are practicable and conducting hedging business is feasible.

Without prejudicing against the development of the principal business of the Company and reasonable arrangement of usage of funds, the Company intends to conduct foreign hedging product transactions at the right time. The business categories of hedging products include forward exchange business, swap business, foreign exchange option and other financial derivatives trading business, which are mainly denominated in US dollars. The risks to be hedged by foreign exchange hedging transaction in 2023 include exchange rate risk and interest rate risk, etc., which is expected to include the exchange rate risk of export earnings denominated in US dollars and corresponding receivables, the exchange rate risk of foreign currency loans and receivables and payables and the interest rate risk of floating-rate borrowings, etc.

2. Transaction amount

According to the Company's export income, overseas business scale, overseas financing and the practice of the peer companies, the Company and its subsidiaries expect to carry out hedging product transactions with a cap of USD1 billion or other equivalent foreign currencies in 2023. The above transaction amount can be recycled during the transaction period and the transaction amount (including the amount related to the re-trading of the proceeds from hedging products transactions) at any timepoint during the investment period shall not exceed such transaction amount.

3. Transaction method

The business categories of the hedging products that the Company proposes to carry out at home and abroad are: forward foreign exchange business, swap business, foreign exchange options and other financial derivatives trading business, which were mainly denominated in US dollars. The counterparties are large and medium-sized commercial banks with relevant hedging business qualifications at home and abroad. The main purpose of the relevant hedging business to be carried out overseas is to control foreign exchange and interest rate exposure and other risks involved in overseas foreign currency financing (contingent).

4. Term of transaction

The transaction shall be valid from the date of approval at the 2022 annual general meeting to the date of convening of the 2023 annual general meeting.

5. Fund source

The fund source is the Company's own funds. There is no direct or indirect use of the proceeds from the A Share Offering and bank borrowings to engage in the business.

II. REVIEW PROCEDURES

On March 30, 2023, the Company convened the 24th meeting of the second session of the Board of Directors and the 20th meeting of the second session of the Supervisory Committee, at which the Resolution on the Confirmation of the Hedging Product Transaction for the Year of 2022 and Estimated Hedging Product Transaction Quota for the Year of 2023 was considered and approved, and such matter shall be subject to the approval at the general meeting of the Company. There is no connected relationship between the Company and its subsidiaries and the financial institutions providing hedging products.

When the hedging business actually occurs, it is proposed to the general meeting to authorize the Company and its subsidiaries to jointly negotiate with relevant financial institutions to determine the transaction volume, transaction amount, transaction contract term, performance guarantee, trading leverage ratio, liquidity arrangement, settlement principle, payment method, liability for breach of contract within the above limit, and to authorize the chairman of the Company and its authorized representative to sign relevant contracts of the above transaction. The relevant hedging business matters shall be subject to the official signed documents.

III. TRANSACTION RISK ANALYSIS AND RISK CONTROL MEASURES**1. Risk analysis**

The Company follows the principle of prudence. All hedging business is based on normal production and operation, relies on specific business operations, with the purpose of hedging and preventing exchange rate risks. However, hedging business has certain risks, mainly including:

- (1) Market risk: in the event that the trend of foreign exchange rates deviates from the Company's judgment, the cost of the Company's foreign exchange hedging business may exceed expectations, resulting in losses to the Company.
- (2) Liquidity risk: on one hand, due to incomplete and asymmetrical market information of foreign exchange hedging business and lack of deep secondary trading market, the liquidity of products in the market is insufficient; on the other hand, the foreign exchange hedging business market is a one-on-one personalized contract, which is due for settlement, and inherently creates the risk of poor liquidity.

- (3) Credit risk: the counterparties of the foreign exchange hedging transactions default and fail to pay the Company's hedging profits as agreed, which will not be able to hedge the actual exchange losses of the Company, and will cause losses to the Company.
- (4) Operational risk: the foreign exchange hedging business is highly professional and complex, which may cause losses in the process of foreign exchange hedging business due to employee's operational errors, system failures and other reasons.
- (5) Legal risk: in the course of foreign exchange hedging business, the legal risk arising from the signing of contracts by the Company.

2. Risk control measures

- (1) The Company has assigned professionals to manage the transaction of the hedging products, to conduct financial management and risk control development, and has formulated the Futures and Derivatives Trading Business Management System, which clearly defines the operational rules, approval and licensing rights, decision-making procedures, operational process, follow-up management, information isolation measures, internal risk control measures and information disclosure of foreign exchange hedging business.
- (2) In order to control the market risk, the Company will strengthen its research and analysis of exchange rates, pay attention to changes in the international and domestic market environment in real time, adjust its operation and business operation strategies in a timely manner, so as to minimize the exchange losses.
- (3) In order to reduce liquidity risk, the Company tries to shorten the contract period and carry out foreign exchange hedging business for many times in the short term.
- (4) In order to control credit risk, the Company only conducts foreign exchange hedging business with financial institutions such as banks with relevant business qualifications to ensure the legality of the Company's financial derivatives trading management.
- (5) In order to control the foreign currency financing and overseas investment foreign currency exposure risks, the Company intends to carry out derivatives and relevant hedging business with overseas large international commercial banks with relevant business qualifications, mainly for the purpose of preventing the adverse impact of fluctuation in overseas foreign exchange and interest rate market on the Company. Such transactions prohibit speculation and arbitrage with the single purpose of protecting and avoiding contingent foreign exchange and floating interest rate exposure. As the Company has fully understood the risks of carrying out derivatives and hedging business overseas and counterparties' credit risk, it will act in strict compliance with the business rules and regulations, and conduct business activities in view of specific business and risk exposure by upholding the prudent risk-neutral principle. The political, economy and legal risks of the overseas countries and regions where we propose to conduct business are controllable.

- (6) In order to prevent operational risks, all foreign exchange transactions of the Company are for the purpose of hedging and preventing exchange rate risks, no speculative and arbitrage transactions are allowed, and operations are conducted in strict accordance with the provisions of the Futures and Derivatives Trading Business Management System to effectively ensure the implementation of the system. The Company's internal control and internal audit department regularly audits the actual operation, use of funds and profit and loss of foreign exchange hedging business, and verifies whether transactions and information disclosure are performed in accordance with the relevant internal control system.
- (7) In order to prevent legal risks, the Company will review the legal status and trading qualifications of counterparties to prevent legal risks during the process of signing contracts.

IV. TRANSACTION RELATED ACCOUNTING TREATMENT

The hedging business conducted by the Company and its subsidiaries can fully utilize hedging instruments to reduce or avoid exchange rate risks arising from exchange rate fluctuations, reduce exchange losses and control operating risks. In accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments, the Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement and other relevant regulations and guidelines issued by the Ministry of Finance, the Company conducts corresponding accounting treatment for the foreign exchange hedging business that has been carried out, and conducts accounting treatment for the hedging business in accordance with the Hedge Accounting, reflecting the relevant items in the balance sheet and profit and loss statement.

V. OPINIONS OF THE SUPERVISORY COMMITTEE AND INDEPENDENT DIRECTORS

1. Supervisory Committee's opinion

The Supervisory Committee believes that conducting foreign exchange hedging business is to effectively avoid and guard against the risk brought by fluctuation in foreign exchange rate by making full use of foreign exchange hedging instruments, and the Company has formulated the Futures and Derivatives Trading Business Management System, improved relevant internal control system, and adopted targeted risk control measures, without prejudicing against the interests of the Company and all the shareholders, especially the minority shareholders. Therefore, we agree such matter.

2. Independent directors' opinion

As the Company's hedging trading business is correlated with its ordinary business requirements, and the Company settles with its major customers in US dollars, exchange gain or loss resulting from significant fluctuations in exchange rates will have certain impact on the business performance of the Company. To this end, it is reasonable for the Company to carry out hedging business to avoid exchange rate and interest rate risks. Given the Company has formulated the Futures and Derivatives Trading Business Management System and obtained the Board's approval, relevant business has fulfilled correspondent decision-making process, and is able to effectively regulate the behavior of hedging transactions, thereby controlling hedging transaction risks. The actual amount of the hedging products transaction of the Company in 2022 fell within the approved quota, the estimated hedging quota for the year of 2023 is in line with the business development, and the Company's hedging transaction is in strict compliance with relevant rules, without prejudicing against the interests of the parent and the shareholders. Therefore, we agree such matter and submit to the general meeting for approval.

PROPOSED GRANT OF GENERAL MANDATE TO ISSUE H SHARES

In order to meet the need of the Company's business development, consolidate its leading position in the field of pharmaceutical research and development services and further enhance its capital and comprehensive strength, in accordance with the Company Law of the PRC and other relevant laws and regulations, the listing rules of the stock exchanges in the place where the shares of the Company are listed and the Articles of Association, the Board of Directors intends to propose the general meeting to generally and unconditionally authorize the Board of Directors to, or to re-delegate to the Chairman and its authorized persons to determine to allot, issue and deal with the H shares of up to 20% of the number of H shares in issue of the Company, or securities which may be converted into such shares, share options, warrants, or the similar rights to subscribe for the H shares of the Company (hereinafter referred to as the "Similar Rights", and the above-mentioned authorization is hereinafter referred to as the "General Mandate"), with the number of shares to be issued not exceeding 3.38% of the total share capital of the Company when the resolution is considered and approved at the general meeting. The specific authorization is as follows:

- I. To generally and unconditionally authorize the Board of Directors to, or to re-delegate to the Chairman and its authorized persons to determine to allot, issue and deal with the H Shares or similar rights, and to determine the Terms and Conditions for allotment, issuance and disposal of new shares or issue similar rights, including but not limited to:
 1. Class and number of new shares to be issued;
 2. Pricing mechanism and/or issue price of the new shares to be issued (including price range);
 3. The starting and closing dates of such issue;
 4. The class and number of the new shares to be issued to existing shareholders; and/or
 5. To make or authorize the share offer, agreements, share options, conversion rights or other rights that may require the exercise of such rights.
- II. The number of the H Shares (excluding the shares issued by way of the conversion of public reserve into share capital) to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Board of Directors or the Chairman and its authorized persons in accordance with the General Mandate referred to in first paragraph above shall not exceed 20% of the number of the H shares of such class in issue of the Company at the time when this resolution is passed at the general meeting of the Company (with the number of shares to be issued not exceeding 3.38% of the total share capital of the Company when the resolution is considered and approved at the general meeting).

- III. Where the Board of Directors or the Chairman and its authorized persons have, during the effective period of the General Mandate specified in the fifth paragraph of this resolution, determined to allot, issue and deal with the H shares or similar rights, and the Company also has, during the effective period of the mandate, obtained the relevant approval, permission from, or registration (if applicable) with the regulatory authorities, the Board of Directors of the Company or the Chairman and its authorized persons may, during the effective period of such approval, permission or registration, complete the relevant allotment, issuance and disposal of such shares.
- IV. To authorize the Board of Directors or the Chairman and its authorized persons to obtain an approval from all relevant government departments and/or regulatory authorities (if applicable) in accordance with the applicable laws (including but not limited to the Company Law of the PRC, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) to exercise the General Mandate.
- V. The effective period of the General Mandate shall be from the passing of this resolution at the general meeting to the following date, whichever is earlier:
1. from the date when this resolution is passed at the general meeting of the Company until the expiry of 12 months since then;
 2. the date of conclusion of the 2023 annual general meeting of the Company; or
 3. at the time of passing a special resolution by the shareholders of the Company at the general meeting to revoke or vary the General Mandate under this resolution.
- VI. To authorize the Board of Directors or the Chairman and its authorized persons to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the allotment, issuance and disposal of any new shares under the abovementioned General Mandate, handle the necessary procedures and take other necessary actions.
- VII. To authorize the Board of Directors or the Chairman and its authorized persons to increase the registered capital of the Company and make appropriate and necessary amendments to the Articles of Association in accordance with the way, type and number of the allotment and issuance of new shares of the Company and the actual shareholding structure of the Company upon completion of the allotment and issuance of new shares.

PHARMARON BEIJING CO., LTD.*

RULES OF THE 2023 RESTRICTED A SHARE INCENTIVE SCHEME (DRAFT)

STATEMENT

The Company and all of its Directors and Supervisors undertake that all the information contained in the Incentive Scheme and its summary is true, accurate and complete and that there are no false records, misleading statements or material omissions.

SPECIAL NOTE

- I. The 2023 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.* (Draft) (the “**Incentive Scheme**”) is formulated by Pharmaron Beijing Co., Ltd.* (“**Pharmaron**”, “**Company**”, or “**our Company**”) in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》), 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 Shares on the ChiNext Market of Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》)(revised in 2023), the Management Measures for Share Incentive Scheme Adopted by Listed Companies (《上市公司股權激勵管理辦法》), Guide No. 1 for Self-Regulation and Supervision of Companies Listed on the Growth Enterprise Market of Shenzhen Stock Exchange – Business Handling (《深圳證券交易所創業板上市公司自律監管指南第1號 – 業務辦理》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws, administrative regulations, regulatory documents and the relevant requirements of the Articles of Association.
- II. The form of incentive adopted by the Incentive Scheme is Restricted Shares (Type II Restricted Shares). The source of the shares shall be the Company’s RMB ordinary A shares issued by the Company to the Participants.

Participants that meet the conditions for the grant under the Incentive Scheme, after fulfilling the corresponding attribution conditions and attribution arrangement, shall obtain the Company’s ordinary A shares at the grant price during the attribution period. Such shares will be registered at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. Prior to the attribution, the Restricted Shares granted to the Participants do not carry any rights of the shareholders of the Company, and such Restricted Shares shall not be transferred, used to guarantee or repay debts before attribution registration.
- III. The Restricted Shares proposed to be granted to the Participants under the Incentive Scheme shall be 1,643,700 shares, representing 0.14% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme. Of which, 1,479,300 Restricted Shares were under the First Grant, representing 0.12% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme and 90.00% of the total number of Restricted Shares to be granted under the Incentive Scheme; whereas 164,400 Restricted Shares were under the Reserved Grant, representing 0.01% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme and 10.00% of the total number of Restricted Shares to be granted under the Incentive Scheme.

The 2019 Restricted Share and Share Option Incentive Plan considered and approved at the second extraordinary general meeting of the Company for the year 2019, the 2021 Restricted A Share Incentive Scheme considered and approved at the first extraordinary general meeting of 2021, the 2021 second class meeting of A Shareholders and the 2021 second class meeting of H Shareholders of the Company and the 2022 Restricted A Share Incentive Scheme considered and approved at the 2021 annual general meeting, the 2022 second class meeting of A Shareholders and the 2022 second class meeting of H Shareholders of the Company are being implemented. As of the date of the announcement of the draft Incentive Scheme, the total number of additional shares issued by the Company as a result of the Share Incentive Scheme was 4,620,675 shares, representing approximately 0.39% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme, and the cumulative amount did not exceed 10.00% of the total share capital of the Company as at the date on which the Incentive Scheme is submitted for approval at a general meeting; the total number of underlying shares involved under all share incentive schemes of the Company which are within their validity period was 9,480,581 shares, representing approximately 0.80% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme, and the cumulative amount did not exceed 20.00% of the Company's total share capital as at the date on which the Incentive Scheme is submitted for approval at a general meeting. The total number of shares to be granted to any Participant under all share incentive schemes of the Company which are within their validity period shall not exceed 1.00% of the total share capital of the Company.

- IV. The number of the Participants under the First Grant of Incentive Scheme shall be 295 persons in total, including core management, mid-level management, core technical personnel, basic-level management and technical personnel working at the Company (including its subsidiaries, the same applies below) at the time of the Company's announcement of the Incentive Scheme, but excluding the Directors, independent Directors, Supervisors, chief executives, senior management, non-PRC employees, shareholders who individually or collectively hold more than 5% of the shares of Pharmaron, de facto controllers, or their respective spouses, parents, children or other contacts.

The Participants of the Reserved Grant refer to those who have not been determined when the Scheme is approved at a general meeting but are included in the Incentive Scheme during the effective period of the Scheme, and shall be determined within 12 months after the Scheme is considered and approved at the general meeting. The criteria for determining the Participants of the Reserved Grant are set by reference to the criteria for the First Grant. The Reserved Grant will lapse where the Participants of the Reserved Grant are not determined for more than 12 months from the aforesaid date.

- V. The grant price of the Restricted Shares to be granted to the Participants under the First Grant of Incentive Scheme shall be RMB28.58 per share. The grant price of Restricted Shares under the Reserved Grant is the same as that of Restricted Shares under the First Grant. In the event of any capitalization issue, bonus issue, dividend distribution, share split or share consolidation of the Company during the period from the date of announcement of the draft Incentive Scheme to the date of completion of the attribution registration by the Participants, the grant price of the Restricted Shares and the number of Restricted Shares shall be adjusted in accordance with the Incentive Scheme accordingly.
- VI. The validity period of the Incentive Scheme commences from the grant date of the Restricted Shares until the date on which all Restricted Shares granted to the Participants have been attributed or lapsed. The validity period shall not exceed 72 months.
- VII. The Restricted Shares under the First Grant of the Incentive Scheme shall be attributed in four tranches after the expiry of 12 months following the grant date, with the proportion of attribution in each tranche being 25%, 25%, 25% and 25%, respectively. The Restricted Shares under the Reserved Grant shall be attributed in four tranches after the expiry of 12 months following the grant date, with the proportion of attribution in each tranche being 25%, 25%, 25% and 25%, respectively.

The performance assessment targets at company level in relation to the Restricted Shares to be granted are shown in the following table:

Attribution Arrangement		Performance Assessment Target
Restricted Shares under the First Grant and Restricted Shares under the Reserved Grant granted prior to the disclosure of the Company's third quarterly report for 2023	First Attribution Tranche	Based on the revenue of 2022, the revenue growth in 2023 is set to be not less than 20%
	Second Attribution Tranche	Based on the revenue of 2022, the revenue growth in 2024 is set to be not less than 40%
	Third Attribution Tranche	Based on the revenue of 2022, the revenue growth in 2025 is set to be not less than 60%
	Fourth Attribution Tranche	Based on the revenue of 2022, the revenue growth in 2026 is set to be not less than 80%

Attribution Arrangement		Performance Assessment Target
Restricted Shares under the Reserved Grant granted after the disclosure of the Company's third quarterly report for 2023	First Attribution Tranche	Based on the revenue of 2022, the revenue growth in 2024 is set to be not less than 40%
	Second Attribution Tranche	Based on the revenue of 2022, the revenue growth in 2025 is set to be not less than 60%
	Third Attribution Tranche	Based on the revenue of 2022, the revenue growth in 2026 is set to be not less than 80%
	Fourth Attribution Tranche	Based on the revenue of 2022, the revenue growth in 2027 is set to be not less than 100%

Note: The above "revenue" refers to the audited revenue of the Listed Company.

VIII. None of the following circumstances under which the implementation of the equity incentives shall not be carried out as stipulated in the Management Measures for Share Incentives of Listed Companies has occurred to the Company:

- (i) 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;
- (ii) 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;
- (iii) in the past 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 equity incentives shall not be implemented;
- (v) other circumstances as determined by the CSRC.

IX. None of the following circumstances under which one shall not be a Participant as stipulated in the Management Measures for Share Incentive Scheme Adopted by Listed Companies has occurred to a Participant under the Incentive Scheme:

- (i) the Participant has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
 - (ii) the Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
 - (iii) the Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
 - (iv) the Participant has the circumstances stipulated in the Company Law that he/she shall not act as a director or member of the senior management of a company;
 - (v) laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies;
 - (vi) other circumstances as determined by the CSRC.
- X. Pharmaron undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Participants to obtain their Restricted Shares through the Incentive Scheme under the Restricted A Share Incentive Scheme.
- XI. Pharmaron undertakes that there are no false records, misleading statements or material omissions in the relevant information disclosure documents of the Incentive Scheme.
- XII. The Participants under the Incentive Scheme undertake if there are false records, misleading statements or material omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting or exercising rights and interests, the Participants shall return all the benefits obtained from the Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.
- XIII. The Incentive Scheme shall be implemented after being considered and approved at the general meeting of the Company by way of special resolution.

XIV. The Company shall convene a meeting of the Board in accordance with the relevant requirements to grant the Restricted Shares to the Participants and complete the announcement and other relevant procedures within 60 days (If there are conditions for the grant, from the time when the conditions are satisfied) after the Incentive Scheme is firstly considered and approved at a general meeting. If the Company fails to complete the above procedures within the 60-day period, it shall promptly disclose the reasons for the failure to complete such procedures and declare the termination of the Incentive Scheme. The period during which no interests shall be granted pursuant to the Management Measures for Share Incentives of Listed Companies and Self-discipline Supervision Guidelines for Companies Listed on the ChiNext Market of Shenzhen Stock Exchange No. 1 – Business Handling is excluded from the calculation of the 60-day period.

XV. The implementation of the Incentive Scheme shall not result in the shareholding structure of the Company to fail to meet the listing requirements.

* *For identification purpose only*

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CHAPTER I DEFINITIONS

Unless otherwise requires, the following expressions herein shall have the following meanings:

Term	Meaning
Pharmaron, Our Company, Company, Listed Company	: Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司)
Restricted Share Incentive Scheme, Incentive Scheme, Scheme	: the 2023 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.* (《康龍化成(北京)新藥技術股份有限公司2023年A股限制性股票激勵計劃》)
Restricted Shares, Type II Restricted Shares	: the shares of the Company to be obtained in tranches and registered by the Participants who meet the conditions for grant under the Incentive Scheme after meeting the corresponding attribution conditions
Participant(s)	: the core management, mid-level management and core technical personnel, basic-level management and technical personnel of the Company (including its subsidiaries), but excluding the Directors, independent Directors, Supervisors, chief executives, senior management, non-PRC employees, shareholders who individually or collectively hold more than 5% of the shares of Pharmaron, <i>de facto</i> controllers, or their respective spouses, parents, children or other contacts, who shall be granted the Restricted Shares pursuant to the Incentive Scheme
Grant date	: the date on which the Company grants the Restricted Shares to the Participants, which must be a trading day
Grant price	: the price at which a Participant obtains the Company's shares, as determined at the time of grant of Restricted Shares to the Participant by the Company
Attribution	: the act of registering the Shares by the Listed Company to the account of a Participant after the attribution conditions having been satisfied by the Participant

Term	Meaning
Attribution date	: the date on which the registration of the granted Shares is completed after the attribution conditions having been satisfied by a Participant, which must be a trading day
Attribution conditions	: the attribution conditions as stipulated under the Incentive Scheme which must be satisfied by a Participant in order to obtain the incentive shares
Validity period	: the period commencing on the grant date of the Restricted Shares and ending on the date on which all Restricted Shares granted to the Participants have been attributed or lapsed
Remuneration Committee	: the remuneration and appraisal committee of the Board of the Company
CSRC	: the China Securities Regulatory Commission
Stock Exchange	: Shenzhen Stock Exchange
CSDC	: the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
Company Law	: the Company Law of the People's Republic of China (《中華人民共和國公司法》)
Securities Law	: the Securities Law of the People's Republic of China (《中華人民共和國證券法》)
Shenzhen Listing Rules	: the Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》) (Revised in 2023)
Hong Kong Listing Rules	: the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Management Measures	: the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》)

Term	Meaning
Self-discipline Supervision Guidelines	: Self-discipline Supervision Guidelines for Companies Listed on the ChiNext Market of Shenzhen Stock Exchange No. 1 – Business Handling
Articles of Association	: the Articles of Association of Pharmaron Beijing Co., Ltd.* (《康龍化成(北京)新藥技術股份有限公司章程》)
Company’s Assessment Management Measures	: the Management Measures for Assessment for the Implementation of the 2023 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.* (《康龍化成(北京)新藥技術股份有限公司2023年A股限制性股票激勵計劃實施考核管理辦法》)
RMB/RMB0’000	: RMB/RMB0’000, the unit of the lawful currency of the People’s Republic of China

CHAPTER II PURPOSE OF THE INCENTIVE SCHEME

To further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management, core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals, 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 Company Law, the Securities Law, the Management Measures, the Shenzhen Listing Rules, the Self-discipline Supervision Guidelines and the Hong Kong Listing Rules, as well as the Articles of Association.

CHAPTER III ADMINISTRATIVE BODIES OF THE INCENTIVE SCHEME

- I. The general meeting, as the ultimate authority of the Company, shall be responsible for considering and approving the implementation, amendment and termination of the Incentive Scheme. The general meeting may, within its powers and authority, authorize the Board to handle certain matters relating to the Incentive Scheme.
- 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 Remuneration Committee under the Board shall be responsible for drafting and revising the Incentive Scheme, and submitting the Incentive Scheme to the Board of the Company for review and approval. Upon approval by the Board, the Incentive Scheme shall be further submitted to the general meeting of the Company for review and approval, and the Board may handle matters relating to the Incentive Scheme within its scope of authority as delegated by the general meeting.
- III. The Supervisory Committee and the independent Directors shall act as the supervisory authority for the Incentive Scheme, and shall express opinions as to whether the Incentive Scheme is conducive to the sustainable development of the Company, and whether there are any situations that clearly harm the interests of the Company and all shareholders. The Supervisory Committee shall verify the list of the Participants under the Incentive Scheme, and shall supervise the implementation of the Incentive Scheme as to whether it is in compliance with the relevant laws, administrative regulations, regulatory documents and operational rules of the Stock Exchange. The independent Directors shall solicit voting rights by proxy from all shareholders in respect of the Incentive Scheme.
- IV. Where amendments are being made to the Incentive Scheme before or after the Incentive Scheme is approved at the general meeting, the independent Directors and the Supervisory Committee shall express opinions as to whether the amended Incentive Scheme will be conducive to the sustainable development of the Company or whether there are any situations that clearly harm the interests of the Company and all shareholders.
- V. The Participants don't engage in approval process, and will not participant in follow-up management in the Incentive Scheme in future, thus not existing conflict of interest herein.

Before the Restricted Shares are granted to a Participant, the independent Directors and the Supervisory Committee shall express clear opinions on the conditions stipulated for the Participant to receive such Restricted Shares as set out in the Incentive Scheme. In the event of any discrepancy between the Restricted Shares to be granted to a Participant and the arrangement under the Incentive Scheme, the independent Directors and the Supervisory Committee (where there are changes occurred to the Participants) shall express their clear opinions thereon at the same time.

Before the Participant exercises Restricted Shares, the independent Directors and the Supervisory Committee shall express clear opinions as to whether the conditions of exercising Restricted Shares stipulated under the Incentive Scheme for the Participant have been fulfilled.

**CHAPTER IV BASIS FOR DETERMINING THE PARTICIPANTS AND
SCOPE OF PARTICIPANTS****I. BASIS FOR DETERMINING THE PARTICIPANTS****(i) Legal Basis for determining the Participants**

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

(ii) Duty Basis for determining the Participants

The Participants under the Incentive Scheme include core management, mid-level management, core technical personnel, basic-level management and technical personnel (including subsidiaries, the same applies below), in accordance with the purposes of implementing the Share Incentive Scheme. The list of persons who fall within the scope of Participants under the Incentive Scheme shall be drawn up by the Remuneration Committee, and verified by the Supervisory Committee of the Company.

II. SCOPE OF THE PARTICIPANTS

The total number of the Participants under the First Grant of Incentive Scheme shall be 295, including the Company's:

1. Core management;
2. Mid-level management and core technical personnel;
3. Basic-level management and technical personnel.

None of the Participants are Directors, independent Directors, Supervisors, chief executives, senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of Pharmaron, or de facto controllers or their respective spouses, parents, children or other contacts. All Participants must have signed a labour or employment contract with the Company or its subsidiaries during the assessment period of the Incentive Scheme.

The Participants of the Restricted Shares under the Reserved Grant shall be clarified within 12 months after the approval of the Incentive Scheme at the general meeting, and the relevant information of the Participants shall be disclosed on designated websites in a timely and accurate manner as required after the Board made a proposal, the independent Director and the Supervisory Committee expressed clear opinions, and the lawyer expressed professional opinions and issued legal opinions. If the Participants are not specified for more than 12 months, the Restricted Shares under the Reserved Grant shall be invalidated. The criteria for

determining the Participants are set by reference to the criteria for the First Grant. The Participants to be granted with Restricted Shares under the Reserved Grant do not include the Directors, independent Directors, Supervisors, chief executives, senior management, non-PRC employees, shareholders who individually or collectively hold more than 5% of the shares of Pharmaron, de facto controllers, or their respective spouses, parents, children or other contacts. Such Participants must enter into a labour or employment contract with the Company or its subsidiaries during the assessment period of the Incentive Scheme.

III. CIRCUMSTANCES IN WHICH A PERSON IS PROHIBITED FROM BEING A PARTICIPANT UNDER THE INCENTIVE SCHEME

- (i) The person has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
- (ii) The person has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
- (iii) The person has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major illegal acts in the past 12 months;
- (iv) The person has the circumstances stipulated in the Company Law that he/she shall not act as a director or senior manager of any company;
- (v) Laws and regulations stipulate that the person shall not participate in the equity incentives of listed companies;
- (vi) Other circumstances as determined by the CSRC.

During the implementation process of the Incentive Scheme, if any of the above circumstances in relation to a Participant arises, the Company shall terminate his/her right to participate in the Incentive Scheme, and any granted Restricted Shares which have not yet been attributed shall not be attributed and shall lapse.

IV. VERIFICATION OF PARTICIPANTS

- (i) After the Board of the Company has reviewed and approved the Incentive Scheme, the Company shall publish the names and positions of the Participants internally via the Company's website or other channels for no less than 10 days.
- (ii) The Supervisory Committee of the Company shall review the list of the Participants and take sufficient consideration of the public response. The Company shall disclose the information regarding the review by the Supervisory Committee regarding the list of Participants and the publication situation 5 days prior to the Incentive Scheme being considered at the general meeting. Any adjustments to the list of the Participants made by the Board of the Company shall also be reviewed by the Supervisory Committee of the Company.

**CHAPTER V RESTRICTED SHARES TO BE GRANTED UNDER THE
INCENTIVE SCHEME****I. FORM OF ENTITLEMENTS TO BE GRANTED BY THE INCENTIVE SCHEME**

The form of incentive to be adopted under the Incentive Scheme is the Type II Restricted Shares.

**II. SOURCE AND TYPE OF UNDERLYING SHARES INVOLVED IN RESTRICTED
SHARES TO BE GRANTED UNDER THE INCENTIVE SCHEME**

The Company will issue RMB ordinary A shares of the Company to Participants as the source of shares under the Incentive Scheme.

**III. THE NUMBER OF RESTRICTED SHARES TO BE GRANTED UNDER THE
INCENTIVE SCHEME AND ITS PROPORTION TO THE TOTAL SHARES OF
THE COMPANY**

The total number of the Restricted Shares proposed to be granted to the Participants under the Incentive Scheme shall be 1,643,700 shares, representing 0.14% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme. Of which, 1,479,300 Restricted Shares were under the First Grant, representing 0.12% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme and 90.00% of the total number of Restricted Shares to be granted under the Incentive Scheme; whereas 164,400 Restricted Shares were under the Reserved Grant, representing 0.01% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme and 10.00% of the total number of Restricted Shares to be granted under the Incentive Scheme.

The 2019 Restricted Shares and Share Options Incentive Scheme considered and approved at the 2019 second EGM of the Company, the 2021 A-Share Restricted Share Incentive Plan considered and approved at the company's first extraordinary general meeting in 2021, the second A-share class meeting in 2021 and the second H-share class meeting in 2021 and the 2022 Restricted A Share Incentive Scheme considered and approved at the 2021 annual general meeting, the 2022 second class meeting of A Shareholders and the 2022 second class meeting of H Shareholders of the Company is still under implementation. As of the date of the announcement of the draft Incentive Scheme, the total number of additional shares issued by the Company as a result of the Share Incentive Scheme was 4,620,675 shares, representing approximately 0.39% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme, and the cumulative amount did not exceed 10.00% of the total share capital of the Company as at the date on which the Incentive Scheme is submitted for approval at a general meeting; the total number of underlying shares involved under all share incentive schemes of the Company which are within their validity period was 9,480,581 shares, representing approximately 0.80% of the total share capital of the Company of 1,191,224,554 shares as at the date of the announcement of the draft Incentive Scheme, and the cumulative amount did not exceed 20.00% of the Company's total share capital as at the date on which the Incentive Scheme is submitted for approval at a general meeting. The cumulative total number of the shares to be granted to any Participant in the Incentive Scheme under all share incentive schemes of the Company which are within their validity period shall not exceed 1.00% of the total share capital of the Company.

CHAPTER VI LIST OF PARTICIPANTS AND ALLOCATION OF
RESTRICTED SHARES TO BE GRANTEDI. LIST OF PARTICIPANTS AND ALLOCATION OF RESTRICTED SHARES TO BE
GRANTED

Position	Number of Restricted Shares to be granted (‘0,000 shares)	Percentage to the number of Restricted Shares to be granted under the Incentive Scheme	Percentage to the total share capital as at the date of the announcement of the draft Incentive Scheme
Core management (one person in total)	2.61	1.59%	0.002%
Mid-level management and core technical personnel (87 persons in total)	100.77	61.31%	0.085%
Basic-level management and technical personnel (207 persons in total)	44.55	27.10%	0.037%
Reserved	16.44	10.00%	0.014%
Total	164.37	100.00%	0.138%

Note: Any discrepancies in above table between the total shown and the sum of the amounts listed in the Incentive Scheme are due to rounding.

II. EXPLANATORY NOTES

- The total number of the shares to be granted to any Participant under all share incentive schemes of the Company which are within their validity period do not exceed 1.00% of the total share capital of the Company. The cumulative total number of underlying shares involved under all share incentive schemes of the Company which are within their validity period shall not exceed 10.00% of the total share capital of the Company when it is submitted for approval at the general meeting. The percentage of Restricted Shares under the Reserved Grant does not exceed 20.00% of the number of Restricted Shares to be granted under the Incentive Scheme. If a Participant, due to personal reasons, voluntarily waives the Restricted Shares which have been granted to him/her, the Board shall adjust the number of granted Restricted Shares accordingly. In the event that a Participant does not have sufficient funds to subscribe all Restricted Shares which have been grant to him/her, the amount of the Restricted Shares to be subscribed by such Participant can be reduced accordingly.

2. The Incentive Participants under the First Grant or reserved grant do not include the Directors, independent Directors, Supervisors, chief executives, senior management officers, non-PRC employees, shareholders who individually or collectively hold more than 5% of the shares of Pharmaron, de-facto controllers or their respective spouses, parents, children or other contacts.

3. The Participants of the Restricted Shares under the Reserved Grant shall be clarified within 12 months after the approval of the Incentive Scheme at the general meeting, and the relevant information of the Participants shall be disclosed on designated websites in a timely and accurate manner as required after the Board made a proposal, the independent Director and the Supervisory Committee expressed clear opinions, and the lawyer expressed professional opinions and issued legal opinions.

**CHAPTER VII VALIDITY PERIOD, GRANT DATE, ATTRIBUTION
ARRANGEMENT AND LOCK-UP PERIOD****I. VALIDITY PERIOD OF THE INCENTIVE SCHEME**

The validity period of the Incentive Scheme commences on the grant date of the Restricted Shares and ends on the date on which all Restricted Shares granted to the Participants have been attributed or forfeited, such period shall not exceed 72 months.

II. GRANT DATE OF THE INCENTIVE SCHEME

The Company will convene a Board meeting to grant the Restricted Shares to the Participants and complete the relevant procedures including making relevant announcement(s) according to the relevant regulations, within 60 days after the First Grant of Incentive Scheme having been considered and approved at a general meeting of the Company (If there are conditions for the grant, from the time when the conditions are satisfied). If the Company is unable to complete the above procedures within the 60-day period, the Company shall make a timely announcement to disclose the reason for being unable to complete the procedures and declare the termination of the Incentive Scheme. The period during which no Restricted Shares shall be granted pursuant to the Management Measures and the Self-discipline Supervision Guidelines is excluded from the calculation of the 60-day period.

The grant date of the Restricted Shares under the Reserved Grant shall be determined within 12 months from the date on which the Incentive Scheme is considered and approved by the Board at the general meeting of the Company. The Restricted Shares under the Reserved Grant will lapse where the Participants are not determined after a lapse of 12 months from the aforesaid approval date.

The grant date shall be determined by the Board of the Company after the Incentive Scheme has been considered and approved at a general meeting of the Company. The grant date must be a trading day. If the date determined pursuant to the above principles falls on a non-trading day, the grant date will be postponed to the next trading day immediately after such non-trading day.

III. ATTRIBUTION ARRANGEMENT UNDER THE INCENTIVE SCHEME

The Restricted Shares granted under the Incentive Scheme may be attributed in tranches as per the agreed proportions after the expiry of 12 months following the grant date and upon the Participants satisfying the corresponding attribution conditions. The attribution date must be the trading day within the validity period of the Incentive Scheme, and the period when the stock exchange listing rules of the place where the company's stock is listed shall not be attributed shall not be included. During the validity period of this incentive scheme, if the

relevant provisions of the stock exchange where the stock is listed on the exercise period has changed, the attribution date shall comply with the provisions of the revised relevant laws, regulations and normative documents.

The attribution arrangements for the First Grant of the Restricted Shares are shown in the table below:

Attribution arrangement	Attribution period	Attribution percentage
First attribution tranche	From the first trading day after the expiry of 12 months following the grant date of the Restricted Shares under the First Grant until the last trading day within the 24 months following the grant date of the Restricted Shares under the First Grant	25%
Second attribution tranche	From the first trading day after the expiry of 24 months following the grant date of the Restricted Shares under the First Grant until the last trading day within the 36 months following the grant date of the Restricted Shares under the First Grant	25%
Third attribution tranche	From the first trading day after the expiry of 36 months following the grant date of the Restricted Shares under the First Grant until the last trading day within the 48 months following the grant date of the Restricted Shares under the First Grant	25%
Fourth attribution tranche	From the first trading day after the expiry of 48 months following the grant date of the Restricted Shares under the First Grant until the last trading day within the 60 months following the grant date of the Restricted Shares under the First Grant	25%

The attribution arrangements for the grant of the Restricted Shares under the Reserved Grant are shown in the table below:

Attribution arrangement	Attribution period	Attribution percentage
First attribution tranche	From the first trading day after the expiry of 12 months following the grant date of the Restricted Shares under the Reserved Grant until the last trading day within the 24 months following the grant date of the Restricted Shares under the Reserved Grant	25%
Second attribution tranche	From the first trading day after the expiry of 24 months following the grant date of the Restricted Shares under the Reserved Grant until the last trading day within the 36 months following the grant date of the Restricted Shares under the Reserved Grant	25%
Third attribution tranche	From the first trading day after the expiry of 36 months following the grant date of the Restricted Shares under the Reserved Grant until the last trading day within the 48 months following the grant date of the Restricted Shares under the Reserved Grant	25%
Fourth attribution tranche	From the first trading day after the expiry of 48 months following the grant date of the Restricted Shares under the Reserved Grant until the last trading day within the 60 months following the grant date of the Restricted Shares under the Reserved Grant	25%

The Restricted Shares which have not been attributed during the attribution period of their respective tranches as a result of failure to fulfil the attribution conditions are not allowed to be attributed or deferred to be attributed in the next year(s) and shall lapse according to the Incentive Scheme.

After the attribution conditions of the Restricted Shares are met, the Company shall handle the matters in relation to the attribution of the Restricted Shares which have met the conditions.

IV. LOCK-UP PERIOD UNDER THE INCENTIVE SCHEME

- (i) The Participants of the Incentive Scheme undertake, any Restricted Shares attributed in the respective tranche shall not be transferable for 6 months from the date of satisfying the attribution conditions considered and approved by the Board for the Restricted Shares in each tranche.
- (ii) The Lock-up arrangement granted by the Incentive Scheme to the Participants shall be implemented in accordance with the requirements of the Company Law, the Securities Law and the relevant laws, administrative regulations, regulatory documents and the Articles of Association.
- (iii) During the validity period of the Incentive Scheme, if the relevant requirements under the relevant laws, administrative regulations, regulatory documents such as the Company Law and the Securities Law and the Articles of Association are changed, the transfer of the shares held by the Participants shall comply with the relevant laws, regulations and regulatory documents including the Company Law and the Securities Law and the Articles of Association as amended at the time of transfer.

**CHAPTER VIII GRANT PRICE AND BASIS OF DETERMINATION OF THE
GRANT PRICE OF RESTRICTED SHARES****I. GRANT PRICE OF FIRST GRANT OF RESTRICTED SHARES**

The Grant Price of the Restricted Shares under the First Grant of Incentive Scheme shall be RMB28.58 per share. A Participant who has satisfied the conditions for grant and attribution may purchase the Company's shares at the price of RMB28.58 per share.

**II. BASIS OF DETERMINATION OF THE GRANT PRICE OF RESTRICTED
SHARES UNDER THE FIRST GRANT****(i) Pricing Method**

The Grant Price of the Restricted Shares under the First Grant shall not be lower than the par value of the shares, and shall not be lower than the higher of the following:

- (1) 50% of the average trading price of the Company's shares on the trading day prior to the announcement of the draft Incentive Scheme, being RMB28.51 per share;
- (2) 50% of the average trading price of the Company's shares for the 20 trading day prior to the announcement of the draft Incentive Scheme, being RMB28.58 per share.

**III. BASIS OF DETERMINATION OF THE GRANT PRICE OF RESTRICTED
SHARES UNDER THE RESERVED GRANT**

The Grant Price of Restricted Shares under the Reserved Grant of Incentive Scheme are equivalent to that of the Restricted Shares under the First Grant.

**CHAPTER IX GRANT AND ATTRIBUTION CONDITIONS OF THE
RESTRICTED SHARES****I. CONDITIONS FOR GRANT OF THE RESTRICTED SHARES**

The Company shall grant the Restricted Shares to the 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 Participants.

- (i) None of the following 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 past 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
 - 4. Laws and regulations stipulate that equity incentives shall not be implemented; or
 - 5. Other circumstances as determined by the CSRC.

- (ii) None of the following has occurred on the part of the Participants:
 - 1. The Participant has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
 - 2. The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
 - 3. The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
 - 4. The Participant has the circumstances stipulated in the Company Law that he/she shall not act as a director or member of the senior management of a company;

5. Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
6. Other circumstances as determined by the CSRC.

II. CONDITIONS FOR ATTRIBUTION OF THE RESTRICTED SHARES

For the Restricted Shares to be attributed to the Participant, all of the following conditions need to be satisfied within the attribution period:

(i) None of the following 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 past 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
4. Laws and regulations stipulate that equity incentives shall not be implemented; or
5. Other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified in the above subparagraph (i) arises, the Restricted Shares that have been granted but have not yet been attributed to the Participant under the Incentive Scheme shall not be attributed and shall lapse.

(ii) None of the following has occurred on the part of the Participants:

1. The Participant has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
2. The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
3. The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;

4. The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of a company;
5. Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
6. Other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified in the above subparagraph (ii) arises in relation to a certain Participant, the Company shall terminate such Participant's right to participate in the Incentive Scheme, and the Restricted Shares that have been granted but have not yet been attributed to such Participant under the Incentive Scheme shall not be attributed and shall lapse.

- (iii) Requirements on length of employment of the Participants for attribution of Restricted Shares:

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

- (iv) Performance assessment requirements at the Company level:

Under the Incentive Scheme, the Company's performance indicators will be evaluated on an annual basis for the financial years of 2023 to 2027, and the achievement of performance assessment target will be one of the attribution conditions for the Participants for the current year. The performance assessment objectives under the Incentive Scheme are set out below:

Attribution Period	Performance Assessment Objectives	
Restricted Shares under the First Grant and Restricted Shares under the Reserved Grant granted prior to the disclosure of the Company's third quarterly report for 2023	First Attribution Period	Based on the figure in 2022, the growth rate of revenue in 2023 shall not be less than 20%
	Second Attribution Period	Based on the figure in 2022, the growth rate of revenue in 2024 shall not be less than 40%
	Third Attribution Period	Based on the figure in 2022, the growth rate of revenue in 2025 shall not be less than 60%
	Fourth Attribution Period	Based on the figure in 2022, the growth rate of revenue in 2026 shall not be less than 80%

Attribution Period		Performance Assessment Objectives
Restricted Shares under the Reserved Grant granted after the disclosure of the Company's third quarterly report for 2023	First Attribution Period	Based on the figure in 2022, the growth rate of revenue in 2024 shall not be less than 40%
	Second Attribution Period	Based on the figure in 2022, the growth rate of revenue in 2025 shall not be less than 60%
	Third Attribution Period	Based on the figure in 2022, the growth rate of revenue in 2026 shall not be less than 80%
	Fourth Attribution Period	Based on the figure in 2022, the growth rate of revenue in 2027 shall not be less than 100%

Note: The above "revenue" refers to the audited revenue of the Listed Company.

During the attribution period, the Company will handle the registration of the attributed Restricted Shares for the Participants who have satisfied the attribution conditions. In the event that the above performance assessment requirements at the Company level have not been reached within the respective attribution tranche, all the Restricted Shares that have been granted and are to be attributed to the Participants in such tranche shall not be attributed and shall be forfeited.

(v) Performance assessment requirements at the project group level:

The quota of Restricted Shares to be attributed to the Participant in the relevant year is linked with the completion of performance assessment indicators in corresponding assessment years, and different attribution percentages are set up based on the performance assessment results of project groups.

(vi) Performance assessment requirements at the individual Participant level:

The assessment at the individual Participant level is carried out according to the internal performance assessment system of the Company. The results of the individual assessment of Participants are divided into two levels – "pass" and "fail", and the corresponding attribution percentage is as follows:

Assessment Results	Pass	Fail
Attribution Percentage at the individual Participant level	100%	0%

Subject to the Company achieving the performance target, the number of Restricted Shares actually attributed to the Participants in the current year = the number of Restricted Shares planned to be attributed to the individual Participant in the current year × Attribution ratio at the project group level × Attribution ratio at the individual Participant level. If the Restricted Shares planned to be attributed to the Participants in the current period cannot be attributed due to assessment reasons, such Restricted Shares shall lapse.

The assessment at the project group and at the individual Participant level under the Incentive Scheme shall be made by the Remuneration Committee. The content of the assessment is implemented in accordance with the “Assessment Management Measures of the Company”. None of the Participants belong to the Remuneration Committee and will not involve in performance assessment at the project group level and the individual Participant level.

III. EXPLANATION ON THE SCIENTIFICNESS AND REASONABLENESS OF THE PERFORMANCE ASSESSMENT INDICATORS OF THE COMPANY

The Company is a leading fully-integrated and international pharmaceutical R&D service platform with operations all over the world. It is committed to assisting customers in accelerating drug innovation and providing fully-integrated drug research, development and production services from drug discovery to drug development. The Company has vigorously enhanced the synergy effect of the service platform through continuous efforts at horizontal and vertical levels, developed new service competence with continued input, and improved management efficiency in order to meeting the demands from the market and customers. Vertically, the Company has worked to build a greater synergy of the same discipline across different stages of the pharmaceutical R&D process to achieve seamless connection. Horizontally, the Company has strengthened the collaboration of different disciplines at the same stage of the pharmaceutical R&D process, with a view to improve the professional standards of each discipline, expand the service offerings, and promote the interdisciplinary transformation. In addition, the Company is enormously expanding the construction of R&D service capabilities for macro molecular drugs and cell and gene therapy based on the original R&D service platform focusing on small molecule. Pharmaron is committed to becoming a global leader in multi-therapeutic drug R&D services. The Company has set out a drug R&D service framework in compliance with general global R&D standards to provide customers with complete solutions for drug research, development and production around the world. Currently, the Company’s customer portfolio comprises the top 20 multinational pharmaceutical companies worldwide.

In order to realize the strategy of the Company and maintain its competitiveness, the Company intends to motivate the core management, mid-level management, core technical personnel, basic-level management and technical personnel of the Company through the implementation of the Incentive Scheme. After reasonable prediction and taking into account the incentive effects of the Incentive Scheme, the revenue of the Company is adopted as the Company-level performance appraisal indicator under the Incentive Scheme, which can directly reflect the Company's principal business operations and indirectly reflect the market share of the Company in the industry.

According to the performance indicators with revenue of 2022 as the basis, the growth rate of the Company's revenue for 2023 to 2027 shall not be less than 20%, 40%, 60%, 80% and 100% respectively. The performance indicators are formulated with reference to the prevailing situation and future strategic planning of the Company as well as industry trends and various potential risks (refers to the risk factors beyond the control of the Directors, such as the risk of international policy changes, exchange rate risk, etc.). The performance indicators we set presents a certain degree of challenge, which helps to continuously improve the profitability of the Company and proactiveness of the staff, ensure the successful implementation of future development strategy and business objectives, and bring better and lasting returns to the shareholders.

In addition to the performance assessment at the Company level, the Company has also set up the strict performance appraisal systems at project group level and individual level, which allow a more accurate and comprehensive evaluation of the work performance of the Participants. The Company will determine whether the Participants meet the attribution conditions based on the previous annual performance evaluation results of the Participants.

In summary, the Company's appraisal system under the Incentive Scheme is integrated, comprehensive and operable. Not only is it conducive to fully mobilize the enthusiasm and creativity of the Participants, but it can also promote the construction of the Company's core team, and play a good role in restraining the Participants, providing solid guarantee for realization of the Company's future business strategies and objectives.

**CHAPTER X METHODS AND PROCEDURES FOR ADJUSTMENT UNDER
THE INCENTIVE SCHEME****I. ADJUSTMENT METHOD OF THE NUMBER OF RESTRICTED SHARES**

In the event of any capitalization of reserve,, bonus issue, sub-division or share consolidation of the Company during the period from the date of announcement of the draft Incentive Scheme to the completion of attribution registration of Restricted Shares by the Participants, the number of Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

(i) Capitalization of reserve, bonus issue or share split

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

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by conversion of capital reserve, bonus issue or sub-division of shares (i.e. the number of shares increased per share upon issue of shares by conversion of capital reserve, bonus issue or sub-division of shares); Q represents the number of Restricted Shares after the adjustment.

(ii) Share consolidation

$$Q=Q_0 \times n$$

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

(iii) New issue of shares

In the event of new issue of Shares by the Company, no adjustment shall be made to the number of Restricted Shares granted.

II. ADJUSTMENT METHOD OF THE GRANT PRICE OF THE RESTRICTED SHARES

In the event of any dividend distribution, capitalization of reserve, bonus issue, sub-division, rights issue or share consolidation of the Company during the period from the date of the announcement of the draft Incentive Scheme to the completion of attribution registration of Restricted Shares by the Participants, the grant price of the Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

(i) Capitalization of reserve, bonus issue or share split

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

Where: P_0 represents the grant price before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by conversion of capital reserve, bonus issue and sub-division of shares to each Share (i.e. the number of shares increased per share upon capitalization of reserve, bonus issue or share split); P represents the grant price after the adjustment.

(ii) Rights issue

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

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 grant price after the adjustment.

(iii) Share consolidation

$$P=P_0\div n$$

Where: P_0 represents the grant price before the adjustment; n represents the ratio of consolidation of shares per share (i.e., one share of the Company to be consolidated into n shares); P represents the grant price after the adjustment.

(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 grant price after the adjustment. P shall be greater than 1 after the dividend distribution.

(v) New issue of shares

In the event of new issue of shares by the Company, no adjustment shall be made to the grant price of the Restricted Shares.

III. ADJUSTMENT PROCEDURES FOR THE INCENTIVE SCHEME

The Company's general meeting authorizes the Board to adjust the number of Restricted Shares and the grant price based on the reasons set forth in the Incentive Scheme. After the Board adjusts the number of Restricted Shares and the grant price in accordance with the above provisions, it shall promptly announce and notify the Participants. The Company shall employ lawyers to provide professional opinions to the Board on whether the above adjustments comply with the requirements under the Management Measures, the Articles of Association and the Incentive Scheme.

CHAPTER XI ACCOUNTING TREATMENT ON THE RESTRICTED SHARES

In accordance with relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-Based Payments and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments published by the Ministry of Finance, at each balance sheet date before the attribution date, the Company shall revise the number of Restricted Shares which are expected to be attributed according to the changes in the latest available number of persons eligible to be attributed the Restricted Shares, fulfilment of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the grant date.

I. FAIR VALUE OF THE TYPE II RESTRICTED SHARES AND THE DETERMINATION METHOD

Based on the commitment of the Participants under the Incentive Scheme, any Restricted Shares attributed in the respective tranche shall not be transferable for 6 months from the date of satisfying the attribution conditions considered and approved by the Board for the Restricted Shares in each tranche (the “**Restrictive Factor**”). Such condition is a non-attribution condition, and based on the Enterprise Accounting Standard, when determining the fair value of an equity instrument on the grant date, the enterprise shall consider the impact of such non-attribution condition. The fair value of the Type II Restricted Shares represents the fair value (including the option’s inherent value and time value) by adopting the Option Pricing Model after deducting the discounted costs arising from the Restrictive Factor.

According to the relevant requirements of the Accounting Standards for Business Enterprises No. 11-Share Payments and Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Company adopts the Black-Scholes model (B-S model) as the pricing model to determine the fair value of the Type II Restricted Shares. The Company uses such model to estimate the fair value of the Restricted Shares using March 30, 2023 as the record date (formal estimation at the time of grant) for calculation. Specific parameters selected are as follows:

- a. Underlying share price: RMB57.05 per share (closing price as at March 30, 2023);
- b. Valid period of call option: 1 year, 2 years, 3 years and 4 years (from grant date to the first vesting date of each period), valid period of put option: 0.5 year (restricted factors, i.e., the additional Lock-up Period after each vesting date);
- c. Historical volatility: annualized volatility of the Shenzhen Composite Index for respective period;
- d. Risk-free interest rate: the RMB benchmark deposit rate for financial institutions formulated by the People’s Bank of China for respective period.

II. THE ESTIMATED IMPACT ON THE OPERATING PERFORMANCE IN EACH ACCOUNTING PERIOD DUE TO OF THE IMPLEMENTATION OF THE RESTRICTED SHARES

The Company will grant 1,643,700 Restricted Shares to the Participants, of which 1,479,300 shares were granted for the first time. The fair value of the Restricted Shares was estimated based on the closing data on the trading day prior to the publication of the draft Incentive Scheme, and the total equity expense of the First Grant was estimated to be RMB40,290,300. The total amount of the above expenses as the incentive cost of the Company's Incentive Scheme will be recognized over the course of the Incentive Scheme in proportion in installments and will be charged to operating profit or loss. In accordance with accounting standards, the actual amount shall be based on the fair value of the Shares calculated on the "actual grant date", assuming that the Company grants the Restricted Shares in May 2023 and all of the Participants granted meet the attribution conditions under the Incentive Scheme and all of the Restricted Shares will be attributed during each attribution period, and the amortization of cost of the Restricted Shares from the years 2023 to 2027 shall be as follows:

Unit: RMB0'000

Amortization cost of the Restricted Shares	2023	2024	2025	2026	2027
4,029.03	1,200.01	1,498.76	812.51	407.44	110.31

Notes:

1. The above costs are projected costs, and actual costs are related to the actual grant price, the grant date, the closing price on the grant date, the number of Restricted Shares granted and the best estimate of the number of attributable equity instrument;
2. Shareholders' attention is drawn to the possible dilutive effect of the share-based payment described above;
3. The final influence of the above projected amortization expenses on the Company's operating results is subject to the audit report issued by the accountants;
4. Certain figures shown as totals in the above table may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.

The cost of the Incentive Scheme will be charged to cost expenses. Without considering the positive effect of the Incentive Scheme on the Company's performance, the Company estimates, based on current information, that the amortization of cost expenses of the Incentive Scheme will have an impact on net profit of each year within the validity period. Considering the positive effect of the Incentive Scheme on the Company's operation and development, which will stimulate the enthusiasm of the management and business team, improve operating efficiency and reduce operating costs, the Incentive Scheme will play a positive role in the Company's long-term performance.

**CHAPTER XII PROCEDURES FOR IMPLEMENTATION, GRANT,
ATTRIBUTION OF AND AMENDMENTS TO, AND TERMINATION OF THE
INCENTIVE SCHEME**

I. PROCEDURES FOR IMPLEMENTATION OF THE INCENTIVE SCHEME

- (i) The Remuneration Committee is responsible for formulating the draft Incentive Scheme and the Company's Assessment Management Measures.
- (ii) The Board shall resolve on the draft Incentive Scheme and the Company's Assessment Management Measures formulated by the Remuneration Committee. When the Board resolves on the Incentive Scheme, related directors shall abstain from voting.
- (iii) The independent Directors and the Supervisory Committee should express opinions as to whether the Incentive Scheme is conducive to the sustainable development of the Company and whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders.
- (iv) The Company will engage an independent financial adviser to give professional opinions on the feasibility of the Incentive Scheme, whether the Incentive Scheme is conducive to the sustainable development of the Company and whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders. The legal adviser engaged by the Company will issue a legal opinion on the Incentive Scheme.
- (v) Within two trading days after the Board having reviewed and approved the draft Incentive Scheme, the Company will make an announcement of the board resolutions, the draft and summary of the Incentive Scheme, the opinions of independent Directors, and the opinions of the Supervisory Committee.
- (vi) The Company shall carry out self-investigation on the trading of shares of the Company by individuals in possession of inside information within 6 months prior to the announcement of the draft Incentive Scheme.
- (vii) Before convening a general meeting, the Company shall announce the names and positions of the Participants internally via the Company's website or other channels for no less than 10 days. The Supervisory Committee shall review the list of Participants and take sufficient consideration of the public response. The Company shall disclose the information regarding the review by the Supervisory Committee regarding the list of Participants and the publication responses 5 days prior to the consideration of the Incentive Scheme at the general meeting.

- (viii) During voting on the Incentive Scheme and related resolutions at the general meeting of the Company, the independent Directors shall solicit proxy voting rights from all shareholders regarding the Incentive Scheme and related resolutions. When the Incentive Scheme and related resolutions are considered by way of special resolution at the general meeting, the related shareholders shall abstain from voting.
- (ix) The Company will disclose an announcement of the resolutions of the general meeting, the Incentive Scheme as considered and approved at the general meeting, the self-investigation report on the trading of shares of the Company by individuals in possession of inside information and the legal opinions.
- (x) After the Incentive Scheme has been considered and approved for the first time by the general meeting of the Company, the Board will grant the Restricted Shares to the Participants and complete the announcements and other relevant procedures pursuant to the authorization granted by the shareholders within 60 days after the Incentive Scheme having been adopted and approved at a general meeting. The Board shall handle matters including the attribution and registration of Restricted Shares in accordance with the authorization at a general meeting.

II. PROCEDURES FOR GRANT OF THE RESTRICTED SHARES

- (i) The Company shall convene a meeting of the Board to grant the Restricted Shares to the Participants within 60 days from the date on which the Incentive Scheme has been adopted and approved at a general meeting for the first time.
- (ii) Before granting the Restricted Shares to the Participants, the Board shall consider whether the Participants have satisfied the conditions for grant prescribed in the Incentive Scheme and make an announcement thereafter. The independent Directors and the Supervisory Committee shall also issue their express opinions at the same time. The legal advisor shall issue a legal opinion on whether the Participants have satisfied the conditions of the grant. The Supervisory Committee of the Company shall verify the list of the Participants on the grant date of the Restricted Shares and issue its opinion.

When there is any discrepancy between the Company's grant of the Restricted Shares to the Participants and the arrangement stipulated under the Incentive Scheme, the independent Directors, the Supervisory Committee (when there are changes to the Participants), legal advisor and the independent financial adviser shall issue their clear opinions simultaneously.

- (iii) The Company shall enter into the Agreement on the Granting of Restricted Shares with the Participants setting out their respective rights and obligations.

- (iv) The Company shall keep a register for management of the Restricted Shares with reference to the Agreement on the Granting of Restricted Shares signed by the Participants and the subscription situation, and such register shall record the names of the Participants, the number of Restricted Shares granted, the grant date and the serial number of the relevant Agreement on the Granting of Restricted Shares.
- (v) Upon the general meeting's consideration and approval of the Share Incentive Scheme for the first time, the Company shall grant the Restricted Shares to the Participants and make an announcement within 60 days. If the Company fails to publish an announcement in respect of the grant of the Restricted Shares within the 60-day period, the Incentive Scheme shall be terminated, and the Board shall promptly disclose the reasons for the failure to complete and is prohibited from considering a share incentive scheme again within 3 months thereafter.
- (vi) The Participants of the reserved interests shall be clarified within 12 months after the consideration and approval of the Incentive Scheme at the general meeting. If the Participants are not specified for more than 12 months, the reserved interests shall be invalidated.
- (vii) Where connected persons or other situations required by the listing rules of the place where the Company's securities are listed are involved, the Company shall comply with such local laws and regulations and meet the relevant requirements (including, if necessary, any prior approval from the independent shareholders).

III. PROCEDURES FOR THE ATTRIBUTION OF THE RESTRICTED SHARES

- (i) Prior to attribution, the Company shall confirm whether the Participants have satisfied the attribution conditions. The Board shall consider whether the attribution conditions under the Incentive Scheme have been satisfied, and the independent Directors and the Supervisory Committee shall express clear opinions at the same time. The legal advisor shall issue a legal opinion on whether the conditions for attributing the Restricted Shares to the Participants have been satisfied. The board's meeting of reviewing satisfaction of the attribution conditions shall be held within 6 months after each attribution period commences.
- (ii) The Participants shall open securities account before the first attribution period commences. The Participants who have fulfilled the attribution conditions shall pay the funds for the subscription of the Restricted Shares into the account designated by the Company according to the Company's requirements within 3 months after each attribution period commences (the exact date and time of payment will be confirmed according to demand note issued then by the Company), which will be verified and confirmed by a certified public accountant. Participants who have not paid the funds within the requisite period shall be deemed to have waived his/her right to subscribe for the Restricted Shares. The Company shall in a unified manner make an application to the Stock Exchange, and after confirmation by the Stock

Exchange, the CSDC will handle the matters for the attribution of the Restricted Shares. The Restricted Shares of the Participants who have not fulfilled the attribution conditions in the relevant tranche shall not be attributed and shall lapse. The Company shall make timely disclosure in respect of the implementation of the Incentive Scheme.

IV. PROCEDURES FOR AMENDMENT AND TERMINATION OF THE INCENTIVE SCHEME

(i) Procedures for the Amendment of the Incentive Scheme

1. If the Company intends to make amendments to the Incentive Scheme before it is considered and approved at the general meeting, the amendments shall be subject to opinion from independent non-executive Directors, considered and approved by the Remuneration and Appraisal Committee and the Board. If the Company intends to make amendments to the Incentive Scheme that has been adopted at the general meeting, such amendments shall be submitted to the general meeting for its approval and shall not include circumstances that would result in the acceleration of attribution or reduction of the grant price.
2. The Company shall timely disclose the reasons for and the content of the amendments. The independent Directors and the Supervisory Committee of the Company shall give clear opinions as to whether the amendments to the Incentive Scheme is conducive to the sustainable development of the Company and whether there are any situations that clearly harm the interests of the Company and all shareholders. The legal advisor shall express its professional opinions as to whether the amended proposal is in compliance with the requirements of the Management Measures and relevant laws and regulations, and whether there are any circumstances that clearly harm the interests of the Company and all shareholders.

(ii) Procedures of Termination of the Incentive Scheme

1. If the Company intends to terminate the Incentive Scheme before it is considered and approved at the general meeting, the Board shall consider and approve and make an announcement. 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 submitted to the Board and the general meetings for approval and be disclosed.
2. The Company shall timely disclose the resolutions of the general meetings or the resolutions of the Board. The legal advisor shall express its professional opinions as to whether the Company's termination of the implementation of the Incentive Scheme is in compliance with the requirements of the Management Measures and relevant laws and regulations and whether there are any circumstances that clearly harm the interests of the Company and all shareholders.

**CHAPTER XIII OTHER RIGHTS AND OBLIGATIONS OF THE
COMPANY/PARTICIPANTS****I. RIGHTS AND OBLIGATIONS OF THE COMPANY**

- (i) The Company has the right to interpret and implement the Incentive Scheme, to conduct performance assessment of the Participants, and to supervise and examine whether the Participants are eligible for attribution. If a Participant fails to fulfill the attribution conditions as determined under the Incentive Scheme, upon the approval of the Board of the Company, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.
- (ii) The Company has the right to require the Participants to work for the Company according to the requirements of the positions at which he/she is employed. If the Participant is not qualified for the positions or fails the assessment, or if the Participant violates the laws, violates professional ethics, divulges company secrets, violates the Company's rules and regulations, and neglects his/her duty or malfeasance or has other acts that seriously damage the Company's interests or reputation, upon the approval by the Board, the Restricted Shares that have been granted to the Participant but have not yet been attributed shall not be attributed and shall lapse.
- (iii) The Company shall withhold and pay the personal income tax and other taxes and fees payable by the Participants in accordance with the relevant provisions of the national tax laws and regulations.
- (iv) The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Participants to obtain relevant Restricted Shares according to the Incentive Scheme.
- (v) The Company shall timely, truly, accurately and completely disclose the information disclosure documents related to the Incentive Scheme in accordance with relevant laws, regulations and regulatory documents, ensure that there are no false records, misleading statements or material omission and timely fulfil the relevant reporting obligations under the Incentive Scheme.
- (vi) In accordance with the Incentive Scheme and relevant requirements of the CSRC, the Stock Exchange and registration and clearing companies, the Company shall handle the registration of the attribution of Restricted Shares for the Participants that meet the attribution conditions. However, the Company shall not be held liable if the Participants fails to complete the registration of the attribution of Restricted Shares due to the reasons on the part of the CSRC, the Stock Exchange and the registration and clearing companies, which causes losses to the Participants.

- (vii) Other relevant rights and obligations as stipulated under the laws, administrative regulations and regulatory documents.

II. RIGHTS AND OBLIGATIONS OF THE PARTICIPANTS

- (i) The Participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions at which he/she is employed by the Company.
- (ii) The Participants have the right to receive the attributed Restricted Shares granted in accordance with the provisions of the Incentive Scheme, and should lock-up and deal with his/her Restricted Shares in accordance with relevant provisions.
- (iii) Source of funds for the Participants shall be their own financing.
- (iv) Prior to the vesting and registration, the Restricted Shares granted to the Participants under the Incentive Scheme shall not be transferred, used to guarantee or repay debts.
- (v) Prior to the vesting and registration, the Restricted Shares granted to the Participants under the Incentive Scheme do not carry any voting rights, assignment and other rights (including rights arising from winding up of the Company) or the right to participate in the distribution of bonus shares or share dividends. Prior to the vesting and registration, the above Restricted Shares shall not be transferred, used as guarantee or repay debts.
- (vi) The income received by the Participants as a result of the Incentive Scheme shall be subject to personal income tax and other taxes and fees in accordance with national tax regulations.
- (vii) The Participants undertake that, if there are false records, misleading statements or material omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting or exercising relevant entitlements, the Participants shall fulfill their undertakings and return all the benefits obtained from the Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in relevant information disclosure documents.
- (viii) If the Participant is no longer eligible to be a Participant under the Incentive Scheme as stipulated in Article 8 of the Management Measures during the implementation of the Incentive Scheme, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall lapse.

- (ix) If the Participant ceases to be employed by the Company after attribution of the Restricted Shares, such Participant shall not engage in business related or similar to that of the Company for two years after the resignation following the end of such Participant's employment with the Company. If the Participant who ceases to be employed by the Company after attribution of the Restricted Shares, engages in business related or similar to that of the Company within the two years after the resignation following the end of such Participant's employment with the Company, such Participant shall return to the Company all interests obtained from the Incentive Scheme, and be liable for damages for breach in the same amount. Such Participant shall also be liable for damages should he/she cause loss to the Company.
- (x) The Participant agreed to authorize the Company to register the share-related matters under the Incentive Scheme.
- (xi) Other relevant rights and obligations as stipulated by laws, administrative regulations, regulatory documents and the Incentive Scheme.

III. OTHER EXPLANATORY NOTES

1. The Company shall enter into the Agreement on the Granting of Restricted Shares with each Participant after the Incentive Scheme having been considered and approved at the general meeting, setting out the parties' respective rights and obligations under the Incentive Scheme and other relevant matters.
2. The Participants don't engage in approval processes, and will not participate in follow-up performance assessment at project group level and individual level under the Incentive Scheme.
3. Any dispute between the Company and the Participants shall be resolved in accordance with the provisions of the Incentive Scheme and the Agreement on the Granting of Restricted Shares. In event of any dispute that is not clearly covered by such provisions, both parties shall negotiate and resolve their disputes in accordance with national laws and the principles of fairness and reasonableness. Where any dispute cannot be settled by negotiation, it shall be resolved through litigation by submitting to the People's Court with jurisdiction over the Company's place of business.
4. The Company's determination of a Participant under the Incentive Scheme does not constitute an undertaking with regards to the employment period of any employee. The employment relationship between the Company and the Participants shall be determined in accordance with the labor contract or employment contract signed.

**CHAPTER XIV ARRANGEMENTS FOR THE INCENTIVE SCHEME IN THE
EVENT OF CHANGE AT THE LEVEL OF COMPANY/PARTICIPANTS****I. IN THE EVENT OF ANY CHANGES OCCURRED AT THE COMPANY LEVEL**

(i) In the event that any of the circumstances below occurs in respect of the Company, the Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Participants under the Incentive Scheme but have not yet been attributed shall not be attributed and shall lapse:

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 equity incentives shall not be implemented;
5. other circumstances where the Incentive Scheme should be terminated as determined by the CSRC.

(ii) Merger or division of the Company, etc.;

In case of merger or division of the Company, the Board of the Company shall decide whether to terminate the Incentive Scheme within five trading days from the date of merger or division.

(iii) Change of Control of the Company

In the event of a change of control of the Company due to mergers, debt consolidation plans or privatization offers, or significant asset restructuring, the Company shall replace half of all members of the Board before the expiration of the term of office of the Board and the Board of the Company shall decide whether to terminate the Incentive Scheme within five trading days from the date of the change of the control.

- (iv) If the Company fails to meet the conditions for granting or attributing the Restricted Shares due to false records, misleading statements or major omissions in the information disclosure documents, the Restricted Shares that have been granted to the Participants but have not yet been attributed shall not be attributed and shall lapse.

If the Restricted Shares that have been granted to the Participants have already been attributed, all the Participants shall return the granted rights and interests. If a Participant who is not responsible for the above matters suffers from losses due to the return of rights and interests, such Participant can recover such losses from the Company or the responsible targets in accordance with relevant arrangements under the Incentive Scheme. The Board shall recover the proceeds from the Participants in accordance with the requirements under the preceding paragraph and relevant arrangements under the Incentive Scheme.

II. IN THE EVENT OF CHANGES IN THE PERSONAL CIRCUMSTANCES OF THE PARTICIPANTS

- (i) Change in Position of the Participants
1. If the position of the Participant changes but he/she still works in the Company or its subsidiaries, the Restricted Shares granted to him/her shall still be carried out in accordance with the procedures stipulated in the Incentive Scheme.
 2. If the Participant is a supervisor or an independent director of the Company or other person who cannot hold the Restricted Shares of the Company, the Restricted Shares that have been attributed shall not be handled. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.
 3. If the Participant violates the law, violates professional ethics, divulges company secrets, damages the interests or reputation of the Company due to dereliction of duty or malfeasance resulting in a change in position, or causes the Company to terminate the labor relationship with the Participant due to the above reasons, the Participants shall return all gains obtained from the attribution of the Restricted Shares. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed 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.

(ii) Resignation of the Participants

If the Company decides to terminate the labor relationship with the Participants, including but not limited to circumstances such as layoffs, Participants' failure to pass performance evaluation, Participants' contract expires and he/she no longer renews the contract or resigns voluntarily, and passive dissolution of labor contract, the Shares that have been attributed before the date of termination of the labor relationship shall not be handled, and the Restricted Shares that have been granted but not yet attributed shall not be attributed and shall lapse.

(iii) Retirement of the Participants

If the Participants that have retired are re-hired, the Restricted Shares that have been granted to them will be carried out in accordance with the procedures stipulated in the Incentive Scheme which took effect before the retirement. If the Participants reject the Company's request for continued employment, or if the Participants retire and leave the Company, the Restricted Shares that have been attributed shall not be handled and the Restricted Shares granted but not yet attributed shall not be attributed and shall lapse.

(iv) Incapacity of the Participants

1. If the Participants are incapacitated and leave the Company due to work injury, the Remuneration Committee shall decide that the Restricted Shares granted to the Participants shall be carried out in accordance with the procedures stipulated in the Incentive Scheme which takes effect before the occurrence thereof, and the personal performance assessment results will no longer be included in the attribution conditions; or the Company shall cancel the Restricted Shares that have been granted but have not yet been attributed.
2. If the Participants leave the Company, which is not due to the incapability arising from work injury, the Restricted Shares that have been attributed shall not be handled. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.

(v) Death of the Participants

1. If the Participants die due to their duty, the Remuneration Committee shall decide that the Restricted Shares granted to them shall be held by the designated property heir or legal heir on their behalf, and shall be carried out in accordance with the procedures stipulated in the Incentive Scheme which takes effect before their death, and the results of their personal performance evaluation shall not be included in the attribution conditions; or the Company shall cancel his/her Restricted Shares that have been granted but have not yet been attributed.

2. If the Participants die for other reasons, the Restricted Shares that have been attributed for the Participants shall not be handled. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.

(vi) Change of Control of the Subsidiary where the Participants Work

If the Participants work in a subsidiary controlled by the Company, and if the Company loses control of the subsidiary and the Participants no longer work in the Company or subsidiaries controlled by the Company, the Restricted Shares that have been attributed shall not be handled. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.

(vii) Changes in Eligibility of Participants

If the Participant no longer meets the eligibility of the Participant due to any one of the following circumstances, the Restricted Shares that have been attributed shall not be handled; and the Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.

1. the Participant has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
2. the Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
3. the Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
4. the Participant has the circumstances stipulated in the Company Law that he/she shall not act as a director or member of the senior management of a company;
5. laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies;
6. other circumstances as determined by the CSRC.

III. OTHERS

The Remuneration Committee shall be responsible for making decisions on other unspecified situations and the methods of handling them.

CHAPTER XV SUPPLEMENTARY PROVISIONS

- I. The Incentive Scheme shall become effective after being considered and approved at the general meeting of the Company;
- II. The Board of the Company shall be responsible for the interpretation of the Incentive Scheme.
- III. If the Incentive Scheme conflicts with the updated laws and regulations issued by the regulatory authorities, the provisions under such laws and regulations shall prevail.

The Board of
Pharmaron Beijing Co., Ltd.*

March 31, 2023

* *For identification purposes only*

**PHARMARON BEIJING CO., LTD.*
ASSESSMENT MANAGEMENT MEASURES FOR THE 2023 RESTRICTED
A SHARE INCENTIVE SCHEME**

To further perfect the corporate governance structure of Pharmaron Beijing Co., Ltd.* (the “Company”), establish and improve the Company’s long-term incentive and restraint mechanism, attract and retain the Company’s core management, mid-level management, core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and core competitiveness of the enterprise, align the interests of shareholders, the Company and core teams effectively, bring their attention to the long-term development of the Company and ensure the achievement of the Company’s development strategies and business goals. Under the premise of fully safeguarding the interests of shareholders, the Company has formulated the 2023 Restricted A Share Incentive Scheme (Draft) of Pharmaron Beijing Co., Ltd.* (the “**Share Incentive Scheme**” or the “**Incentive Scheme**”).

To ensure the smooth implementation of the Share Incentive Scheme of the Company, these measures are specially formulated according to the Company Law of the People’s Republic of China (《中華人民共和國公司法》), 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》) and other relevant laws, administrative regulations, regulatory documents, relevant articles of the Articles of Association as well as the actual situation of the Company.

ARTICLE 1 PURPOSE OF ASSESSMENT

The purposes of these measures are to strengthen the planned implementation of the Company’s Share Incentive Scheme, quantify the specific objectives set by the Company’s Share Incentive Scheme, promote the scientific, standardized and institutionalized assessment management of Participants, and ensure the realization of the various performance indicators under the Company’s Share Incentive Scheme; at the same time, these measures are to guide the Participants to improve work performance and competence and evaluate employees’ performance and contribution in an objective and fair manner, to provide an objective and comprehensive evaluation basis for the implementation of the Incentive Scheme.

ARTICLE 2 PRINCIPLES OF ASSESSMENT

- (i) Assessment and evaluation of the Participants shall be conducted in strict accordance with these measures following the principles of fairness, justice, and openness;
- (ii) The assessment indicators shall be combined with the Company’s medium and long-term development strategies and annual business objectives; as well as the work performance, work competence and work attitude of the Participants.

ARTICLE 3 SCOPE OF ASSESSMENT

These measures apply to all Participants identified in the Incentive Scheme, including core management, mid-level management, core technical personnel, basic-level management and technical personnel of the Company (including its subsidiaries) but excluding the Director, Independent Director, Supervisor, chief executives, senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or the spouses, parents, children or other contacts of such de facto controllers. All Participants must be employed in the Company or its subsidiaries during the assessment period of the Incentive Scheme and have signed labor contracts or employment contracts with the Company or its subsidiaries.

ARTICLE 4 ASSESSMENT BODY AND IMPLEMENTATION BODY

- (i) The Remuneration and Appraisal Committee of the board of directors is responsible for leading and reviewing the assessment of the Participants;
- (ii) The human resources department, finance department and other relevant departments of the Company are responsible for the specific assessment work and reporting to the Remuneration and Appraisal Committee;
- (iii) The human resources department, 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 directors of the Company is responsible for reviewing the assessment results.

ARTICLE 5 PERFORMANCE ASSESSMENT INDICATORS AND STANDARDS

The attribution of the Restricted Shares that have been granted to the Participants will depend on the assessment results at the Company level, project group level and at the level of the Participants.

**APPENDIX VIII ASSESSMENT MANAGEMENT MEASURES FOR THE 2023
RESTRICTED A SHARE INCENTIVE SCHEME**

(i) Performance assessment requirements at the Company level:

Under the Incentive Scheme, in the accounting years of 2023 to 2027, the Company's performance indicators will be evaluated on an annual basis and the achievement of the performance assessment targets will be one of the attribution conditions for the Participants for the current year. The performance assessment targets of the Incentive Scheme are shown in the following table:

Attribution Arrangement	Performance Assessment Target	
Restricted Shares under the First Grant and the Restricted Shares under the Reserved Grant granted prior to the disclosure of the Company's third quarterly report for 2023	First attribution period	Based on the revenue of 2022, the revenue growth in 2023 is set to be not less than 20%
	Second attribution period	Based on the revenue of 2022, the revenue growth in 2024 is set to be not less than 40%
	Third attribution period	Based on the revenue of 2022, the revenue growth in 2025 is set to be not less than 60%
	Fourth attribution period	Based on the revenue of 2022, the revenue growth in 2026 is set to be not less than 80%
Restricted Shares under the Reserved Grant granted after the disclosure of the Company's third quarterly report for 2023	First attribution period	Based on the revenue of 2022, the revenue growth in 2024 is set to be not less than 40%
	Second attribution period	Based on the revenue of 2022, the revenue growth in 2025 is set to be not less than 60%
	Third attribution period	Based on the revenue of 2022, the revenue growth in 2026 is set to be not less than 80%
	Fourth attribution period	Based on the revenue of 2022, the revenue growth in 2027 is set to be not less than 100%

Note: The above revenue refers to the audited revenue of the Company.

**APPENDIX VIII ASSESSMENT MANAGEMENT MEASURES FOR THE 2023
RESTRICTED A SHARE INCENTIVE SCHEME**

During the attribution period, the Company will handle the registration of attributed Restricted Shares for Participants who have satisfied the attribution conditions. In the event that the performance assessment requirements at the Company level have not been reached within the respective attribution tranche, all Restricted Shares that have been granted and attributable to the Participants for the current assessment year shall not be attributed and shall lapse.

(ii) Performance assessment requirements at the project group level:

The limit of Restricted Shares that have been actually attributed to the Participant in the year is linked to its performance assessment at the Participant's project group level for the year, which is based on attribution percentage set with reference to the performance assessment at the Participant's project group level.

(iii) Performance assessment requirements at the individual Participant level:

The individual assessment of Participants is carried out according to the internal performance assessment system of the Company. The results of the individual assessment of Participants are divided into two levels – “pass” and “fail”, and the corresponding attribution percentage is as follows:

Assessment Results	Pass	Fail
Attribution Percentage at the individual Participant Level	100%	0%

Subject to the Company achieving the performance target, the actual number of the Restricted Shares that have been attributed to the Participant in the year = the number of Restricted Shares planned to be attributed in the current year x Attribution ratio at the project group level x Attribution ratio at the individual Participant level. If the Restricted Shares planned to be attributed to the Participants in the current period cannot be attributed due to assessment reasons, such Restricted Shares shall lapse.

ARTICLE 6 ASSESSMENT PROCEDURES

The human resources department, finance department and other relevant departments of the Company is responsible for the specific assessment work under the guidance of the Remuneration and Appraisal Committee and retaining the assessment results. On this basis, a performance assessment report shall be prepared and submitted to the Remuneration and Appraisal Committee, and the board of directors of the Company is responsible for reviewing the assessment results.

ARTICLE 7 PERIOD AND TIMES OF ASSESSMENT

(i) Assessment Period

The accounting year prior to attribution of each tranche of Restricted Shares of the Participants.

(ii) Number of times of assessment

The assessment years of the Incentive Scheme are the five accounting years of 2023-2027, and the assessment shall be conducted once a year.

ARTICLE 8 MANAGEMENT OF ASSESSMENT RESULTS

(i) Feedback and application of assessment results

1. The assessment targets are entitled to know their own assessment results. The employees shall learn from the human resources department about the assessment results within 3 months after the completion of the assessment.
2. If the assessment targets have objections against the assessment results, they can communicate with the human resources department, finance department and other relevant departments to resolve. If the objections cannot be resolved through communication, the assessment objects may appeal to the Remuneration and Appraisal Committee which shall review and determine the final assessment result or level within 10 working days.
3. The assessment results shall be the basis for the attribution of Restricted Shares.

(ii) Filing of assessment records

1. After the completion of assessment, the human resources department, finance department and other relevant departments shall retain all the records of the performance assessment. The assessment results shall be kept as confidential information.
2. In order to ensure the validity of the performance records, the performance records are not allowed to be altered. If the records are to be revised or re-recorded, it must be signed by the assessment recorder.
3. The performance assessment records shall be kept for 5 years. Documents and records that exceed the storage period shall be uniformly destroyed by the Remuneration and Appraisal Committee of the board of directors of the Company.

ARTICLE 9 SUPPLEMENTARY PROVISIONS

- (i) The board of directors is responsible for the formulation, interpretation and revision of these measures.

- (ii) If the relevant provisions of these measures conflict with the relevant national laws, administrative regulations, regulatory documents, and the draft of the Share Incentive Scheme, the relevant national laws, administrative regulations, regulatory documents, and the draft of the Share Incentive Scheme shall prevail. If there are no clear provisions in these measures, the relevant national laws, administrative regulations, regulatory documents, and the Share Incentive Scheme shall be implemented.

- (iii) These measures shall be subject to consideration and approval at the general meeting and become effective upon the Share Incentive Scheme becoming effective.

The Board of
Pharmaron Beijing Co., Ltd.*

March 2023

* *For identification purposes only*

i. Proposed amendments to the Articles of Association by virtue of the proposed increase in registered capital

Before Amendment	After Amendment
Article 2 The Company is a foreign-funded joint stock limited company established through generally converting Pharmaron Beijing Co., Ltd. in accordance with the Company Law, Provisional Regulations on the Establishment of Foreign-Funded Joint Stock Companies Limited, the Special Provisions and other relevant provisions.	Article 2 The Company is a foreign-funded joint stock limited company established through generally converting Pharmaron Beijing Co., Ltd. in accordance with the Company Law and other relevant provisions.
Article 6 The registered capital of the Company is RMB1,191,067,629.	Article 6 The registered capital of the Company is RMB1,191,224,554 .
–	Article 12 (New) The Company shall establish the organization of the Communist Party and carry out Party activities in accordance with the relevant regulations of the Constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the organization of the Communist Party.
Article 21 The shareholding structure of the Company is: 1,191,067,629 ordinary shares, including 990,042,879 shares held by holders of domestic-listed domestic shares, and 201,024,750 shares held by holders of H shares.	Article 22 The shareholding structure of the Company is: 1,191,224,554 ordinary shares, including 990,199,804 shares held by holders of domestic-listed domestic shares, and 201,024,750 shares held by holders of H shares.
Article 24 The Company and subsidiaries of the Company (including affiliates of the Company) do not provide any assistance to a person who is acquiring or is proposing to acquire shares of the Company by way of gift, advancement, guarantee, indemnity or loans or other means.	Article 25 The Company and subsidiaries of the Company (including affiliates of the Company) may not provide any assistance to a person who is acquiring or is proposing to acquire shares of the Company by way of gift, advancement, guarantee, indemnity or loans or other means.

Before Amendment	After Amendment
<p>Article 30 Where the Company buy-backs its shares through an off-market agreement, it shall seek prior approval of the shareholders’ general meeting in accordance with the Articles of Association. The Company may rescind or revise a contract entered into in the aforementioned manner or waive any of its rights thereunder with prior approval of the shareholders’ general meeting obtained in the same manner. The contract for the share buy-back referred to in the preceding paragraph includes but not limited to agreements assuming obligations of share buy-back and acquiring the rights of the shares bought back. The Company shall not assign a contract for repurchasing its own shares or any of its rights thereunder.</p> <p>With regard to the redeemable shares that the Company has the power to buy-back, if they are not bought back on the market or by way of tender, the prices of these shares shall not exceed a maximum price; if they are bought back by way of tender, the tenders shall be available and proposed to all shareholders alike.</p>	<p>Article 31 The repurchase of shares of the Company by an off-market agreement outside a stock exchange shall be approved in advance by the general meeting in accordance with the provisions of the Articles of Association. The Company may rescind or revise a contract entered into in the aforementioned manner or waive any of its rights thereunder with prior approval of the shareholders’ general meeting obtained in the same manner. The contract for the share buy-back referred to in the preceding paragraph includes but not limited to agreements assuming obligations of share buy-back and acquiring the rights of the shares bought back. The Company shall not assign a contract for repurchasing its own shares or any of its rights thereunder.</p>

Before Amendment	After Amendment
<p>Article 34 Different parts of the register of shareholders shall not overlap. No transfer of the shares registered in any part of the register shall be registered in any other part of the register of shareholders at the same time.</p> <p>Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where each part of the register of shareholders is kept.</p> <p>All H Shares which have been fully paid up are freely transferable according to the Articles of Association; provided, unless such transfer complies with the following requirements, the board of directors may refuse to acknowledge any instrument of transfer and will not need to provide any reason therefor:</p> <p>(I) Instrument of transfer and other documents relating to or affecting the title to any H Shares shall be registered, and the expense for registration shall be paid to the Company in an amount as stipulated in the Hong Kong Listing Rules, and the expense shall not exceed the maximum expense as required in the Hong Kong Listing Rules from time to time;</p> <p>(II) The transfer instrument involves only the H Shares;</p> <p>(III) The stamp duty payable under the laws of Hong Kong on the instrument of transfer has been paid;</p> <p>(IV) The relevant share certificates and evidence reasonably required by the board of directors showing that the transferor has the rights to transfer such shares shall be provided;</p>	<p>Article 35 Different parts of the register of shareholders shall not overlap. No transfer of the shares registered in any part of the register shall be registered in any other part of the register of shareholders at the same time.</p> <p>Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where each part of the register of shareholders is kept.</p> <p>The board of directors may refuse to acknowledge any instrument of transfer and will not need to provide any reason therefor unless such transfer complies with the following requirements:</p> <p>(I) The transfer instrument involves only the H Shares;</p> <p>(II) The stamp duty payable under the laws of Hong Kong on the instrument of transfer has been paid;</p> <p>(III) The relevant share certificates and evidence reasonably required by the board of directors showing that the transferor has the rights to transfer such shares shall be provided;</p> <p>.....</p> <p>All transfer instruments shall be kept at the legal address of the Company or any address specified by the board of directors from time to time.</p>

Before Amendment	After Amendment
<p>(V) If the shares are proposed to be transferred to joint holders, the number of such joint shareholders shall not be more than four;</p> <p>(VI) The relevant shares are free of any lien in favor of the Company.</p> <p>.....</p> <p>All transfer instruments shall be kept at the legal address of the Company or any address specified by the board of directors from time to time.</p>	
<p>Article 41 The share certificates of the Company shall be in registered form. The following particulars shall be stated on a share certificate:</p> <p>.....</p> <p>Where the share capital of the Company includes shares which do not carry voting rights, the words “no voting rights” must appear in the designation of such shares. Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting rights” or “limited voting rights”.</p> <p>The Company may issue overseas-listed shares in the form of overseas depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and deposit of securities in the place where the shares of the Company are listed.</p>	<p>Article 42 The share certificates of the Company shall be in registered form. The following particulars shall be stated on a share certificate:</p> <p>.....</p> <p>The Company may issue overseas-listed shares in the form of overseas depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and deposit of securities in the place where the shares of the Company are listed.</p>

Before Amendment	After Amendment
<p>Article 43 The share certificates shall be signed by the chairman of the board of directors. Where the signatures of other senior management of the Company are required by the securities regulatory authorities of the place(s) in which the Company’s shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The share certificates shall only be affixed with the Company’s seal under the authorization of the board of directors. The signature of chairman of the board of directors or other senior management of the Company on the share certificates may also be in printed form. In case of scriptless issue and trading of the shares of the Company, the applicable provisions provided by the securities regulatory authorities where the shares of the Company are listed shall prevail.</p>	<p>Article 44 The share certificates shall be signed by the chairman of the board of directors. Where the signatures of other senior management of the Company are required by the securities regulatory authorities of the place(s) in which the Company’s shares are listed, the share certificates shall also be signed by such other senior management. The signature of chairman of the board of directors or other senior management of the Company on the share certificates may also be in printed form. In case of scriptless issue and trading of the shares of the Company, the applicable provisions provided by the securities regulatory authorities where the shares of the Company are listed shall prevail.</p>
<p>Article 44 The Company shall maintain a register of shareholders, which shall contain the following particulars:</p> <p>.....</p> <p>If two or more persons are registered as joint holders of any of the shares, they shall be deemed as joint owners of relevant shares, but shall be subject to the following conditions:</p> <p>(I) The Company shall register for no more than four persons as the joint shareholders of any shares;</p> <p>(II) All the joint shareholders of any shares shall be jointly and severally liable for all amounts payable for the relevant shares;</p> <p>.....</p>	<p>Article 45 The Company shall maintain a register of shareholders, which shall contain the following particulars:</p> <p>.....</p> <p>If two or more persons are registered as joint holders of any of the shares, they shall be deemed as joint owners of relevant shares, but shall be subject to the following conditions:</p> <p>(I) All the joint shareholders of any shares shall be jointly and severally liable for all amounts payable for the relevant shares;</p> <p>.....</p>

Before Amendment	After Amendment
<p>Article 45 The Company may, pursuant to the understanding and agreements made between the securities competent authorities of the State Council and overseas securities regulatory authorities, keep the register of shareholders of overseas-listed foreign shares outside the PRC and appoint overseas agent(s) for management. All transfer instruments shall be placed at the legal address of the Company or at the address specified by the board of directors from time to time. The original register of holders of shares listed in Hong Kong Stock Exchange shall be kept in Hong Kong, and the Company shall keep a duplicate of the register of holders of overseas-listed foreign shares at the Company's address; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas-listed shares at all times. If there is any inconsistency between the original and the duplicate of the register of holders of overseas-listed foreign shares, the original version shall prevail.</p>	<p>Article 46 The Company may, pursuant to the understanding and agreements made between the securities competent authorities of the State Council and overseas securities regulatory authorities, keep the register of shareholders of overseas-listed foreign shares outside the PRC and appoint overseas agent(s) for management. All transfer instruments shall be placed at the legal address of the Company or at the address specified by the board of directors from time to time. The original register of holders of shares listed in Hong Kong Stock Exchange shall be kept in Hong Kong, and the Company shall keep a duplicate of the register of holders of overseas-listed foreign shares at the Company's address and make it available for access by shareholders; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas-listed shares at all times. If there is any inconsistency between the original and the duplicate of the register of holders of overseas-listed foreign shares, the original version shall prevail.</p>
<p>Article 55 Shareholders of ordinary shares of the Company shall enjoy the following rights:</p> <p>.....</p> <p>(VIII) Other rights conferred by law, administrative regulations, departmental regulations, listing rules of the place where the shares of Company are listed and the Articles of Association.</p> <p>The Company shall not exercise any power to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.</p>	<p>Article 56 Shareholders of ordinary shares of the Company shall enjoy the following rights:</p> <p>.....</p> <p>(VIII) Other rights conferred by law, administrative regulations, departmental regulations, listing rules of the place where the shares of Company are listed and the Articles of Association.</p>

Before Amendment	After Amendment
<p>Article 60 Shareholders of ordinary shares of the Company shall have the following obligations:</p> <p>.....</p> <p>(IV) Not to abuse their shareholders’ rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;</p> <p>Where shareholders of the Company abuse their shareholders’ rights to jeopardize the interests of the Company or other shareholders, such shareholders shall be legally liable for compensation according to laws. Where shareholders of the Company abuse Company’s status as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.</p> <p>Shareholders are not liable for making any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.</p> <p>(V) To be liable for obligations as required by the laws, administrative regulations, departmental rules, normative documents and listing rules of stock exchange of the place where the shares of the Company are listed and the Articles of Association.</p>	<p>Article 61 Shareholders of ordinary shares of the Company shall have the following obligations:</p> <p>.....</p> <p>(IV) Not to abuse their shareholders’ rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;</p> <p>(V) To be liable for obligations as required by the laws, administrative regulations, departmental rules, normative documents and listing rules of stock exchange of the place where the shares of the Company are listed and the Articles of Association.</p> <p>Where shareholders of the Company abuse their shareholders’ rights to jeopardize the interests of the Company or other shareholders, such shareholders shall be legally liable for compensation according to laws. Where shareholders of the Company abuse Company’s status as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.</p> <p>Shareholders are not liable for making any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.</p>

Before Amendment	After Amendment
<p>Article 62 The controlling shareholders and actual controller of the Company shall not use their affiliation to jeopardize the interests of the Company; otherwise, they shall make compensation for the loss incurred by the Company.</p> <p>The controlling shareholders and actual controller of the Company shall have fiduciary duties towards the Company and other shareholders of the Company. The controlling shareholders shall exercise their rights as contributors in strict compliance with the laws, and the controlling shareholders shall not infringe the legitimate rights and interests of the Company and other shareholders of the Company through profit distribution, asset restructuring, foreign investment, appropriation of capital, offering loans, security, and shall not make use of their controlling status to jeopardize the interests of the Company and other shareholders of the Company.</p>	<p>Article 63 The controlling shareholders and actual controller of the Company shall not use their affiliation to jeopardize the interests of the Company; otherwise, they shall make compensation for the loss incurred by the Company.</p> <p>The controlling shareholders and actual controller of the Company shall have fiduciary duties towards the Company and shareholders of public shares of the Company. The controlling shareholders shall exercise their rights as contributors in strict compliance with the laws, and the controlling shareholders shall not infringe the legitimate rights and interests of the Company and shareholders of public shares of the Company through profit distribution, asset restructuring, foreign investment, appropriation of capital, offering loans, security, and shall not make use of their controlling status to jeopardize the interests of the Company and shareholders of public shares of the Company.</p> <p>.....</p>
<p>Article 66 The shareholders’ general meeting is the body exercising the authority of the Company and shall exercise the following duties and powers in accordance with the law:</p> <p>.....</p> <p>(XV) To consider share incentive plans;</p> <p>.....</p>	<p>Article 67 The shareholders’ general meeting is the body exercising the authority of the Company and shall exercise the following duties and powers in accordance with the law:</p> <p>.....</p> <p>(XV) To consider share incentive plans and employee shareholding plans;</p> <p>.....</p>

Before Amendment	After Amendment
<p>Article 67 The external investment, purchase and disposal of assets, external guarantee, consigned financial management, connected transactions and others to be submitted to the shareholders’ general meeting for consideration after consideration and approval by the board of directors are as follows:</p> <p>.....</p> <p>(II) The following guarantees of the Company (including the guarantee provided to controlling subsidiaries) shall be considered and passed at the shareholders’ general meeting:</p> <p>.....</p> <p>4. Any guarantee provided upon the total amount of guarantee to third parties provided by the Company reaching or exceeding 30% of the Company’s latest audited total assets;</p> <p>.....</p> <p>The target of financial assistance is a controlling subsidiary included in the consolidated financial statements of the Company and owned as to over 50% by the Company, thereby such financial assistance shall be exempted from the provisions mentioned above. The Company shall not provide financial assistance such as funds to its connected parties including directors, supervisors, senior management, controlling shareholders, actual controllers and their controlling subsidiaries.</p>	<p>Article 68 The external investment, purchase and disposal of assets, external guarantee, consigned financial management, connected/related transactions and others to be submitted to the shareholders’ general meeting for consideration after consideration and approval by the board of directors are as follows:</p> <p>.....</p> <p>(II) The following guarantees of the Company (including the guarantee provided to controlling subsidiaries) shall be considered and passed at the shareholders’ general meeting:</p> <p>.....</p> <p>4. Any guarantee provided upon the total amount of guarantee to third parties provided by the Company exceeding 30% of the Company’s latest audited total assets;</p> <p>.....</p> <p>The target of financial assistance is a controlling subsidiary included in the consolidated financial statements of the Company and owned as to over 50% by the Company and the shareholders of such controlling subsidiary are not the controlling shareholders or the actual controller and its connected parties of the Company, thereby such financial assistance shall be exempted from the provisions mentioned above.</p>

Before Amendment	After Amendment
	<p>The Company shall not provide financial assistance such as funds to its connected parties including directors, supervisors, senior management, controlling shareholders, actual controllers and their controlling subsidiaries. Where other shareholders of the affiliated joint-stock company (the affiliated corporation with the participation of the Company and in compliance with the provisions of the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange ChiNext Market, excluding the subjects controlled by the controlling shareholders, actual controllers and affiliates of the Company) provide the similar financial assistance in proportion to capital distribution, the financial assistance provided for such affiliated joint-stock company by the Company shall, in addition to the approval of more than half of the uninterested directors, be considered and approved by more than two thirds of the uninterested directors present at the board meeting and submit to the shareholders' general meeting for consideration.</p> <p>Save as specified above, other shareholders of the Company shall, in principle, provide the similar financial assistance in proportion to capital distribution if the Company provides financial assistance for the controlling subsidiaries and joint-stock companies. In case of failure to provide such assistance, such shareholders shall state the reasons, the excuse for the interests of the Company being free from damage, and whether the Company has required other shareholders mentioned above to provide corresponding guarantees.</p>

Before Amendment	After Amendment
	<p>(VI) The transactions between the Company and controlling subsidiaries within the scope of consolidated statements or between such controlling subsidiaries may be exempted from disclosure and execution of the corresponding procedures, unless otherwise provided by the stock exchange where the Company’s shares are listed or the Articles of Association.</p>
<p>Article 69 The Company shall convene an extraordinary shareholders’ general meeting within 2 months upon the occurrence of the following events:</p> <p>.....</p> <p>(III) Shareholders individually or jointly holding 10% or more of the shares of the Company request to convene an extraordinary shareholders’ general meeting;</p> <p>.....</p>	<p>Article 70 The Company shall convene an extraordinary shareholders’ general meeting within 2 months upon the occurrence of the following events:</p> <p>.....</p> <p>(III) Shareholders individually or jointly holding 10% or more of the shares of the Company request to convene an extraordinary shareholders’ general meeting on a one vote per share basis;</p> <p>.....</p>
<p>Article 74 A shareholder who requests to convene a class shareholder meeting shall proceed in accordance with the following procedures:</p> <p>(I) Shareholders either individually or collectively holding more than 10% (inclusive) of the shares of the Company may, through signing one or more copies of written requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the board of directors to convene an extraordinary general meeting or a class meeting. The board of directors shall, pursuant to laws, administrative regulations, the listing rules of the place where shares of the Company are listed and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within 10 days after receiving aforesaid written requisition(s);</p>	<p>Article 75 A shareholder who requests to convene a shareholder meeting shall proceed in accordance with the following procedures:</p> <p>(I) On a one vote per share basis, shareholders either individually or collectively holding more than 10% (inclusive) of the shares of the Company may, through signing one or more copies of written requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the board of directors to convene an extraordinary general meeting or a class meeting. The board of directors shall, pursuant to laws, administrative regulations, the listing rules of the place where shares of the Company are listed and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within 10 days after receiving aforesaid written requisition(s);</p>

Before Amendment	After Amendment
<p>.....</p> <p>(III) In the event that the board of directors does not agree to convene an extraordinary general meeting or a class meeting, or does not furnish any reply within 10 days after receiving such requisition(s), shareholders individually or collectively holding 10% or more of the Company’s shares shall be entitled to propose to the supervisory committee to convene the extraordinary general meeting or the class meeting, provided that such proposal shall be made in writing. In the event that the supervisory committee agrees to convene an extraordinary general meeting or a class meeting, the notice of the general meeting or the class meeting shall be issued within 5 days after receiving such requisition(s). Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned. Failure of the supervisory committee to issue the notice of the general meeting or the class meeting within required time frame shall be deemed as failure of the supervisory committee to convene and preside over a general meeting, in which case, shareholders individually or collectively holding 10% or more of the Company’ s shares for 90 consecutive days or more may convene and preside over the meeting on his/her/their own. If the shareholders convene and hold a meeting because the board of directors does not hold the meeting as mentioned above, the reasonable expenses incurred by the shareholders shall be borne by the Company and deducted from the amount owed by the Company to the defaulting directors.</p>	<p>.....</p> <p>(III) In the event that the board of directors does not agree to convene an extraordinary general meeting or a class meeting, or does not furnish any reply within 10 days after receiving such requisition(s), shareholders individually or collectively holding 10% or more of the Company’s shares shall be entitled to propose to the supervisory committee to convene the extraordinary general meeting or the class meeting on a one vote per share basis, provided that such proposal shall be made in writing. In the event that the supervisory committee agrees to convene an extraordinary general meeting or a class meeting, the notice of the general meeting or the class meeting shall be issued within 5 days after receiving such requisition(s). Any changes to the original request made in the notice shall require prior approval of the shareholders concerned. Where the supervisory committee does not agree to convene an extraordinary general meeting or a class meeting or fails to issue the notice of the general meeting or the class meeting within required time frame shall be deemed as failure of the supervisory committee to convene and preside over a general meeting, in which case, shareholders individually or collectively holding 10% or more of the Company’ s shares for 90 consecutive days or more may, on a one vote per share basis, convene and preside over the meeting on his/her/their own. If the shareholders convene and hold a meeting because the board of directors does not hold the meeting as mentioned above, the reasonable expenses incurred by the shareholders shall be borne by the Company and deducted from the amount owed by the Company to the defaulting directors.</p>

Before Amendment	After Amendment
<p>Article 75 Where the supervisory committee or shareholders decide(s) to convene the shareholders’ general meeting by itself/themselves, it/they shall send out a written notice to the board of directors, and shall file with the dispatched office of CSRC at the locality of the Company and the stock exchange of the place where shares of the Company are listed.</p> <p>The shareholding of the convening shareholders shall not be lower than 10% during the period from the date of announcing the notice of general meeting to the conclusion of the general meeting.</p> <p>The convening shareholder shall submit relevant evidence to the dispatched office of CSRC at the locality of the Company and the stock exchange of the place where shares of the Company are listed upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.</p>	<p>Article 76 Where the supervisory committee or shareholders decide(s) to convene the shareholders’ general meeting by itself/themselves, it/they shall send out a written notice to the board of directors, and shall file with the stock exchange of the place where shares of the Company are listed.</p> <p>The shareholding of the convening shareholders shall not be lower than 10% during the period from the date of announcing the notice of general meeting to the conclusion of the general meeting.</p> <p>The supervisory committee or convening shareholder shall submit relevant evidence to the stock exchange of the place where shares of the Company are listed upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.</p>

Before Amendment	After Amendment
<p>Article 79 When a general meeting is convened by the Company, the board of directors, the supervisory committee or shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to raise proposals to the Company.</p> <p>Shareholders individually or jointly holding 3% or more of the shares of the Company may submit ad hoc proposed resolutions in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents thereof. If the notice period of the supplemental notice fails to meet the relevant provisions of the listing rules of the stock exchange where the Company’s shares are listed, the convener shall postpone the convening of the general meeting and issue the notice of extension in accordance with the listing rules of the stock exchange where the Company’s shares are listed and the Articles of Association.</p> <p>Except for circumstances provided in the above paragraph, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.</p> <p>The general meeting shall neither vote nor make a resolution on any proposals that are not included in the notice or are inconsistent with Article 78 hereof.</p>	<p>Article 80 When a general meeting is convened by the Company, the board of directors, the supervisory committee or shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to raise proposals to the Company. The shareholders who raise the ad hoc proposed resolutions shall provide the convener with supporting documents certifying that they hold more than 3% of the Company’s shares. Where shareholders make a joint proposal through entrustment, the entrusting shareholder shall issue a written authorization document to the entrusted shareholder.</p> <p>On a one vote per share basis, shareholders individually or jointly holding 3% or more of the shares of the Company may submit ad hoc proposed resolutions in writing to the convener of the general meeting 10 days before the convening of the general meeting. The letter of ad hoc proposal shall include the name and particulars of proposal, the statement made by the proposer that the proposal conforms to the provisions of the Rules for General Meeting of Listed Companies and the listing rules of the stock exchange where the Company’s shares are listed and the statement made by the proposer guaranteeing the authenticity of the shareholding proof documents and power of attorney provided by the proposer. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents thereof. If the notice period of the supplemental notice fails to meet the relevant provisions of the listing rules of the stock exchange where the Company’s shares are listed, the convener shall postpone the convening of the general meeting and issue the notice of extension in accordance with the listing rules of the stock exchange where the Company’s shares are listed and the Articles of Association.</p>

Before Amendment	After Amendment
	<p>Except for circumstances provided in the above paragraph, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.</p> <p>The general meeting shall neither vote nor make a resolution on any proposals that are not included in the notice or are inconsistent with Article 79 hereof.</p> <p>Where a shareholder puts forward an ad hoc proposed resolutions for the general meeting, none of the following circumstances shall exist:</p> <p>(I) The shareholders who put forward the proposal do not meet the subject qualification requirements such as shareholding ratio;</p> <p>(II) Exceeding the time limit specified for the proposal;</p> <p>(III) The proposal is not within the terms of reference of the shareholders' general meeting;</p> <p>(IV) The proposal has no clear agenda or specific resolution matters;</p> <p>(V) The content of the proposal violates laws and regulations and relevant provisions of the of the stock exchange where the Company's shares are listed;</p> <p>(VI) The proposal does not conform to the provisions of the Articles of Association.</p>

Before Amendment	After Amendment
<p>Article 82 A notice of shareholders’ general meeting shall:</p> <p>.....</p> <p>(IX) specify the record date of shareholdings of shareholders entitled to attend the shareholders’ general meeting;</p> <p>(X) state the names and telephone numbers of the contact persons for the general meeting.</p> <p>.....</p> <p>If a general meeting is held online or otherwise, the designated time and procedure for voting online or through other means shall be expressly stated in the notice of such meetings. The starting time for voting through the online voting system at a general meeting is 9:15 am on the day the general meeting is held, and the voting shall conclude at 3:00 pm on the day on which the on-site general meeting held is adjourned. The time for online voting through the trading system of Shenzhen Stock Exchange shall be the trading hours on the day the general meeting is convened. If there are any special requirements under listing rules of stock exchange in the place where the shares of the Company are listed, such requirements shall prevail.</p> <p>.....</p>	<p>Article 83 A notice of shareholders’ general meeting shall:</p> <p>.....</p> <p>(IX) specify the record date of shareholdings of shareholders entitled to attend the shareholders’ general meeting;</p> <p>(X) state the names and telephone numbers of the contact persons for the general meeting;</p> <p>(XI) specify the voting time and voting procedures of the meeting for the online voting or other means of voting.</p> <p>.....</p> <p>The starting time for voting through the online voting system at a general meeting is 9:15 am on the day the general meeting is held, and the voting shall conclude at 3:00 pm on the day on which the on-site general meeting held is adjourned. The time for online voting through the trading system of Shenzhen Stock Exchange shall be the trading hours on the day the general meeting is convened. If there are any special requirements under listing rules of stock exchange in the place where the shares of the Company are listed, such requirements shall prevail.</p> <p>.....</p>

Before Amendment	After Amendment
<p>Article 87 All holders of ordinary shares listed on the register of shareholders on the shareholding record date or their proxies shall be entitled to attend the shareholders’ general meeting and vote in accordance with relevant laws, regulations, listing rules of the place where the shares of the Company are listed and the Articles of Association.</p> <p>Any shareholder entitled to attend and vote at a shareholders’ general meeting of the Company may attend the shareholders’ general meeting in person or appoint one or more persons (whether or not such persons are shareholders) as his proxies to attend and vote on his behalf, and the proxies so appointed may exercise the following rights pursuant to the authorizations from such shareholder:</p> <p>(I) The shareholder’s rights to speak at the shareholders’ general meeting;</p> <p>(II) The rights to demand by himself or jointly with others in voting by way of poll;</p> <p>(III) The rights to vote, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.</p>	<p>Article 88 All holders of ordinary shares listed on the register of shareholders on the shareholding record date or their proxies shall be entitled to attend the shareholders’ general meeting and vote in accordance with relevant laws, regulations, listing rules of the place where the shares of the Company are listed and the Articles of Association.</p> <p>Each shareholder entitled to attend and vote at the general meeting may attend and vote personally or by appointing one person (who is not necessary to be a shareholder(s)) as his proxy (proxies). The proxy (proxies) may, as authorized by the shareholder, exercise the following rights:</p> <p>(I) The shareholder’s rights to speak at the shareholders’ general meeting;</p> <p>(II) The rights to demand by himself or jointly with others in voting by way of poll;</p> <p>(III) The rights to vote.</p> <p>If a shareholder is cooperation, it may appoint one proxy to attend and vote at any general meetings of the Company, and such presence through appointment of proxy shall be deemed to attend in person. Such shareholder may authorize its proxy to sign the proxy form.</p>

Before Amendment	After Amendment
<p>If a shareholder is a recognized clearing house or its agent within the meaning of the relevant laws of the place where the shares of the Company are listed, he/she may authorize one or more proxy(ies) as he/she thinks fit to act as his/her proxy(ies) at any general meeting or class meeting. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. The proxy form shall be signed by the personnel authorized by the recognized clearing house. Such authorized proxies are entitled to attend the meeting on behalf of the recognized clearing house or their agent (without presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same) and exercise the rights of the recognized clearing house or their agent, as if they were the individual shareholders of the Company.</p>	<p>If a shareholder is a recognized clearing house or its agent within the meaning of the relevant laws of the place where the shares of the Company are listed, he/she is entitled to appoint proxy or the representative of the Company to act as his/her proxy(ies) at any general meeting, class meeting or creditors' meeting. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. The proxy form shall be signed by the personnel authorized by the recognized clearing house. Such authorized proxies are entitled to attend the meeting on behalf of the recognized clearing house or their agent (without presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same) and exercise the rights of the recognized clearing house or their agent (including the rights to speak and vote), as if they were the individual shareholders of the Company.</p>

Before Amendment	After Amendment
<p>Article 106 The following matters shall be passed by way of a special resolution at a shareholders' general meeting:</p> <p>(I) The increase or reduction of the registered capital and the issuance of any kinds of shares, warrants and other similar securities by the Company;</p> <p>(II) The issuance of corporate bonds;</p> <p>(III) The division, merger, dissolution and liquidation;</p> <p>(IV) The amendment to the Articles of Association;</p> <p>(V) The Company's purchases or disposals of material assets or the provision of guarantees within one year, which are more than 30% of the latest audited total assets of the Company;</p> <p>(VI) Share incentive plan;</p> <p>(VII) Other matters required by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association and those that the shareholders' general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution.</p>	<p>Article 107 The following matters shall be passed by way of a special resolution at a shareholders' general meeting:</p> <p>(I) Amendment of the Articles of Association and its appendixes (including the rules of procedure for general meetings, the rules of procedure for meetings of the Board and the rules of procedure for meetings of the Supervisory Committee) (regardless of the form);</p> <p>(II) Amendment or abolition of all or any right appended to any class shares;</p> <p>(III) Increase or reduction of the registered capital;</p> <p>(IV) The Merger, division, dissolution, liquidation (including voluntary liquidation) or changes in the organizational form of the Company;</p> <p>(V) Spin-off of subsidiaries for listing;</p> <p>(VI) Purchases or disposals of material assets or the guarantees within twelve consecutive months which are more than 30% of the latest audited total assets of the Company;</p> <p>(VII) Issuance by the Company of shares, convertible bonds and other securities as recognized by CSRC;</p>

Before Amendment	After Amendment
	<p>(VIII) Repurchase of shares for the purpose of reducing the registered capital;</p> <p>(IX) Restructuring of major assets;</p> <p>(X) Share incentive plan;</p> <p>(XI) Resolution of the shareholders' general meeting of the listed company to voluntarily withdraw its shares from the stock exchange in the place where the shares of the Company are listed and traded, and the decision to cease the trading on any stock exchange or to apply for trading or transfer on other trading venues;</p> <p>(XII) Other matters required by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association and those that the shareholders' general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution.</p> <p>The resolutions mentioned in items (V) and (XI) in the preceding paragraph, in addition to being required to be passed by more than two thirds of voting rights held by shareholders present at the shareholders' general meeting, requires also the approval of more than two thirds of voting rights held by other shareholders present at the meeting excluding the Company's directors, supervisors, senior management and shareholders who individually or collectively hold more than 5% of the listed company's shares.</p>

Before Amendment	After Amendment
<p>Article 107 When shareholders (including their proxies) vote at the shareholders' general meeting, they shall exercise their voting rights according to the number of voting shares they represent. Each share shall carry one voting right.</p> <p>.....</p> <p>Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.</p> <p>The Company's Board, independent non-executive directors, and holders of domestic-listed domestic shares holding more than 1% of the voting shares may act as proxy solicitors and, by themselves or through their appointed securities companies or securities service institutions, publicly invite the shareholders to entrust it to attend the shareholders' general meetings and exercise the rights of shareholders, such as to propose and vote on resolutions, on their behalf. If there are any special requirements under listing rules of stock exchange in the place where the shares of the Company are listed, such requirements shall prevail.</p> <p>If the rights of shareholders are solicited in accordance with the preceding paragraph, the proxy solicitors shall disclose the solicitation documents and the Company shall cooperate.</p> <p>Consideration or de facto consideration for collecting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for collecting voting rights.</p>	<p>Article 108 Shareholders shall be entitled to speak and vote at the shareholders' general meeting, unless individual shareholder shall, subject to the provisions of Listing Rules, waive the right to vote in respect to certain matters. Shareholders (including proxies) shall exercise their voting rights by the number of voting Shares they represent, and each Share shall have one vote.</p> <p>.....</p> <p>Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting. Where a shareholder's purchase of the Company's voting shares violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such shares shall not be included in the total number of voting shares of the shareholders attending the general meeting.</p> <p>The Company's Board, independent non-executive directors, and holders of domestic-listed domestic shares holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC, may publicly solicit voting rights from shareholders. If there are any special requirements under listing rules of stock exchange in the place where the shares of the Company are listed, such requirements shall prevail.</p>

Before Amendment	After Amendment
	<p>When soliciting voting rights from the shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. Consideration or de facto consideration for collecting shareholders' voting rights is prohibited. Except for statutory conditions, the Company shall not impose restrictions on the minimum shareholding proportion against the solicitation of shareholders' voting rights.</p>
<p>Article 110 The Company shall, subject to the shareholders' general meetings being legally and validly held, make it convenient for the shareholders to attend the shareholders' general meetings through various means, including using modern information technology to establish an online voting platform in priority.</p>	<p>Deleted</p>
<p>Article 112 The list of candidates for director and supervisor shall be proposed to the shareholders' general meeting for voting.</p> <p>Candidates for directors of the first session of the board of directors and candidates for the non-employee representative supervisors of the first session of the supervisory committee of the Company are nominated by promoters. The ways and procedures for nominating directors and supervisors for other sessions are:</p> <p>.....</p>	<p>Article 112 The list of candidates for director and supervisor shall be proposed to the shareholders' general meeting for voting.</p> <p>The ways and procedures for nominating directors and supervisors of the Company are:</p> <p>.....</p>

Before Amendment	After Amendment
<p>Article 116 Voting at a shareholders’ general meeting shall be in the form of a show of hands unless a poll is required by the relevant requirements of securities regulatory authorities of the place where the shares of the Company are listed, otherwise required by other laws and regulations or a poll is (before or after any vote by show of hands) demanded by the following persons:</p> <p>.....</p> <p>(III) one or more shareholders (including proxies) individually or jointly holding more than 10% (inclusive) of all shares carrying voting rights at the meeting. Unless a poll is required by the relevant requirements of securities regulatory authorities of the place where the shares of the Company are listed or demanded by any person in the meeting, or otherwise required by other laws and regulations, the chairman of the meeting shall declare whether a resolution has been passed based on a show of hands and record the result in the minutes of meeting as the conclusive evidence. There is no need to provide evidence of the number or percentage of votes in favour of or against such resolution. The demand for a poll may be withdrawn by the person who makes such demand.</p> <p>.....</p>	<p>Article 116 Voting at a shareholders’ general meeting shall be in the form of a show of hands unless a poll is required by the relevant requirements of securities regulatory authorities of the place where the shares of the Company are listed, otherwise required by other laws and regulations or a poll is (before or after any vote by show of hands) demanded by the following persons:</p> <p>.....</p> <p>(III) one or more shareholders (including proxies) individually or jointly holding more than 10% (inclusive) of all shares carrying voting rights at the meeting on a one vote per share basis. Unless a poll is required by the relevant requirements of securities regulatory authorities of the place where the shares of the Company are listed or demanded by any person in the meeting, or otherwise required by other laws and regulations, the chairman of the meeting shall declare whether a resolution has been passed based on a show of hands and record the result in the minutes of meeting as the conclusive evidence. There is no need to provide evidence of the number or percentage of votes in favour of or against such resolution. The demand for a poll may be withdrawn by the person who makes such demand.</p> <p>.....</p>
<p>Article 121 Before voting on a proposal at the shareholders’ general meeting, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. If any shareholder has interests or conflicts in the matters to be considered, such shareholder and its proxy shall not participate in the counting or scrutinizing of votes.</p> <p>.....</p>	<p>Article 121 Before voting on a proposal at the shareholders’ general meeting, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. If any shareholder is connected with the matters to be considered, such shareholder and its proxy shall not participate in the counting or scrutinizing of votes.</p> <p>.....</p>

Before Amendment	After Amendment
<p>Article 129 Shareholders who hold different classes of shares shall be shareholders of different classes. Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations and the Articles of Association. Apart from holders of other classes of shares, holders of domestic shares and H shares are regarded as shareholders of different classes. If appropriate, the Company shall ensure enough voting rights of the shareholders of preferred shares.</p>	<p>Article 129 Shareholders who hold different classes of shares shall be shareholders of different classes. Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations and the Articles of Association. Apart from holders of other classes of shares, holders of domestic shares and H shares are regarded as shareholders of different classes.</p>
<p>Article 141 The methods and procedures to nominate directors are as follows:</p> <p>.....</p> <p>(III) the written notice on intention for nominating candidates for directors and candidates' willingness to accept the nominations shall be sent to the Company no earlier than the issue date of the notice of the general meeting and no later than the 7th day prior to the convention of the general meeting. Where relevant nominees are nominated as directors in accordance with the provisions of this Article, relevant proposals shall comply with the relevant provisions of Article 79 of the Articles of Association. The Company shall give relevant nominees and candidates for directors at least 7 days to submit the aforesaid notice and document (this period is calculated from the day after the issue date of the notice of the general meeting). The candidates for directors who accept the nominations shall promise that the information publicly disclosed about them is true and complete, and that they will diligently fulfill the duties as directors if elected.</p>	<p>Article 141 The methods and procedures to nominate directors are as follows:</p> <p>.....</p> <p>(III) the candidates for directors who accept the nominations shall promise that the information publicly disclosed about them is true and complete, and that they will diligently fulfill the duties as directors if elected.</p>

Before Amendment	After Amendment
<p>Article 143 A director may resign before expiry of his/her term of service. When a director resigns, he shall submit a written resignation notice to the board of directors. The board of directors shall make relevant disclosure within two (2) days.</p> <p>.....</p> <p>Any director appointed to fill a casual vacancy or as an addition to the board of directors shall hold office only until the next annual general meeting of the Company and shall be eligible for re-election at the meeting.</p>	<p>Article 143 A director may resign before expiry of his/her term of service. When a director resigns, he shall submit a written resignation notice to the board of directors. The board of directors shall make relevant disclosure within two (2) days.</p> <p>.....</p> <p>Any director appointed to fill a casual vacancy or as an addition to the board of directors shall hold office only until the first general meeting after his/her appointment of the Company and shall be eligible for re-election at the meeting.</p>
<p>Article 150 The board of directors shall perform the following duties:</p> <p>.....</p> <p>(VIII) to decide on matters relating to the Company’s external investment, acquisitions or disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and connected transactions as authorized by general meetings;</p> <p>(IX) to decide on the establishment of the Company’s internal management structure;</p> <p>(X) to appoint or dismiss the Company’s manager, secretary to the board of directors; based on the nominations of the chairman of the board of directors, to appoint or dismiss the secretary to the board of directors, and based on the nominations of the manger, to appoint or dismiss the deputy manager, financial manager and other senior management of the Company and to determine their remuneration and rewards and penalties;</p>	<p>Article 150 The board of directors shall perform the following duties:</p> <p>.....</p> <p>(VIII) to decide on matters relating to the Company’s external investment, acquisitions or disposal of assets, mortgage of assets, external guarantee, entrusted wealth management, connected transactions and external donations as authorized by general meetings;</p> <p>(IX) to decide on the establishment of the Company’s internal management structure;</p> <p>(X) to decide on the appoint or dismissal the Company’s manager, secretary to the board of directors and other senior management, and their remuneration and rewards and penalties; based on the nominations of the manger, to appoint or dismiss the deputy manager, financial manager and other senior management of the Company and to determine their remuneration and rewards and penalties;</p>

Before Amendment	After Amendment
<p>.....</p>	<p>.....</p> <p>The board of directors of the Company shall have the audit committee, and establish the nomination committee, remuneration and appraisal Committee, and other relevant special committees. The special committees shall be accountable to the board of directors and shall perform their duties in accordance with the listing rules of the stock exchange where the Company’s shares are listed, the Articles of Association and the authorization of the board of directors. Their proposals shall be submitted to the board of directors for deliberation and decision. All special committees are comprised of directors. The majority of members of the audit committee, the nomination committee, and the remuneration and appraisal committee shall be independent non-executive directors, who shall also be the conveners, provided that the convener of the audit committee shall be an accounting professional. The board of directors shall be responsible for formulating the working rules of the special committees and regulating their operation.</p>
<p>Article 153 External investments, acquisitions or disposal of assets, external guarantee, entrusted wealth management and connected transactions and others that are subject to consideration and approval by the board of directors are as follows:</p> <p>.....</p>	<p>Article 153 External investments, acquisitions or disposal of assets, external guarantee, entrusted wealth management, connected transactions, external donations and others that are subject to consideration and approval by the board of directors are as follows:</p> <p>.....</p>

Before Amendment	After Amendment
<p>Article 163 Except for the exceptions specified in the Articles of Association approved by the Hong Kong Stock Exchange, a director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the board of directors in respect of any contract, transaction or arrangement in which he/she or any of his/her close associates as defined in the applicable listing rules in effect from time to time has any material interest or any other relevant proposals. A board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution made at the board meeting shall be passed by more than half of the non-connected directors, but if the matter considered is a matter that must be passed by more than two thirds of directors, it must be passed by more than two thirds of non-connected directors. If the number of non-connected directors attending the meeting is less than 3, the matter shall be submitted to the general meeting for deliberation.</p>	<p>Article 163 Except for the exceptions specified in the Articles of Association approved by the Hong Kong Stock Exchange, a board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution made at the board meeting shall be passed by more than half of the non-connected directors, but if the matter considered is a matter that must be passed by more than two thirds of directors, it must be passed by more than two thirds of non-connected directors. If the number of non-connected directors attending the meeting is less than 3, the matter shall be submitted to the general meeting for deliberation.</p>
<p>Article 170 The Company shall establish an independent non-executive director system. At least one third of the members of the board of directors shall be independent non-executive directors, which shall include at least one accountant. The composition of independent non-executive directors shall also comply with the listing rules of the stock exchange in the place where the stocks of the Company are listed. An independent non-executive director shall have more than five years' experience in legal and economic work or other work required for fulfilling duties as independent director, and have the basic knowledge about operations of companies. He/she shall be familiar with the rules of the place where the stocks of the Company are listed, and ensure that he/she can give sufficient time and attention to perform his/her duties.</p>	<p>Article 170 The Company shall establish an independent non-executive director system. At least one third of the members of the board of directors shall be independent non-executive directors, which shall include at least one accountant. The composition of independent non-executive directors shall also comply with the listing rules of the stock exchange in the place where the stocks of the Company are listed. An independent non-executive director shall have more than five years' experience in legal, economic, managerial, accounting or financial work or other work required for fulfilling duties as independent director, and have the basic knowledge about operations of companies. He/she shall be familiar with the rules of the place where the stocks of the Company are listed, and ensure that he/she can give sufficient time and attention to perform his/her duties.</p>

Before Amendment	After Amendment
<p>The following persons must not serve as the independent non-executive directors:</p> <p>(I) persons who hold a position in the Company or its subsidiaries, their immediate relatives and major social relations (immediate relatives refer to their spouse, parents, children etc.; major social relations refer to brothers and sisters, father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law etc.);</p> <p>(II) persons who directly or indirectly hold more than 1% of the issued shares of the Company, or the natural person shareholders in the top ten shareholders of the Company, and such shareholders' immediate relatives;</p> <p>(III) any employee of any corporate shareholder that directly or indirectly holds more than 5% of the Company's issued shares, or any employee of any of the five largest corporate shareholders of the Company, and his/her lineal relatives;</p> <p>(IV) any person who falls under any of the above three categories during the past one year;</p> <p>(V) any person who provides financial, legal or advisory services to the Company or to its subsidiaries;</p> <p>(VI) such other persons specified in the Articles of Association;</p> <p>(VII) such other persons determined by the securities regulatory authorities where the shares of the Company are listed.</p>	<p>The following persons must not serve as the independent non-executive directors:</p> <p>(I) persons who hold a position in the listed company or its subsidiaries, their immediate relatives and major social relations;</p> <p>(II) persons who directly or indirectly hold more than 1% of the issued shares of the Company, or the natural person shareholders in the top ten shareholders of the Company, and such shareholders' immediate relatives;</p> <p>(III) any employee of any corporate shareholder that directly or indirectly holds more than 5% of the Company's issued shares, or any employee of any of the five largest corporate shareholders of the Company, and his/her lineal relatives;</p> <p>(IV) persons who hold a position in the controlling shareholders, actual controller and its subsidiaries;</p> <p>(V) persons who provides financial, legal or advisory services or other services for the Company, its controlling shareholders, its actual controller or their subsidiaries, including but not limited to all the employees of the project team of intermediaries providing services, reviewing officers, and officers, partners and principals signing the reports;</p>

Before Amendment	After Amendment
	<p>(VI) persons who hold a position in the entities that have major business transactions with the Company, its controlling shareholders, its actual controller or their subsidiaries, or that are the entities of controlling shareholders of the entities that have major business transactions with the Company, its controlling shareholders, its actual controller or their subsidiaries;</p> <p>(VII) any person who falls under any of the above six categories during the past twelve months;</p> <p>(VIII) such other persons determined by the securities regulatory authorities where the shares of the Company are listed.</p> <p>“Major social relations” stated in the preceding paragraph refer to brothers and sisters, father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law etc.; “major business transactions” refer to the matters need to be submitted to the shareholders’ general meeting for consideration in accordance with the listing rules of the Shenzhen Stock Exchange or the provisions of the Articles of Association, or other major matters determined by the Shenzhen Stock Exchange; “hold a position” refer to serving as the directors, supervisors, senior management and other employees. The subsidiaries of controlling shareholders and actual controllers of the Company stated in the items (IV), (V) and (VI) of the preceding paragraph exclude the subsidiaries without connected relationships with the listed company in accordance with the listing rules of the Shenzhen Stock Exchange or the provisions of the Articles of Association.</p>

Before Amendment	After Amendment
<p>Article 172 An independent non-executive director shall have the following special functions and powers in addition to the general functions and powers:</p> <p>(I) material connected transactions (determined according to the standards required by the stock exchange where the Company's shares are listed, hereinafter inclusive) shall, after the recognition by independent non-executive directors, be submitted to the board of directors for discussion. The independent non-executive directors may, before making a judgment, engage an intermediary to issue an independent financial advisor report as the basis for them to make the judgment;</p> <p>(II) to propose to the board of directors to engage or remove an accounting firm;</p> <p>(III) propose to the board of directors to convene an extraordinary general meeting;</p> <p>(IV) to propose to convene a board meeting;</p> <p>(V) to engage an external auditing or advisory firm independently;</p> <p>(VI) may collect voting rights from shareholders prior to the convening of a general meeting.</p>	<p>Article 172 An independent non-executive director shall have the following special functions and powers in addition to the general functions and powers:</p> <p>(I) material connected transactions (determined according to the standards required by the stock exchange where the Company's shares are listed, hereinafter inclusive) shall, after the recognition by independent non-executive directors, be submitted to the board of directors for discussion. The independent non-executive directors may, before making a judgment, engage an intermediary to issue an independent financial advisor report as the basis for them to make the judgment;</p> <p>(II) to propose to the board of directors to engage or remove an accounting firm;</p> <p>(III) propose to the board of directors to convene an extraordinary general meeting;</p> <p>(IV) to put forward the proposals on profit distribution and conversion of capital reserve to share capital after collecting views from minority shareholders to the board of directors for consideration;</p> <p>(V) to propose to convene a board meeting;</p> <p>(VI) to collect voting rights from shareholders prior to the convening of a general meeting.</p> <p>(VII) to engage an external auditing or advisory firm independently.</p>

Before Amendment	After Amendment
<p>The independent non-executive directors shall seek the consent of more than half of all the independent non-executive directors in exercising their functions and powers as set out above. If the above proposal is not accepted or the above functions and powers cannot be exercised properly, the Company shall disclose the relevant circumstances.</p>	<p>The independent non-executive directors shall seek the consent of more than half of all the independent non-executive directors in exercising their functions and powers as prescribed in the above items (I) to (VI); the independent non-executive directors shall seek the consent of all the independent non-executive directors in exercising their functions and powers as prescribed in the above item (VII). The matters mentioned in the above items (I) and (II) shall, after the consent by more than half of all independent non-executive directors, be submitted to the board of directors for discussion.</p> <p>If the above-mentioned proposal is not accepted or the above functions and powers cannot be exercised properly, the Company shall disclose the relevant circumstances.</p>
<p>Article 173 Independent non-executive directors shall provide their independent opinions of agreement, qualified opinions and reasons thereof, dissenting opinions and reasons thereof, or no opinions and reasons thereof on the following matters of the Company:</p> <p>(I) Nomination, appointment and removal of any director;</p> <p>(II) Appointment or removal of any senior management;</p> <p>(III) The remuneration of directors and senior management of the Company;</p> <p>(IV) The Board does not propose any profit distribution plan;</p> <p>(V) Existing or proposed loans or other investment to the Company from its shareholders, actual controller or other associate entities which exceed RMB3 million or 5% of the Company's latest audited net assets and whether the Company has adopted effective procedures for repayment of such debt;</p>	<p>Article 173 Independent non-executive directors shall provide their independent opinions of agreement, qualified opinions and reasons thereof, dissenting opinions and reasons thereof, or no opinions and reasons thereof on the following matters of the Company:</p> <p>(I) Nomination, appointment and removal of any director;</p> <p>(II) Appointment or removal of any senior management;</p> <p>(III) The remuneration of directors and senior management of the Company;</p> <p>(IV) Appointment and removal of any accounting firm;</p> <p>(V) Changes in accounting policies and accounting estimates or correction of material accounting errors by the reason other than the change in accounting standards;</p>

Before Amendment	After Amendment
<p>(VI) Matters that in the opinion of independent non-executive directors may prejudice to the interests of the minority shareholders;</p> <p>(VII) Other circumstances as provided by laws, regulations, rules and regulations, the listing rules of the stock exchange of the place where the Company's shares are listed or the Articles of Association.</p>	<p>(VI) Non-standard unqualified auditing opinions on the financial and accounting reports and internal control of the Company issued by accounting firm;</p> <p>(VII) Internal control and appraisal report;</p> <p>(VIII) Relevant parties' plan for commitment change according to the provisions of Section IV of Chapter VII of Self-regulatory Guidelines for Listed Companies No. 2 of Shenzhen Stock Exchange – Standardized Operation of Listed Companies on the ChiNext Market;</p> <p>(IX) Influence of issuance of preferred shares on the interests of each class of shareholders;</p> <p>(X) The formulation, adjustment, decision procedure, implementation and information disclosure of the Company's cash dividend policy, and explanation of whether such policy results in damages to the legal interests of small and medium and small investors;</p> <p>(XI) Major matters concerning the disclosure of connected/related transactions, external guarantee (excluding the guarantees to subsidiaries within the scope of consolidated statements), consigned financial management, provision of financial assistance, the matters related to the use of proceeds, voluntary changes in accounting policies, and stock and its derivatives investment;</p> <p>(XII) Major assets restructuring plans, acquisitions of management, share incentive plans, employee shareholding plans, share repurchase plans and plans for debt repayment with non-cash assets by related party of listed company;</p>

Before Amendment	After Amendment
	<p>(XIII) The Company’s proposal for withdrawal of its shares from the stock exchange in the place where the shares of the Company are listed and traded;</p> <p>(XIV) Matters that in the opinion of independent non-executive directors may prejudice to the interests of the minority shareholders;</p> <p>(XV) Other circumstances as provided by laws, regulations, rules and regulations, the listing rules of the stock exchange of the place where the Company’s shares are listed or the Articles of Association.</p>
<p>Article 184 Staff of controlling shareholders and actual controllers of the Company who serve positions other than directors of the controlling shareholders and the actual controllers shall not serve as senior management of the Company.</p>	<p>Article 184 Staff of controlling shareholders and actual controllers of the Company who serve administrative positions other than directors and supervisors of the controlling shareholders and the actual controllers shall not serve as senior management of the Company. The Company’s senior management shall be only paid by the Company, not by the controlling shareholders or actual controllers.</p>
<p>Article 192 A senior management shall be personally liable for any loss suffered by the Company as a result of a violation by him of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his duties.</p>	<p>Article 192 A senior management shall be personally liable for any loss suffered by the Company as a result of a violation by him of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his duties. The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management of the Company fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and shareholders of public shares, they shall be liable for compensation in accordance with the law.</p>

Before Amendment	After Amendment
<p>Article 197 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.</p>	<p>Article 197 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and sign written confirmation opinions on regular reports.</p>
<p>Article 209 The following persons shall not serve as directors, supervisors, manager or other senior management of the Company:</p> <p>.....</p> <p>(IX) persons who are imposed by the CSRC a ban from entering into the securities market for a period which has not yet expired;</p> <p>.....</p>	<p>Article 209 The following persons shall not serve as directors, supervisors, manager or other senior management of the Company:</p> <p>.....</p> <p>(IX) persons who have been punished by the CSRC through taking measures to ban them from the securities market for a period which has not yet expired;</p> <p>.....</p>
<p>Article 217 Where a director, supervisor, managers and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the related matters under normal circumstances is otherwise subject to the approval of the Board.</p> <p>Except for exceptional cases as provided in note 1 of Appendix III to the Hong Kong Listing Rules or as permitted by the Hong Kong Stock Exchange, directors shall not vote on resolutions of the Board in respect of any contract, arrangement or any other suggestions in which they are substantially interested through themselves or any of their close associates (as defined in the Hong Kong Listing Rules). When determining whether the quorum is reached, such directors shall not be counted.</p> <p>.....</p>	<p>Article 217 Where a director, supervisor, managers and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the related matters under normal circumstances is otherwise subject to the approval of the Board.</p> <p>Except for exceptional cases as provided in the Hong Kong Listing Rules or as permitted by the Hong Kong Stock Exchange, directors shall not vote on resolutions of the Board in respect of any contract, arrangement or any other suggestions in which they are substantially interested through themselves or any of their close associates (as defined in the Hong Kong Listing Rules). When determining whether the quorum is reached, such directors shall not be counted.</p> <p>.....</p>

Before Amendment	After Amendment
<p>Article 228 The Company shall submit its annual financial reports to the CSRC and the stock exchange(s) in the place where the Company's shares are listed within 4 months from the ending date of each fiscal year, submit the half-year financial reports to the local office of the CSRC and the stock exchange(s) in the place where the Company's shares are listed within 2 months from the ending date of the first 6 months of each fiscal year, and submit the quarterly financial reports to the local office of the CSRC and the stock exchange(s) in the place where the Company's shares are listed within 1 month from the ending dates of the first 3 and first 9 months of each fiscal year respectively.</p> <p>The above financial reports are prepared in accordance with laws, administrative regulations and the provisions of departmental regulations.</p>	<p>Article 228 The Company shall submit and disclose its annual reports to the CSRC and the stock exchange(s) in the place where the Company's shares are listed within 4 months from the ending date of each fiscal year, submit and disclose the interim reports to the local office of the CSRC and the stock exchange(s) in the place where the Company's shares are listed within 2 months from the ending date of the first six months of each fiscal year, Other regulations of the securities regulatory authorities at the place where the shares of the Company are listed shall prevail.</p> <p>The above-mentioned annual reports and the interim reports shall be prepared in accordance with relevant laws, administrative regulations and the provisions of the CSRC and the stock exchange in the place where the Company's shares are listed.</p>
<p>Article 230 The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.</p> <p>Unless otherwise specified in the Articles of Association, the Company shall deliver or send to each shareholder of overseas-listed foreign shares by personal delivery or prepaid mail at the address registered in the register of shareholders the said report or the report of directors, together with the balance sheet (including every document to be attached to the balance sheet as required by the law) and income statement or the statement of income and expenditure not later than 21 days before the date of every annual general meeting. The address of each shareholders of overseas-listed foreign shares listed in the register of shareholders shall prevail for the personal delivery or prepaid mail or otherwise permitted by the Hong Kong Stock Exchange.</p>	<p>Article 230 The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.</p>

Before Amendment	After Amendment
Article 232 The Company shall disclose two financial reports in each accounting year, i.e., its interim financial reports within 60 days of the end of the first 6 months of an accounting year and its annual financial reports within 120 days after the end of the accounting year. Other regulations of the securities regulatory authorities at the place where the shares of the Company are listed shall prevail.	Deleted
Article 239 Any amount paid up in advance of calls on any share may be entitled to dividend. Shareholders shall not be entitled to participate in respect thereof in a dividend subsequently declared. Subject to the relevant laws, regulations, departmental rules or standards of the PRC, the Company may exercise the power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period.	Deleted
Article 240 The Company has the power to cease sending dividend warrants by post to a given holder of the H Shares, but may exercise such power only if such warrants fail to be redeemed for two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned and undelivered.	Deleted
Article 247 If there is a vacancy in the position of the accounting firm, the board of directors may engage an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. But in the period of vacancy, any other accounting firm which has been engaged by the Company may continue to act.	Article 244 If there is a vacancy in the position of the accounting firm, any other accounting firm which has been engaged by the Company may continue to act in the period of vacancy.
Article 251 The auditing fee of the accounting firm shall be determined by the shareholders' general meeting.	Article 248 The auditing fee of the accounting firm shall be determined by the shareholders' general meeting or other organization independent from the board of directors.

The number of Articles of Association and the number of referenced Articles have been adjusted accordingly according to the amendments, and will not be listed sequentially. Except for the amendments to the above Articles, there are no substantial changes in other contents of the Articles of Association. The above changes are finally subject to the content approved by the market supervision and management department.

ii. Proposed amendments to the Articles of Association by virtue of the proposed reduction in registered capital and the proposed change in Board composition

Before Amendment	After Amendment
Article 6 The registered capital of the Company is RMB1,191,224,554.	Article 6 The registered capital of the Company is RMB1,191,154,804 .
Article 22 The shareholding structure of the Company is: 1,191,224,554 ordinary shares, including 990,199,804 shares held by holders of domestic-listed domestic shares, and 201,024,750 shares held by holders of H shares.	Article 22 The shareholding structure of the Company is: 1,191,154,804 ordinary shares, including 990,130,054 shares held by holders of domestic-listed domestic shares, and 201,024,750 shares held by holders of H shares.
<p>Article 112 The list of candidates for director and supervisor shall be proposed to the shareholders’ general meeting for voting.</p> <p>.....</p> <p>The applicable cumulative voting system voted at the shareholders’ general meeting shall be conducted under the following principles:</p> <p>(I) The number of director or supervisor candidates may exceed the number of persons to be elected at the shareholders’ general meeting whereas the number of persons to be elected voted by each shareholder shall not exceed the number of directors or supervisors to be elected at the shareholders’ general meeting. The total number of votes attributed may not exceed the number of votes owned by shareholders, otherwise the votes will be invalid;</p>	<p>Article 112 The list of candidates for director and supervisor shall be proposed to the shareholders’ general meeting for voting.</p> <p>.....</p> <p>The applicable cumulative voting system voted at the shareholders’ general meeting shall be conducted under the following principles:</p> <p>(I) The number of director or supervisor candidates may exceed the number of persons to be elected at the shareholders’ general meeting whereas the number of persons to be elected voted by each shareholder shall not exceed the number of directors or supervisors to be elected at the shareholders’ general meeting. The total number of votes attributed may not exceed the number of votes owned by shareholders, otherwise the votes will be invalid;</p>

Before Amendment	After Amendment
<p>(II) Independent non-executive directors and non-independent non-executive directors vote separately. When electing an independent non-executive director, each shareholder is entitled to receive the number of votes equal to the number of shares held by him/her multiplied by the number of independent non-executive directors to be elected, during which the votes are only for independent non-executive director candidates of the Company; when electing a non-independent non-executive director, each shareholder is entitled to receive the number of votes equal to the number of shares held by him/her multiplied by the number of non-independent non-executive directors to be elected, during which the votes are only for non-independent non-executive director candidates of the Company;</p> <p>.....</p>	<p>(II) Independent non-executive directors, non-executive directors and executive directors vote separately. When electing an independent non-executive director, each shareholder is entitled to receive the number of votes equal to the number of shares held by him/her multiplied by the number of independent non-executive directors to be elected, during which the votes are only for independent non-executive director candidates of the Company; when electing a non-executive director, each shareholder is entitled to receive the number of votes equal to the number of shares held by him/her multiplied by the number of non-executive directors to be elected, during which the votes are only for non-executive director candidates of the Company; when electing an executive director, each shareholder is entitled to receive the number of votes equal to the number of shares held by him/her multiplied by the number of executive directors to be elected, during which the votes are only for executive director candidates of the Company;</p> <p>.....</p>

Before Amendment	After Amendment
<p>Article 137 A director of the Company is a natural person and needs not hold the shares of the Company. The directors shall include executive directors and non-executive directors. The executive directors shall be the directors participating in the production and operation of the Company; the non-executive directors shall include non-independent non-executive directors and independent non-executive directors.</p>	<p>Article 137 A director of the Company is a natural person and needs not hold the shares of the Company. The directors shall include executive directors, non-executive directors and independent non-executive directors. The executive directors shall be the directors participating in the production and operation of the Company; the non-executive directors shall be the directors other than independent non-executive directors who do not participate in the production and operation of the Company; the independent non-executive directors shall be the directors who, pursuant to the Listing Rules of the Stock Exchange where the Company’s shares are listed and the provisions of these Articles, is not holding any other positions in the Company other than the director and has no relationship with the Company and its substantial shareholders that may prevent him from making an independent and objective judgment.</p>
<p>Article 149 The board of directors shall consist of eleven (11) directors, including four (4) independent non-executive directors. The board of directors shall have a chairman.</p>	<p>Article 149 The board of directors shall consist of nine (9) directors, including three (3) executive directors, two (2) non-executive directors and four (4) independent non-executive directors, and board of directors shall have a chairman.</p>

Before Amendment	After Amendment
<p>Article 166 Proxy attendance at board meetings shall follow the principles below:</p> <p>(I) where related transactions are considered, a non-connected director shall not appoint a connected director to attend the meeting on his behalf, and a connected director shall also not accept the appointment of a non-connected director;</p> <p>(II) an independent non-executive director shall not appoint a non-independent non-executive director to attend the meeting on his behalf, and a non-independent non-executive director shall also not accept the appointment of an independent non-executive director;</p> <p>(III) a director shall not give any other director carte blanche to attend the meeting on his behalf without providing his own opinions and voting intent on the proposals, and the relevant director shall also not accept the carte blanche or any appointment not well defined;</p> <p>(IV) one director shall not accept appointment by more than two directors, and a director shall also not appoint any other director who has been appointed by two other directors to attend the meeting on their behalf.</p>	<p>Article 166 Proxy attendance at board meetings shall follow the principles below:</p> <p>(I) where related transactions are considered, a non-connected director shall not appoint a connected director to attend the meeting on his behalf, and a connected director shall also not accept the appointment of a non-connected director;</p> <p>(II) an independent non-executive director shall not appoint an executive director and a non-executive director to attend the meeting on his behalf, and an executive director and a non-executive director shall also not accept the appointment of an independent non-executive director;</p> <p>(III) a director shall not give any other director carte blanche to attend the meeting on his behalf without providing his own opinions and voting intent on the proposals, and the relevant director shall also not accept the carte blanche or any appointment not well defined;</p> <p>(IV) one director shall not accept appointment by more than two directors, and a director shall also not appoint any other director who has been appointed by two other directors to attend the meeting on their behalf.</p>

The serial numbers of the articles and the referenced articles of the Articles of Association adjusted in accordance with the amendments are not listed in order. There is no substantial change to other contents of the Articles of Association except the amendments of above articles. The above changes are ultimately subject to the results approved by the market regulatory authorities.

PHARMARON BEIJING CO., LTD.

The Rules of Procedure for the General Meetings

Chapter 1 General Provisions

Article 1 The Rules of Procedure for General Meetings (these “**Rules**”) are hereby formulated and enacted in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China (the “**Securities Law**”), the Special Provisions of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the “**Special Provisions**”), the Mandatory Provisions of Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (the “**Mandatory Provisions**”), the Letter of Opinions on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong (關於到香港上市對公司章程作補充修改的意見的函) (the “**Letter of Opinions on Amendments**”), the Reply of the State Council on the Adjustment of Notice Period for and Other Matters Concerning Shareholders’ General Meeting of Overseas Listed Companies (Guo Han [2019] No. 97) (國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆(國函[2019]97號)), the listing rules of the stock exchanges where shares in the Company are listed (including but not limited to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), and the Articles of Association of Pharmaron Beijing Co., Ltd. (the “**Articles of Association**”) for the purpose of regulating the activities of the Company and ensuring that the general meeting exercises its functions and powers.

Article 2 The Company shall convene a general meeting in strict accordance with laws, administrative regulations, the listing rules of the stock exchanges where shares in the Company are listed, the Articles of Association, and relevant provisions of these Rules, to ensure that shareholders exercise their rights in accordance with laws.

The board of directors of the Company shall earnestly perform its duties and organize the general meeting in a conscientious and timely manner. Each and every director of the Company shall act diligently and responsibly to ensure general meetings are properly convened and the functions and powers of general meetings are legitimately exercised.

Article 3 The general meeting shall exercise its functions and powers within the scope specified by the Company Law and other laws, administrative regulations, ministerial rules, the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association.

Article 4 General meetings include annual general meetings and extraordinary general meetings. An annual general meeting shall be convened once every year within six months after the end of the previous fiscal year.

APPENDIX X THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS

Where the Company cannot hold the general meeting within the above-mentioned time limit, the Company shall make public disclosure and file with the CSRC's local branch in the locality of the Company and the stock exchanges of the places where shares in the Company are listed.

Article 5 Extraordinary general meetings are held on an irregular basis. The Company shall hold an extraordinary general meeting within two months upon the occurrence of any of the following events:

- (I) The number of directors is less than two-thirds of that stipulated in the Company Law or the Articles of Association;
- (II) Uncovered losses of the Company amount to one-third of its total paid up share capital;
- (III) Shareholders individually or jointly holding 10% or more of the shares in the Company, on a one vote per share basis, propose an extraordinary general meeting;
- (IV) The board of directors considers it necessary to hold an extraordinary general meeting;
- (V) The Supervisory Committee proposes an extraordinary general meeting; or
- (VI) Any other circumstances as provided by laws, administrative regulations, ministerial rules, the listing rules of a place where shares in the Company are listed or the Articles of Association.

The shareholdings referred to in item (III) above shall be calculated as at the date of written proposal of the shareholders.

Article 6 The Company shall, when holding a general meeting, engage lawyers to issue legal opinions and make announcements with respect to the following issues:

- (I) Whether the procedures for convening and holding of the meeting are in compliance with laws, administrative regulations, these Rules and the Articles of Association;
- (II) Whether the attendees and the convener are legally and validly qualified;
- (III) Whether the voting procedures and voting results of the meeting are legal and valid; and
- (IV) Other relevant issues as requested by the Company.

Chapter 2 Convening of General Meetings

Article 7 The board of directors shall duly convene a general meeting within the time limit specified in these Rules.

Article 8 An independent non-executive director may propose an extraordinary general meeting to the board of directors, provided that the proposal shall be made in writing. Within ten days after receiving the proposal, the board of directors shall, pursuant to laws, administrative regulations, the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association, give a written reply on whether it agrees to hold the extraordinary general meeting.

If the board of directors agrees to hold the extraordinary general meeting, it will issue a notice of meeting within five days after passing a resolution thereon. In the event that the board of directors does not agree to hold the meeting, it shall state the reason therefor.

Article 9 The Supervisory Committee may propose an extraordinary general meeting to the board of directors, provided that the proposal shall be made in writing. Within ten days after receiving the proposal, the board of directors shall, pursuant to laws, administrative regulations, the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association, give a written reply on whether it agrees to hold the extraordinary general meeting.

If the board of directors agrees to hold the extraordinary general meeting, it will issue a notice of meeting within five days after passing a resolution thereon. If the notice makes any change to the proposal, consent shall be obtained from the Supervisory Committee.

In the event that the board of directors does not agree to hold the extraordinary general meeting or does not give a reply within ten days after receiving the proposal, the board of directors shall be deemed as unable or failing to perform its duty of convening a general meeting, in which case the Supervisory Committee may convene and preside over the meeting by itself.

Article 10 Shareholders who propose a ~~class shareholder~~ general meeting shall act in accordance with the following procedures:

- (I) Two or more shareholders individually or jointly holding 10% or more of shares with a right to vote at an extraordinary general meeting or a class meeting, on a one vote per share basis, may propose the meeting to the board of directors by signing a written proposal in one or more copies prepared in the same form and content stating the matters to be discussed at the meeting. The shareholdings referred to above shall be calculated as at the date of the written proposal. Within ten days after receiving the proposal, the board of directors shall, pursuant to laws, administrative regulations, and the Articles of Association, give a written reply on whether it agrees to hold the meeting.

- (II) If the board of directors agrees to hold the extraordinary general meeting or class meeting, it shall issue a notice of meeting within five days after passing a resolution thereon. If the notice makes any change to the written proposal, consent shall be obtained from the proposing shareholders. Where any law, regulation or rule or any enactment made by the securities regulator of the place where shares in the Company are listed provides otherwise, such law, regulation, rule or enactment shall prevail.
- (III) In the event that the board of directors does not agree to hold the extraordinary general meeting or class meeting or does not give a reply within ten days after receiving the proposal, shareholders individually or jointly holding 10% or more of shares in the Company, on a one vote per share basis, may propose the extraordinary general meeting or class meeting to the Supervisory Committee, provided that such proposal shall be made in writing. If the Supervisory Committee agrees to hold the extraordinary general meeting or class meeting, it shall issue a notice of meeting within five days after receiving the proposal. If the notice makes any change to the proposal, consent shall be obtained from the proposing shareholders. In the case of that the Supervisory Committee disagreed to convene the general meeting or a class meeting of shareholders, or failed to issue a notice of meeting within the given time frame, it shall be deemed as its-the failure of the Supervisory Committee to convene and preside over the meeting, in which case, shareholders who have individually or jointly held 10% or more of shares in the Company for 90 or more consecutive days may convene and preside over the meeting. Reasonable expenses incurred by the shareholders in convening and holding the meeting due to failure of the board of directors to convene the same as proposed shall be borne by the Company and deducted from amounts owed by the Company to the defaulting directors.

Article 11 Where the Supervisory Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the board of directors of the same in writing and file the same with the ~~CSRC's local branch in the locality of the Company and the~~ stock exchange where shares in the Company are listed.

The total shareholding of the convening shareholders shall not be lower than 10% during the period from the issue date of the notice of meeting to the closing date of the meeting.

Upon the issue of the notice of meeting and the announcement of resolutions passed at the meeting, the Supervisory Committee or the convening shareholders shall file relevant supporting documents with the ~~CSRC's local branch in the locality of the Company and the~~ stock exchanges where shares in the Company are listed.

Article 12 The board of directors and the secretary to the board of directors shall provide assistance and necessary support for and perform their information disclosure obligations in a timely manner with respect to a general meeting convened by the Supervisory Committee or shareholders. The board of directors shall provide the register of shareholders as of record date. If the board of directors does not provide the register of shareholders, the convener may request

the same from the securities registration and clearing institution of the place where shares in the Company are listed by presenting the institution with the announcement about notice of the meeting. The register of shareholders obtained by the convener shall not be used for any purpose other than for holding of the general meeting.

Article 13 Expenses necessary for holding a general meeting by the Supervisory Committee or shareholders shall be borne by the Company and deducted from amounts owed by the Company to the defaulting directors.

Chapter 3 Motions and Notices of General Meetings

Article 14 Content of a motion shall be within the terms of reference of a general meeting, contain specific matters to be discussed and specific matters to be resolved on, and comply with laws, administrative regulations, the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association. The motion shall be submitted or sent to the board of directors in writing.

Article 15 When the Company holds a general meeting, the board of directors, the Supervisory Committee or shareholders individually or jointly holding 3% or more of the shares in the Company on a one vote per share basis shall have the right to put forward motions to the Company. A shareholder who proposes ex tempore motions shall present any evidence proving that he or she holds more than 3% of the shares of the Company to the convener. A shareholder who jointly proposes motions with other shareholders by authorization shall present a written authorization documents to the authorized shareholder.

Shareholders individually or jointly holding 3% or more of the shares in the Company on a one vote per share basis may propose an interim motion in writing to the convener of the general meeting ten days before the meeting is held. The proposal of ex tempore motions shall include: the name of proposal, particulars of proposal, a statement of the proposer that the proposal is in compliance with the rules of the general meeting of the listed company and the relevant provisions of the listing rules of the stock exchange where the Company's shares are listed, and a declaration that the proposer warrants the authenticity of the evidence of shareholdings and the power of attorney provided by himself or herself. The convener shall, within two days upon receipt of the motion, issue a supplementary notice of the general meeting, stating the content of the interim motion.

Except for circumstances described in the above paragraph, the convener shall not revise any motions stated in the notice of the general meeting or add any new motions after issuing the notice.

The general meeting shall not vote or resolve on any motion that is not included in the notice or is inconsistent with Article 15 hereof.

APPENDIX X THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS

A shareholder who proposes ex tempore motions at the general meeting shall in no event fall into the following circumstance:

- (I) The shareholder making proposals does not meet requirements on the qualification of subject such as shareholding ratio;
- (II) The specified time limit for making the proposal is exceeded;
- (III) The proposal does not fall within the scope of authority of the general meeting;
- (IV) The proposal does not carry specific subjects and matters to be resolved;
- (V) The proposal is in violation of the laws and regulations and the relevant provisions of the listing rules of the stock exchange where the Company's shares are listed;
- (VI) The proposal does not meet the provisions of the Articles of Association.

Article 16 The convener of an annual general meeting shall notify shareholders of the meeting by announcement 20 days before the meeting is held; the convener of an extraordinary general meeting shall notify shareholders of the meeting by announcement 15 days before the meeting is held. Such period does not include the date on which the meeting is held but shall include the date on which the notice of meeting is sent.

Article 17 After the notice of a general meeting is sent and before the meeting is held, the convener may issue a reminder of the meeting in accordance with the Company Law and other relevant regulations.

Article 18 The notice and any supplementary notice of a general meeting shall fully and completely disclose the details of all the motions, and all the materials or explanations necessary for the shareholders to make reasonable judgments on the matters to be discussed. If any matter to be discussed requires opinions of an independent non-executive director, the opinions of such director and the reasons therefor shall be disclosed in such notice or supplementary notice.

Article 19 Where matters relating to election of any directors or supervisors are to be discussed at a general meeting, the notice of the meeting shall fully disclose detailed information about candidates for such directors or supervisors, which shall at least include the following:

- (I) Their personal particulars, such as education background, work experiences and any part-time jobs;
- (II) Whether they have any connected relationship with the Company or any controlling shareholder or actual controller of the Company;

- (III) Number of shares held by each of them in the Company;
- (IV) Whether the candidates have been penalized or reprimanded by competent authorities; and
- (V) Whether the candidates meet relevant requirements of the listing rules of the stock exchanges where shares in the Company are listed.

Cumulative voting shall be used for election of directors and supervisors. In addition, each candidate for the position of director or supervisor shall be proposed by a single motion.

Article 20 A notice of a general meeting shall:

- (I) Be made in writing;
- (II) Specify the venue, date and time of the meeting;
- (III) State the matters to be discussed at the meeting;
- (IV) Provide shareholders with information and explanations necessary for them to make an informed decision about the matters to be discussed. Without limiting the generality of the foregoing, where the Company proposes to merge with another business, repurchase its shares, restructure its share capital or conduct any other form of restructuring, it shall provide shareholders with the specific terms of and any contract(s) for the proposed transaction and properly explain the cause and effect of such proposal;
- (V) Contain a disclosure of the nature and extent of any material interests of any director, any supervisor, the president (general manager) or any other officer in any matter to be discussed and the effect that such matter will have on him or her in his capacity as a shareholder in so far as it is different from the effect on the interests of other shareholders of the same class;
- (VI) Include the full text of any special resolution to be proposed for adoption at the meeting;
- (VII) Contain a conspicuous statement that a shareholder who has the right to attend and vote at the meeting may appoint one ~~or more~~ proxy~~ies~~ to attend and vote at the meeting on his or her behalf and that such proxy need not be a shareholder;
- (VIII) Specify the time and place for delivering proxy forms for voting at the meeting;
- (IX) Specify the record date to determine shareholders who have the right to attend the meeting;

(X) State the names and telephone numbers of contact persons for the meeting;

(XI) The time and procedures for voting online or by other means.

Article 21 Unless otherwise provided by laws, administrative regulations, the listing rules of the stock exchanges where shares in the Company are listed or the Articles of Association, notice of a general meeting may be given by announcement. For shareholders of overseas listed stocks, the Company may issue the notice of a general meeting on the website of the Company and the website designated by The Stock Exchange of Hong Kong Limited (the “SEHK”) or by other means as permitted by the Hong Kong Listing Rules and the Articles of Association.

Article 22 Upon issue of the notice of a general meeting, the general meeting shall not be postponed or cancelled and motions specified in the notice shall not be withdrawn without a proper reason. In case of any such delay, cancellation or withdrawal, the convener shall give a notice stating reasons therefor at least two business days before the date when the meeting is originally scheduled to be held. Where the meeting is postponed, the postponed date of the meeting shall be specified in the notice.

Chapter 4 Holding of General Meetings

Article 23 A general meeting shall be held at the registered address of the Company or any other location determined by the board of directors.

Each general meeting shall have a venue and be held on-site. The Company will also provide internet or other means to facilitate shareholders’ attendance at a general meeting. Shareholders who attend a general meeting in the aforesaid manner shall be deemed to have been present at the meeting.

Article 24 ~~Any~~ Each shareholder entitled to attend and vote at a general meeting may attend the meeting in person or authorize one ~~or more~~ proxyies (whether they are shareholders or not) to attend and vote at the meeting on his or her behalf. A proxy of a shareholder may exercise the following rights as authorized by such shareholder:

- (I) The shareholder’s right to speak at the meeting;
- (II) The right to demand, by himself or herself or jointly with others, voting on a poll;
- (III) ~~The right to vote, but if a shareholder has appointed more than one proxy, such proxies may only vote on a poll.~~

In the case of a shareholder being a corporation, such shareholder is entitled to appoint another person as his proxy to attend and vote at any general meeting of the Company, and shall be deemed to be presented in person if he or she appointed his or her proxy to attend at any meeting. A corporation shareholder may execute a form of proxy under the hand of a duly authorized officer. If a shareholder is a recognized clearing house or its agent within the

APPENDIX X THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS

meaning of the relevant laws of the place where shares in the Company are listed, the shareholder is entitled to appoint one proxy or a corporate representative ~~may authorize one or more persons as it thinks fit~~ to act as its proxy at any general meeting, or class meeting or creditor's meeting. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares that each such proxy is authorized to represent. The proxy form shall be signed by the person authorized by the clearing house. Such proxy is entitled to attend the meeting on behalf of the clearing house or its agent (without the need to produce any share certificate, notarized authorization and/or further evidence to show that he or she has been duly authorized) and exercise the rights of the clearing house or its agent (including the right to speak and vote), as if he or she was a natural person shareholder of the Company.

Article 25 When a matter that could materially affect the interests of minority investors is deliberated at a general meeting, the votes by minority investors shall be counted separately, and the results of such separate counting shall be disclosed publicly in a timely manner.

The aforesaid matters that could materially affect the interests of minority investors include:

- (I) Nomination, appointment or removal of any director;
- (II) Appointment or dismissal of any officer;
- (III) Remunerations of directors and officers of the Company;
- (IV) Appointment or dismissal of the accounting firm;
- (V) Change in accounting policies, accounting estimates and corrections for significant accounting errors due to reasons other than changes in accounting standard;
- (VI) Unqualified audit opinion issued by the accounting firm on the financial accounting reports and internal control of the listed company;
- (VII) Internal control assessment report;
- (VIII) Commitment change plan made by interested parties pursuant to the provisions in the 4th section of Chapter 7 set out in the Guidelines for Self-discipline Supervision of Listed Companies No. 2 – Standardized Operation of Companies Listed on the ChiNext Market;
- (IX) Effects of issuance of preferred shares on interests of shareholders of different classes of the Company;

- (X) Whether the formulation, adjustment, decision-making procedures, ~~and~~ implementation and information disclosure of the Company's cash dividend policy as well as profit distribution policy will prejudice the legitimate rights and interests of minority investors;
- ~~(V)~~(XI) ~~Connected transactions (including connected transactions stipulated under the Hong Kong Listing Rules), external guarantees (excluding guarantees for subsidiaries within the scope of consolidated statements), entrust management of wealth, external financial assistance, change in matters related to the use of funds raised, voluntary change in accounting policies of the Company, investment in shares and derivatives, among other matters of significance, in all cases requiring disclosure the deliberation and approval by the board of directors or a general meeting;~~
- (VI) ~~Any existing or new loans or other transfer of funds from the Company to any of its shareholders, actual controllers or affiliates in a total amount exceeding RMB3 million or accounting for more than 5% of the Company's latest audited net assets, and whether the Company has taken effective steps to recover the debts;~~
- ~~(VII)~~(XII) Material assets restructuring plan, management buy-out, equity incentive scheme, employee stock ownership plan, share repurchase plan and pay-debt-with assets programme of the related party of the Company;
- ~~(VIII)~~(XIII) Proposal made by the Company to discontinue the trading of shares on the stock exchange where its shares are listed;
- (XIV) Any matters that in the opinion of an independent non-executive director may prejudice the interests of minority shareholders;
- ~~(IX)~~(XV) Any other matters as provided by relevant laws, administrative regulations, ministerial rules, normative documents, business rules or the Articles of Association.

Minority investors are shareholders who do not serve as directors, supervisors, officers of the Company and individually or jointly hold 5% or more of the shares in the Company on a one vote per share basis.

Article 26 The board of directors and other convener(s) of general meetings shall take measures as necessary to maintain the order of the meetings and shall take steps to stop any disturbance to the order of the meetings, provocation of trouble or infringement upon lawful interests of shareholders and report such conduct in a timely manner to the relevant authorities for investigation and punishment.

Article 27 All the holders of ordinary shares listed in the register of shareholders on the record date for a general meeting shall have the right to attend the meeting in person or by proxy and vote at the meeting in accordance with relevant laws, regulations, the listing rules of the place where shares in the Company are listed and the Articles of Association. Such rights

shall not be denied by the Company or convener(s) on any ground. A shareholder attending a general meeting shall produce his or her identity card or other valid proof or evidence of his or her identity, and a proxy attending the meeting shall produce the proxy form issued by the shareholder and his or her own valid proof of identity.

Article 28 A natural person shareholder attending a general meeting in person shall produce his or her identity card or other valid proof or evidence of his or her identity, or his/her share account card/share certificate; If he or she appoints a proxy to attend the meeting, the proxy shall produce valid proof of identity of the shareholder, the proxy form, the share account card/share certificate and his or her own valid proof of identity.

Article 29 A corporate shareholder shall be represented by its legal representative or a proxy/proxies appointed by the legal representative. Where the legal representative attends a general meeting, he or she shall produce the share account card/share certificate, his or her identity card and valid proof of his or her capacity as legal representative; where a proxy attends the meeting, he or she shall produce the proxy form duly issued by the legal representative of the corporate shareholder, the share account card/share certificate and his or her own valid proof of identity.

Article 30 The appointment of a proxy shall be in writing and signed by the appointing shareholder or his or her attorney duly authorized by him or her in writing; in the case of a corporate shareholder, the proxy form shall be affixed with its seal or signed by its director or an attorney duly authorized by it. A proxy form issued by a shareholder to appoint a proxy to attend any general meeting shall contain the following:

- (I) Name of the proxy;
- (II) Number of shares held by the shareholder and represented by the proxy;
- (III) Whether the proxy has the right to vote;
- (IV) Instructions on voting for or against or abstain from voting on each business to be transacted at the meeting;
- (V) Issue date and valid period of the proxy form;
- (VI) Signature (or seal) of the principal. If the principal is a corporate shareholder, the proxy form shall be affixed with its seal or signed by its director or an attorney duly authorized by it.

APPENDIX X THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS

Article 31 Any proxy form provided to a shareholder by the board of directors for the shareholder to appoint a proxy shall be in such form as to enable the shareholder to freely instruct the proxy to vote for or against each single matter to be voted on at the meeting. The proxy form shall also make it clear whether the proxy may vote as he or she thinks fit on matters as to which the shareholder does not give an instruction.

Article 32 A proxy form for voting at a meeting shall, at least 24 hours before the holding of the meeting or 24 hours before the designated time of voting, be placed at the address of the Company or at such other place(s) as specified in the notice of meeting. Where the proxy form for voting is signed by another person authorized by the principal, the letter of authorization or other document authorizing the person to sign shall be notarized. Such notarized letter or document, together with the proxy form, shall be placed at the address of the Company or at such other place(s) as specified in the notice of meeting.

Where the principal is a legal person, its legal representative or the person authorized by a resolution of its board of directors or other decision-making body shall attend the meeting as the proxy of such legal person.

Article 33 If, prior to voting, the principal is deceased or incapacitated, or the proxy is revoked, or the authorization to sign the proxy is revoked, or the shares involved are transferred, a vote cast by the proxy under the proxy form shall nevertheless be valid as long as the Company has not received a written notice of the foregoing instance before the commencement of the relevant meeting.

Article 34 The Company shall prepare a register of attendees for each meeting, which shall include information such as the names of attendees (or their organizations), identity card numbers and domiciles of attendees, number of voting shares held or represented by each attendee, and names of individuals or organizations being represented.

Article 35 The convener and lawyers engaged by the Company shall verify the validity of the qualifications of shareholders against the register of shareholders provided by the securities registration and clearing institution and shall register the names of the shareholders and numbers of their voting shares. Registration for the meeting shall end before the chairperson of the meeting announces the number of shareholders and proxies attending the meeting and the total number of their voting shares.

Article 36 When a general meeting is held, all the directors, supervisors and the secretary to the board of directors shall attend the meeting, and the general manager and other officers shall be present at the meeting as non-voting attendees.

Article 37 A general meeting shall be convened and presided over by the chairperson of the board of directors. If the chairperson is unable to attend the meeting for any reason, a vice chairperson of the board of directors shall convene and preside over the meeting. If both the chairperson and the vice chairperson(s) are unable to attend the meeting, the chairperson may designate a director of the Company to convene and preside over the meeting on his or her

behalf. If no person is so designated, shareholders present at the meeting may elect a person to convene and preside over the meeting. If the shareholders are unable to elect such person for any reason, the shareholder (or his or her proxy) present at the meeting and holding the largest number of voting shares shall preside over the meeting.

If a general meeting is convened by the Supervisory Committee, the chairperson of the Supervisory Committee shall preside over the meeting. If the chairperson of the Supervisory Committee is unable or fails to discharge his or her duty, half or more of the supervisors shall designate a supervisor to preside over the meeting.

If a general meeting is convened by the shareholders, the conveners shall nominate a representative to preside over the meeting. If, for any reason, the conveners are unable to nominate a representative, the shareholder (or his or her proxy) present at the meeting and holding the largest number of voting shares among the conveners shall preside over the meeting.

When a general meeting is held, if the meeting cannot proceed due to the chairperson's violation of these Rules, then with the consent of shareholders holding more than half of the voting rights present at the meeting, the meeting may elect a person to preside over the meeting so that the meeting can proceed.

Article 38 At an annual general meeting, the board of directors and the Supervisory Committee shall report their work for the previous year to shareholders at the meeting. Each independent non-executive director shall also give a work report.

Article 39 Directors, supervisors and officers shall give answers or explanations to shareholders' inquiries and suggestions at general meetings.

Article 40 Prior to voting at a general meeting, the chairperson of the meeting shall declare the number of shareholders and proxies present at the meeting and the total number of their voting shares, and such numbers shall be subject to those registered for the meeting.

Chapter 5 Voting and Resolutions at General Meetings

Article 41 Resolutions of a general meeting include ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed by more than half of the voting rights held by shareholders (or their proxies) attending the meeting.

A special resolution of a general meeting shall be passed by two-thirds or more of the voting rights held by shareholders (or their proxies) attending the meeting.

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Article 42 The following matters shall be passed by an ordinary resolution at a general meeting:

- (I) Work reports of the board of directors and the Supervisory Committee;
- (II) Profit distribution plan and loss recovery plan drafted by the board of directors;
- (III) Appointment and removal of members of the board of directors and members of the Supervisory Committee, their remunerations and methods of payment thereof;
- (IV) Annual financial budget, final account proposal, balance sheet, statement of income and other financial statements of the Company;
- (V) Annual report of the Company;
- (VI) Retainment, dismissal and remunerations of accounting firms;
- (VII) Other matters other than those requiring a special resolution under laws, administrative regulations, the listing rules of the place where shares in the Company are listed or the Articles of Association.

Article 43 The following matters shall be passed by a special resolution at a general meeting:

- (I) Amendments (in whatever form) to the Articles of Association and its appendices, including the Rules of Procedure for the General Meetings, the Rules of Procedure for the Board Meetings and the Rules of Procedure for the Supervisory Committee;
- (II) Any variation or abrogation of all or any rights attached to any class of shares;
- (III) Increase or reduction of the registered capital;
- (IV) Merger, demerger, dissolution, liquidation (including voluntary liquidation) or change of corporate form of the Company;
- (V) Spin-off and separate listing of a subsidiary;
- (VI) Any purchase or disposal of substantial assets made or guarantee provided by the Company in 12 consecutive months, the amount of which exceeds 30% of the Company's latest audited total assets;

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- (VII) Issuance of shares, convertible corporate bonds, preferred stock and other securities approved by the CSRC;
- (VIII) Share repurchased to reduce registered capital;
- (IX) Material assets reorganization;
- (X) Equity incentive scheme;
- (XI) Resolution made by the general meeting of the listed company to withdraw the listing and trading of its shares from the stock exchange where its shares are listed and decision to stop trading in the exchange or apply for trading on or transfer to other trading places instead;
- ~~(I) Increase or reduction in the registered capital and issuance of any class of shares, warrants and other similar securities by the Company;~~
- ~~(II) Issue of corporate bonds;~~
- ~~(III) Division, merger, dissolution or liquidation of the Company;~~
- ~~(IV) Amendment to the Articles of Association;~~
- ~~(V) Purchase or disposal of major assets or provision of guarantee within one year by the Company, of which the aggregate amount within one year exceeds 30% of the latest audited total assets of the Company;~~
- ~~(VI) Equity incentive plans;~~
- ~~(VII)(XII) Other matters that require a special resolution under laws, administrative regulations, the listing rules of the place where shares in the Company are listed or the Articles of Association and matters decided by an ordinary resolution at a general meeting to have a material impact on the Company and require a special resolution.~~

The proposals mentioned in items (V) and (XI) are subject to, in addition to the approval of not less than two-thirds of the voting rights held by shareholders present at the general meeting, the approval of not less than two-thirds of the voting rights held by the other shareholders present at the meeting other than the Company's directors, supervisors, senior managers and shareholders who hold more than 5% of the listed company's shares individually or in aggregate.

Article 44 Except that the Company is in a special situation such as a crisis, the Company will not enter into any contract with any person other than a director, the general manager or any other officer to have all or a significant part of the Company's business in the care of such person, unless otherwise approved by a special resolution at a general meeting.

Article 45 Where a motion on election of directors or supervisors is passed at a general meeting, the time when they take office shall be specified in the relevant resolution of the meeting. If the resolution does not specify the time of taking office, they shall take office upon closing of the meeting.

Article 46 If a motion on distribution of a cash dividend, allotment of bonus shares or conversion of capital reserve into share capital is passed at a general meeting, the Company shall implement the plan therefor within two months after the closing of the meeting.

Article 47 If a resolution passed at a general meeting violates any laws or administrative regulations, the resolution shall be rendered invalid.

Any controlling shareholder and actual controller of the Company shall not restrict or obstruct minority investors' proper exercise of voting rights or prejudice the legitimate rights and interests of the Company or minority investors.

Article 48 If the procedures for convening, or the method of voting at, a general meeting violate any laws or administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders may request a people's court of competent jurisdiction to set aside such resolution within 60 days from the date on which the resolution is passed.

Article 49 A shareholder shall have the right to speak and vote at a general meeting unless an individual shareholder is required to abstain from voting on a particular matter under the listing rules. A shareholder (or his or her proxy) shall exercise his or her voting rights according to the number of voting shares represented by him or her. Each share shall carry one vote.

If a shareholder has a connected relationship with matters to be deliberated at a general meeting, such shareholder shall withdraw from voting, his or her voting shares shall not be counted towards the total number of voting shares held by shareholders present at the general meeting. The minutes of the resolution of the general meeting shall fully disclose the voting results of non-connected shareholders.

The Company's shares hold no voting rights and shall not be counted towards the total number of voting shares held by shareholders present at the general meeting. Where the purchase of the Company's voting shares by a shareholder violates the provisions of Paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be allowed to exercise within 36 months after the purchase, and those shares shall not be included in the total number of voting shares at the general meeting.

APPENDIX X THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS

The board of directors, independent non-executive directors, holders of domestic shares who, individually or jointly, hold 1% or more of the voting shares in the Company, or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the ~~CSRC securities regulator under the State Council~~, may act as solicitor to, by themselves or through a securities company or securities service institution appointed by them, solicit ~~publicly the voting rights of shareholders. invite shareholders to authorize them to attend a general meeting and exercise the rights to propose motions and vote and other shareholders' rights on behalf of the shareholders; provided that i~~ If the listing rules of the stock exchange where shares in the Company are listed provide otherwise, such rules shall prevail.

When shareholders' voting rights are solicited ~~in accordance with the preceding paragraph~~, it shall disclose sufficient information regarding voting intention the solicitor shall ~~disclose the solicitation documents and the Company shall cooperate thereon.~~

Specific voting intentions and other information. It is prohibited to solicit shareholder's voting rights by paying compensation or disguised compensation. Except for statutory conditions, ~~the~~ Company shall not impose any minimum shareholding limitation on solicitation of voting rights.

When a matter that could materially affect the interests of minority investors is deliberated at a general meeting, the votes by minority investors shall be counted separately, and the results of such separate counting shall be disclosed publicly in a timely manner in accordance with relevant laws and regulations and the rules of the stock exchange where shares in the Company are listed.

Article 50 Lists of candidates for directors and supervisors shall be proposed by motion to general meetings for voting.

Candidates for members of the first session of the board of directors and candidates for non-employee representative members of the first session of the Supervisory Committee shall be nominated by the promoters of the Company. Methods and procedures for nominating directors and supervisors of other sessions are as follows:

- (I) In the case of a re-election of the board of directors or an addition to the board of directors, the incumbent board of directors or shareholders individually or jointly holding 3% or more of the shares in the Company may nominate, without exceeding the number of persons to be elected, candidates for the positions of non-employee representative directors for the next session of the board of directors or a candidate for the additional position of non-employee representative director;
- (II) In the case of a re-election of the Supervisory Committee or an addition to the Supervisory Committee, the incumbent Supervisory Committee or shareholders individually or jointly holding 3% or more of shares in the Company may nominate, without exceeding the number of persons to be elected, candidates for the positions of non-employee representative supervisors for the next session of the Supervisory Committee or a candidate for the additional position of non-employee representative supervisor;

(III) The aforesaid shareholders shall provide the incumbent board of directors or Supervisory Committee, as the case may be, with the resumes and basic information about their nominated candidates for the positions of directors or supervisors. The incumbent board of directors or Supervisory Committee, as the case may be, shall review their qualifications for the positions. Qualified candidates shall be submitted to a general meeting for election; and

(IV) Each candidate for the position of director or supervisor shall undertake to the Company in writing as required by the Company that he or she agrees to accept the nomination, warrants that the information submitted about himself or herself is true and complete and undertakes that he or she will duly perform duties upon being elected, among other things.

Article 51 When election of a director or supervisor is put to vote at a general meeting, a cumulative voting system may be adopted in accordance with the Articles of Association or as resolved by the general meeting.

The “cumulative voting system” referred to in the preceding paragraph means a voting system under which each share has a number of votes corresponding to the number of directors or supervisors to be elected at a general meeting, and a shareholder may cast all his or her votes to one candidate or to more.

Article 52 Except for cumulative voting, a general meeting shall vote on all the motions one by one. Where different motions on the same matter are proposed, such motions shall be voted on in the time sequence in which they are proposed. Unless the general meeting is adjourned or cannot come to a resolution due to force majeure or any other special reasons, the general meeting shall not set aside any motion or withhold any motion from voting.

Article 53 No change shall be made to a motion when it is deliberated at a general meeting. Otherwise, such change shall be deemed as a new motion and shall not be voted on at the same general meeting.

Article 54 Each vote can be cast only by one means, either by on-site voting or by any other means available. Where one vote is cast more than once, the first cast shall count.

Article 55 In the case of voting on site at a general meeting, voting shall be conducted by a show of hands, unless a poll is required under relevant regulations of the securities regulator of the place where shares in the Company are listed or under other laws or regulations or is requested by the following persons before or after a show of hands:

- (I) The chairperson of the meeting;
- (II) At least two shareholders present in person or by proxy and who are entitled to vote at the meeting;

(III) One or more shareholders (or their proxies) individually or jointly holding 10% or more of all the shares carrying voting rights at the meeting on a one vote per share basis. Unless a poll is required under the relevant regulations of the securities regulator of the place where shares in the Company are listed or under other laws or regulations or is requested by any person(s) present at the meeting, the chairperson of the meeting shall declare whether a resolution has been passed based on a show of hands and have the result recorded in the minutes of the meeting, which shall be the conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or percentage of votes for or against such resolution. The person(s) who request for voting on a poll may withdraw his or her or their request.

Article 56 A poll requested for election of the chairperson of a general meeting or adjournment of the meeting shall be taken forthwith. A poll requested for any other matters shall be taken at such time as the chairperson of the meeting may decide, and the meeting may proceed to transact other businesses. The result of the poll shall still be deemed to be a resolution passed at that meeting.

Article 57 When a poll is taken at a general meeting, a shareholder (or his or her proxy) entitled to two or more votes need not cast all his or her votes as affirmative or negative votes.

Article 58 The chairperson of the meeting may decide to vote on a procedural or administrative matter of the meeting by a show of hands. Procedural and administrative matters refer to those relating to the duty of the chairperson of a general meeting to maintain the orderly proceeding of the meeting and/or to enable the business of the meeting to be properly and effectively dealt with while allowing all the shareholders to have reasonable opportunity to express their views. In case votes for and against a resolution are in a tie, whether on a show of hands or on a poll, the chairperson of the meeting shall have a casting vote.

Article 59 Voting at general meetings shall be conducted by open ballot.

Shareholders attending a general meeting shall take one of the following stances when a motion is put up for voting: for, against or abstain, unless the securities registration and clearing institution, as the nominee holder of shares under the Mainland-Hong Kong Stock Connect program, make a declaration according to the intention of actual holders. A vote that is left blank, wrongly written or illegible or is not cast shall be deemed as a waiver of voting right by the voter, and the voting result with respect to his or her shares shall be counted as an abstention.

If, under the Hong Kong Listing Rules, any shareholder is required to abstain from voting on any resolution or to vote only for or against any resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement shall not be counted.

Article 60 Before any motion is voted on at a general meeting, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. If a shareholder has any connection with ~~interests in~~ any matter to be deliberated, such shareholder or his or her proxy shall not participate in the counting or scrutinizing of voting.

After a motion is voted on at the meeting, the counting of votes and scrutinizing of the vote counting shall be conducted jointly by lawyers, shareholder representatives and supervisor representatives. The voting results shall be announced on site immediately and be recorded in the minutes of the meeting.

The chairperson of the meeting shall announce the voting details and result of each motion and whether the motion has been passed based on the voting result.

A shareholder of the Company or his or her proxy who casts votes online or by other means shall be entitled to check his or her voting results through the relevant voting system.

Article 61 A general meeting held on site shall not end earlier than voting online or voting by any other means. The chairperson of the meeting shall announce the voting details and result of each motion and whether the motion has been passed based on the voting result. Such result shall be announced at the meeting and recorded in the minutes of meeting. The minutes of meeting, together with the sign-in book for shareholders present and proxy forms shall be kept at the Company's domicile.

Before a voting result is officially announced, the vote counters, scrutineers, majority shareholders, internet services providers and other parties involved in on-site, online and other means of voting shall keep the voting result confidential.

Article 62 A resolution of a general meeting shall be announced in a timely manner, and shall state the number of shareholders and proxies attending the meeting, the total number of voting shares held or represented by them and its percentage in the total number of voting shares in the Company, voting methods, voting result of each motion, and details about each resolution passed at the meeting.

Article 63 If any motion is not passed, or the current general meeting amends a resolution of the last general meeting, such event shall be specially noted in the minutes of the resolution of the current general meeting.

Article 64 If the chairperson of the meeting has any doubt about the voting result of a resolution, he or she may arrange recounting of the votes cast. If the chairperson does not arrange the recounting, shareholders or their proxies present who dissent from the result shall have the right to request recounting of the votes immediately after the voting result is announced, and the chairperson shall promptly arrange recounting of the votes.

Article 65 Minutes shall be prepared for each general meeting by the secretary to the board of directors. The minutes shall contain the following details:

- (I) Time, venue and agenda of the meeting and name of the convener;
- (II) Name of the chairperson of the meeting and names of directors, supervisors, the general manager and other officers attending the meeting with or without a voting right;
- (III) Number of shareholders and proxies attending the meeting, total number of voting shares they represent and the respective percentages of their voting shares to the total share capital of the Company;
- (IV) Deliberation process, key points of discussion and voting results of each motion;
- (V) Shareholders' inquiries and suggestions and answers or explanations thereto;
- (VI) Names of vote counters and scrutineers of vote counting;
- (VII) Other information required to be included in minutes under the Articles of Association.

Directors, supervisors, the secretary to the board of directors and the convener or the representative(s) thereof attending the meeting and the chairperson of the meeting shall sign the minutes and ensure that the content of the minutes is true, accurate and complete. The minutes shall be kept, together with the sign-in book for shareholders present at the meeting, proxy forms and valid information about other means of voting, for a period of no less than ten years. Shareholders may access photocopies of minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of relevant minutes, the Company shall send the photocopy within seven days upon receipt of a reasonable charge therefor.

Article 66 The convener of a general meeting shall ensure that the meeting is held continuously until final resolutions are passed. If the meeting is suspended or resolutions cannot be made due to force majeure or any other special causes, the convener shall take necessary measures to resume or terminate the meeting as soon as practicable. At the same time, the convener shall report to the local branch of the CSRC in the locality of the Company and the stock exchange where shares in the Company are listed.

Chapter 6 Special Procedures for Voting by Class Shareholders

Article 67 A shareholder who holds a particular class of shares is a class shareholder, who shall enjoy rights and assume obligations in accordance with laws, administrative regulations, the listing rules of the stock exchange where shares in the Company are listed and the Articles of Association.

Article 68 The Company shall not change or abolish the rights of shareholders of a particular class unless such change or abolishment has been approved by a special resolution at a general meeting and by the affected shareholders of such class at a separate class meeting convened in accordance with Articles 70 to 74.

Article 69 The rights of shareholders of a particular class shall be deemed to have been changed or abolished in case of:

- (I) An increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) Conversion of all or part of the shares of such class into shares of another class, or conversion of all or part of the shares of another class into shares of such class, or grant of the rights of such conversion;
- (III) A cancellation or reduction of rights to accrued dividends or cumulative dividends attached to the shares of such class;
- (IV) A reduction or cancellation of preferential rights attached to the shares of such class to receive dividends or, in the event of liquidation of the Company, to receive distributed property;
- (V) An addition, cancellation or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire securities of the Company attached to the shares of such class;
- (VI) A cancellation or reduction of rights attached to the shares of such class to receive amounts payable by the Company in a particular currency;
- (VII) Creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (VIII) An imposition of restrictions or additional restrictions on transfer of or ownership of the shares of such class;
- (IX) An issuance of rights to subscribe for, or convert into, the shares of such class or another class;
- (X) An increase in the rights and privileges of the shares of another class;
- (XI) A restructuring plan of the Company that causes shareholders of different classes to bear liability other than on a pro rata basis during the restructuring;
- (XII) Any amendment to or repeal of the provisions of this section.

Article 70 Shareholders of the affected class, whether or not they otherwise have a right to vote at a general meeting, shall have the right to vote at class meetings in respect of matters referred to in paragraphs (II) to (VIII) and (XI) to (XII) of Article 69, but interested shareholders shall have no right to vote at such class meetings. An “interested shareholder” referred to in the preceding paragraph means:

- (I) In the case where the Company makes a repurchase offer to all its shareholders on a pro rata basis or repurchases its own shares through open trading on a stock exchange in accordance with Article 28 of the Articles of Association, a controlling shareholder as defined in the Articles of Association;
- (II) In the case where the Company repurchases its own shares through an off-market agreement in accordance with Article 28 of the Articles of Association, a shareholder related to such agreement;
- (III) In the case where the Company is restructured, a shareholder who assumes obligations in a proportion lower than those of the obligations assumed by other shareholders of the same class, or a shareholder who has an interest in the restructuring different from those of other shareholders of the same class.

Article 71 Passing of a resolution at a class meeting requires affirmative votes of two-thirds or more of the voting rights held by shareholders of such class attending the meeting in accordance with Article 70 hereof.

Article 72 The notice period of a class meeting held by the Company shall be subject to relevant provisions in relation to the notice period of a general meeting of the Articles of Association; provided that, if the listing rules of the stock exchange where shares in the Company are listed provide otherwise, such listing rules shall prevail.

Article 73 The notice of a class meeting shall be given only to shareholders entitled to vote at the meeting. Procedures for holding a class meeting shall be as similar as possible to those for a general meeting. The provisions of the Articles of Association in relation to the procedures for holding a general meeting shall apply to a class meeting.

Article 74 Apart from holders of other classes of shares, a holder of domestic shares and a holder of overseas-listed foreign shares shall be deemed to be different classes of shareholders.

The special procedures for voting by class shareholders are not applicable to the following circumstances:

- (I) With approval by a special resolution at a general meeting, the Company issues domestic shares and overseas-listed foreign shares separately or concurrently every 12 months, and the respective numbers of the domestic shares and overseas-listed foreign shares to be issued do not exceed 20% of outstanding shares of their respective classes;

- (II) The Company's plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is fulfilled within 15 months from the date of approval by the securities regulator under the State Council; or
- (III) A holder of domestic shares in the Company transfers his or her shares to a foreign investor with approval from the securities regulator under the State Council, and such shares are listed on an overseas stock exchange.

Chapter 7 Implementation of Resolutions

Article 75 The board of directors shall be responsible for organizing the implementation of the resolutions made at the general meetings and shall instruct the officers of the Company to implement the resolutions in accordance with the content of the resolutions and the division of responsibilities. Matters required by the general meeting to be implemented by the Supervisory Committee shall be directly organized and implemented by the chairperson of the Supervisory Committee.

Article 76 The board of directors shall report the results of the implementation of resolutions to the general meeting. The Supervisory Committee shall report the matters implemented by itself to the general meeting.

Chapter 8 Supplementary Provisions

Article 77 These Rules shall be implemented as of the date of approval by the general meeting. For these Rules to be amended, the board of directors shall propose an amendment plan to the general meeting for deliberation and approval, and no amendment shall take effect until approved by the general meeting.

Article 78 These Rules shall be consistent and implemented in accordance with relevant provisions of the Company Law, the Securities Law and the Special Provisions, regulations, normative documents, the listing rules of the stock exchanges where shares in the Company are listed and the relevant provisions of the Articles of Association of the Company. Where these Rules conflict with any law, regulation, normative document or the listing rules of any stock exchange where shares in the Company are listed, such law, regulation, normative document or listing rules shall prevail. Any matters not covered herein shall be governed by relevant laws, regulations, normative documents, the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association.

Article 79 These Rules shall be amended and improved by the general meeting in time in accordance with national laws, regulations and normative documents promulgated by the securities regulator from time to time, to satisfy the needs of the Company's development, operation and management.

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Article 80 The term “at least” or “within” as used in these Rules shall include the given figure; the term “over”, “less than” or “more than” shall exclude the given figure.

Article 81 These Rules shall be interpreted by the board of directors of the Company.

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Note: If there is any discrepancy between the English and the Chinese versions, the Chinese version shall prevail.

PHARMARON BEIJING CO., LTD.

The Rules of Procedure for the Supervisory Committee

Chapter 1 General Provisions

Article 1 The Rules of Procedure for the Supervisory Committee (these “**Rules**”) are hereby formulated and enacted in accordance with the provisions of the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “**Company Law**”), the Mandatory Provisions of Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (the “**Mandatory Provisions**”), the Letter of Opinions on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong (香港聯合交易所有限公司證券上市規則), the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association of Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司章程) (the “**Articles of Association**”) for the purpose of improving the corporate governance structure of Pharmaron Beijing Co., Ltd. (the “**Company**”), further clarifying the manner of deliberation and voting procedure of the Supervisory Committee of the Company, procuring supervisors and the Supervisory Committee to effectively perform their supervisory duties and giving full play to the supervisory functions of the Supervisory Committee.

Article 2 The Company shall have a Supervisory Committee, which shall consist of three supervisors, including two shareholder representative supervisors and one employee representative supervisor. The Supervisory Committee is the supervisory body of the Company, which shall be accountable and report its work to the general meeting, exercise the functions and powers granted by laws, regulations, the Articles of Association and the general meeting of shareholders, supervise the Company’s finance, and the legality of the performance of duties by the directors and officers of the Company and safeguard the legitimate rights and interests of the Company, shareholders and employees.

Article 3 The Supervisory Committee shall be accountable to the general meeting of shareholders and shall perform the following functions and exercise the following powers:

- (I) Review the Company’s regular reports prepared by the board of directors and provide comments thereon in writing;
- (II) Inspect the Company’s finance;
- (III) Check financial reports, business reports, profit distribution plans and other financial documents to be submitted by the board of directors to general meetings and, if it has any queries, engage certified public accountants or practicing auditors in the name of the Company to help double check the relevant documents;

- (IV) Supervise the performance of duties by directors and officers and propose removal of any director or officer who violates any law, administrative regulation, the Articles of Association or resolution passed at a general meeting;
- (V) Demand any director or officer who acts to the detriment of the Company's interests to rectify such act and, if necessary, report to the general meeting or competent authorities;
- (VI) Propose an extraordinary general meeting, and convene and preside over a general meeting if the board of directors fails its duties under the Company Law and the Articles of Association to convene or preside over the meeting;
- (VII) Put forward motions at general meetings;
- (VIII) Propose to convene a special meeting of the board of directors when it considers necessary;
- (IX) Take legal actions against directors and officers in accordance with relevant provisions of the Company Law;
- (X) Conduct investigations when it discovers any unusual business activities of the Company and, if necessary, engage professional service providers such as an accounting firm or a law firm to assist in their work, with expenses arising therefrom to be borne by the Company;
- (XI) Perform such other functions and exercise such other powers as granted by the Articles of Association or the general meeting of shareholders.

Article 4 The Supervisory Committee shall conduct daily supervision and inspection and hold meetings of the Supervisory Committee.

Article 5 The Company shall take measures to guarantee supervisors have right-to-know and provide supervisors with necessary information and data in a timely manner to facilitate the Supervisory Committee to effectively supervise, inspect and evaluate the Company's finance and operations.

The general manager shall, as required by the Supervisory Committee, report to the Supervisory Committee on execution and performance of important contracts, use of funds, and losses and profits of the Company. The general manager shall ensure that such report is true.

Article 6 Expenses necessary for the Supervisory Committee to perform its functions and exercise its powers shall be borne by the Company.

The expenses arising from supervisors attending meetings of the Supervisory Committee, including transport fees from supervisors' domiciles to the venue of meetings, board and lodging, shall be borne by the Company.

The expenses necessary for the Supervisory Committee activities are included in the Company's annual budget, which shall be approved by the chairperson of the Supervisory Committee and implemented in accordance with the Company's financial rules.

Reasonable expenses incurred by the Supervisory Committee in engaging lawyers, certified public accountants, practicing auditors and other professionals when performing its functions and exercising its powers shall be borne by the Company.

Chapter 2 Supervisors

Article 7 If a person shall not serve as a supervisor as stipulated by the Company Law or the Articles of Association, such person shall not serve as a supervisor; the appointment of such person as supervisor shall be invalid.

If a supervisor, during his or her term of office, is disqualified to be a supervisor under any circumstance set forth in the Company Law or the Articles of Association, the supervisor shall be removed by the Company.

Article 8 Directors, the general manager and other officers shall not serve as supervisors during their term of office; the number of supervisors who have held directorships or management positions of the Company during the last two years shall not exceed half of the total number of supervisors.

Article 9 Shareholder representative supervisors shall be elected or replaced by the general meeting. A list of candidates for such supervisors shall be proposed by shareholders individually or jointly holding at least 3% of the shares in the Company or the Supervisory Committee, and the Supervisory Committee shall propose such list by motion to the general meeting for election or replacement.

Employee representative supervisors shall be elected by the employee congress, employee representative congress or otherwise democratically.

Article 10 The term of office of an employee representative supervisor is the same as that of any directors and any shareholder representative supervisor. An employee representative supervisor may serve consecutive terms if re-elected upon expiry of his or her term of office. During an employee representative supervisor's term of office, the term of his or her labor contract shall be automatically extended to the expiry of the term of office; during and after expiry of an employee representative supervisor's term of office, the Company shall not terminate the labor contract with him or her or retaliate against the supervisor for performing his or her duties as supervisor. If an employee representative supervisor resigns, he or she shall

be automatically disqualified for serving as a supervisor. An additional election shall be conducted in a timely manner if there is a vacancy for the position of an employee representative supervisor, and the vacancy period shall generally not last for more than three months. The employee representative congress shall have the right to remove employee representative supervisors.

In case an employee representative supervisor is to be removed, at least one third of all employee representative supervisors shall jointly propose by motion for removal of such supervisor.

Article 11 A nominator shall brief the Supervisory Committee on his or her intention to nominate a shareholder representative supervisor and provide detailed information about the candidate for a shareholder representative supervisor nominated by him or her, including but not limited to:

- (I) Work experience, particularly, any work taken by the candidate in the Company, corporate shareholders, actual controllers, among others, of the Company;
- (II) Personal particulars, such as education background, professional background, work experience and any part-time jobs;
- (III) Number of shares held by the candidate in the Company;
- (IV) Whether the candidate has any connected relationship with any shareholder holding at least 5% of the shares in the Company, or actual controller, or any director, supervisor or officer of the Company;
- (V) Whether the candidate falls into a category of persons who shall not serve as a supervisor as stipulated by laws, regulations or normative documents.

The board of directors shall attach detailed information about candidates for shareholder representative supervisors in the notice of the general meeting to ensure shareholders thoroughly know about the profiles of the candidates when voting.

Article 12 The Supervisory Committee shall review the qualifications of the candidates for the positions of shareholder representative supervisors specified in the nomination motion. Except for any circumstance stipulated by laws, administrative regulations and the Articles of Association under which a person shall not serve as a shareholder representative supervisor, the Supervisory Committee shall submit the list of candidates nominated by it to the general meeting for election.

Article 13 Each candidate for the position of shareholder representative supervisor shall, before a general meeting is held, undertake in writing that he or she agrees to accept the nomination, warrants that the information publicly disclosed about himself or herself is true and complete and undertakes that he or she will duly perform duties as shareholder representative supervisor upon being elected. Each candidate for shareholder representative supervisor shall ensure that upon being elected, he or she will have sufficient time and attention to any affair of the Company during his or her term of office, and duly perform his or her duties as shareholder representative supervisor.

Article 14 A shareholder representative supervisor shall be elected by over half (exclusive) of valid votes held by shareholders (or their proxies) present at a general meeting. A newly elected shareholder representative supervisor will take office after the nomination motion is approved by the general meeting and the chairperson of the meeting announces the supervisor is elected.

Article 15 The term of office of a supervisor is three years. A supervisor may serve consecutive terms if re-elected.

A supervisor may resign from his or her office prior to the expiry of his or her term of office by tendering a written resignation to the Supervisory Committee.

If a new supervisor has not been elected upon expiry of a supervisor's term of office, or the number of supervisors falls below the quorum required by law due to a supervisor's resignation, the supervisor whose term of office expires or who resigns shall continue to perform his or her duties as supervisor in accordance with laws, administrative regulations and the Articles of Association until a newly elected supervisor takes office.

Article 16 If a supervisor who fails to attend meetings of the Supervisory Committee in person or by proxy twice in succession, and the number of meetings attended by him or her in person is less than two thirds of the total number of meetings held within a year, he or she shall be deemed unable to perform duties, and the general meeting or the employee congress or the employee representative congress shall remove such supervisor.

Article 17 Supervisors shall abide by laws, administrative regulations and the Articles of Association and bear fiduciary and due diligence duties toward the Company. Supervisors are prohibited from abusing their powers to accept bribes or other illegal income and from misappropriating the Company's property.

Article 18 A supervisor shall not use his or her connected relationship to harm the Company's interests; otherwise, he or she shall indemnify for any loss incurred by the Company.

Article 19 Supervisors shall ensure that information disclosed by the Company is true, accurate and complete, and shall sign a written confirmation of the periodic report.

Article 20 A supervisor may attend meetings of the board of directors as a non-voting attendee and make inquiries or suggestions regarding matters to be resolved by the board of directors.

Article 21 If supervisors find during their performance of their supervisory duties that any director or officer violates any law, administrative regulation, the Articles of Association or resolution passed at a general meeting, they shall propose removal of such director or officer.

Article 22 If supervisors find that any director, officer or the Company violates any laws, administrative regulations, ministerial rules, normative documents or the Articles of Association, which has resulted in or may result in a substantial loss to the Company, supervisors shall promptly report such violation to the board of directors and the Supervisory Committee and request the board of directors to have such violation rectified.

Article 23 A supervisor shall indemnify the Company for any loss suffered by the Company as a result of his or her violation of any laws, administrative regulations, ministerial rules or the Articles of Association when performing his or her duties.

Chapter 3 Organizational Structure of the Supervisory Committee

Article 24 The Supervisory Committee shall have one chairperson, whose appointment and removal shall be determined by affirmative votes of two-thirds or more of the members of the Supervisory Committee.

Article 25 The chairperson of the Supervisory Committee shall perform functions and exercise powers as follows:

- (I) Convene and preside over meetings of the Supervisory Committee;
- (II) Review and sign reports of the Supervisory Committee as well as other important documents;
- (III) Report to the general meeting on the Supervisory Committee work on behalf of the Supervisory Committee;
- (IV) Supervise and inspect implementation of resolutions passed at meetings of the Supervisory Committee and report to the Supervisory Committee on such implementation;
- (V) Any other function and power granted by the Articles of Association or by resolutions passed at meetings of the Supervisory Committee.

Article 26 If the chairperson of the Supervisory Committee is unable or fails to perform his or her duties, a supervisor designated by at least half of all supervisors shall perform such duties.

Article 27 The daily affairs of the Supervisory Committee shall be attended to by the chairperson of the Supervisory Committee. The chairperson of the Supervisory Committee may request assistance from other staff members of the Company with the daily affairs of the Supervisory Committee.

Chapter 4 Supervision and Inspection

Article 28 The Supervisory Committee shall supervise and inspect matters including but not limited to:

- (I) The Company's finance;
- (II) Implementation of resolutions passed at general meetings;
- (III) Legality and compliance of the board of directors' decision-making procedures for material matters and operations and management of the Company;
- (IV) Financing, investment, guarantee, mortgage, transfer, acquisition and merger involving large amounts of money in the Company's business activities;
- (V) Whether any directors and senior officers of the Company violate laws, administrative regulations, ministerial rules, normative documents and Articles of Association when performing their duties;
- (VI) Any other supervisory function and power granted by the Articles of Association or the general meeting.

Article 29 The Supervisory Committee shall supervise and inspect relevant matters in accordance with legal procedures: supervision and inspection will be carried out through, among others, attending meetings of the board of directors as non-voting attendees, selectively observing the general manager's office meetings and the Company's other relevant meetings, inspection over special matters, investigation into special matters, on-site inspection, individual interviews, examining the Company's finance and auditing regular reports. The Supervisory Committee may request relevant departments of the Company to verify and elucidate relevant matters and may also engage qualified accounting firms, auditing firms, law firms and other professional institutions to verify and collect evidence, among others.

Article 30 The Supervisory Committee shall, while performing its duties, promptly attend to any noncompliance in the finance of the company and stop any violation of laws, regulations or the Articles of Association by directors, managers, the chief financial officer, the secretary to the board of directors and other officers of the Company. If such efforts of the Supervisory Committee are of no avail, it shall timely report to the board of directors and the general meeting.

The Supervisory Committee may adopt the following measures against issues discovered in the performance of its duties:

- (I) Issue an oral or written notice demanding for correction;
- (II) Inform directors and officers of the inspection results, make suggestions for rectification and, if necessary, report to the general meeting;
- (III) In case of material matters requiring the deliberation of the general meeting, propose to convene an extraordinary general meeting to the board of directors by signing a written proposal prepared in three or more copies in the same form and content and stating the motions to be discussed at the meeting;
- (IV) In the event that the board of directors gives a written reply stating it doesn't agree to hold the extraordinary general meeting or does not give a written reply within ten days after receiving the proposal, the Supervisory Committee may convene and preside over the meeting by itself. The Supervisory Committee shall follow the same procedure to convene a general meeting as that is followed by the board of directors. If the Supervisory Committee or shareholders decide to convene a general meeting, a written notice shall be given to the board of directors, and the board of directors and the secretary to the board of directors shall cooperate and provide the register of the shareholders of the Company. Expenses necessary for the meeting shall be borne by the Company;
- (V) Report or file complaint(s) to competent supervisory authorities and judicial organs.

Article 31 The Supervisory Committee of the Company shall implement supervision and inspection of the Company's branches and controlled companies in accordance with laws and foregoing procedures.

Chapter 5 Provisions of Meetings of the Supervisory Committee**Section 1 Proposal and Convening of Meetings of the Supervisory Committee**

Article 32 The chairperson of the Supervisory Committee shall convene and preside over meetings of the Supervisory Committee. If the chairperson is unable or fails to perform his or her duties with respect to a meeting of the Supervisory Committee, a supervisor selected by half or more of all supervisors shall convene and preside over the meeting.

After a new Supervisory Committee is elected at a general meeting, the supervisor getting the largest number of votes (or one of such supervisors in case they get the same number of votes) at the general meeting shall preside over the meeting to elect the chairperson of the newly elected Supervisory Committee.

Article 33 Meetings of the Supervisory Committee shall be convened at least once every six months. The chairperson of the Supervisory Committee shall convene such meetings. Supervisors may propose to convene special meetings of the Supervisory Committee.

Article 34 The chairperson of the Supervisory Committee shall convene special meetings of the Supervisory Committee within ten business days under the following circumstances:

- (I) If any supervisor puts forward a proposal to convene a special meeting;
- (II) If any resolution passed at a general meeting or a meeting of the board of directors violates laws, regulations, rules, provisions and requirements of regulators, the Articles of Association, other resolutions passed at general meetings or other relevant provisions;
- (III) If any misconduct of any director or any officer may cause material damage to the Company or may lead to adverse implications in the market;
- (IV) If a shareholder takes legal actions against the Company, any director, supervisor or officer;
- (V) Other circumstances specified in the Articles of Association.

Article 35 Before giving notice of a meeting of the Supervisory Committee, the chairperson of the Supervisory Committee shall solicit proposals from all supervisors.

Article 36 If a supervisor proposes to convene a special meeting of the Supervisory Committee, the supervisor shall submit a written proposal affixed with the supervisor's signature to the chairperson of the Supervisory Committee. The written proposal shall contain:

- (I) Name of the supervisor that puts forward such proposal;
- (II) Reason or ground(s) for such proposal;

- (III) Time or duration, venue or manner of the meeting;
- (IV) Clear and specific motion(s);
- (V) Contact details of the supervisor that puts forward proposal, date on which such proposal is put forward, etc.

Within three days after the chairperson of the Supervisory Committee receives such written proposal from a supervisor, the chairperson shall give a notice of the special meeting of the Supervisory Committee.

If the chairperson of the Supervisory Committee fails to give a notice of the meeting, the supervisor that puts forward the proposal shall have the right to report to relevant shareholders and supervisory authorities in a timely manner.

Section 2 Notice of Meetings of the Supervisory Committee

Article 37 Notice of a meeting or special meeting of the Supervisory Committee shall be sent by hand, post, fax, email, SMS or electronic data interchange or any other form of data message that can show the content thereof visibly and shall be given no later than one day before the meeting is held.

Notice manner and period of a special meeting for any urgent matter that requires a special meeting to be held as soon as possible will not be subject to the preceding paragraph, provided that the convener shall provide explanations at the meeting.

Article 38 The written notice of a meeting shall include, among others:

- (I) Time, venue and duration of the meeting;
- (II) Reason(s) for holding the meeting and agenda of the meeting;
- (III) Date on which the notice is given.

Section 3 Convening of Meetings of the Supervisory Committee

Article 39 As a general rule, a meeting of the Supervisory Committee shall be held on site at a particular venue. To the extent that the supervisors are guaranteed the right to fully express their opinions and exchange ideas, a special meeting, with the consent of the convener (the chairperson of the meeting) and the proposer, may be held by video, telephone call, fax, email or other means of telecommunications, and resolutions passed the meeting shall be signed by the supervisors in attendance. Meetings of the Supervisory Committee may be held concurrently on site and by other means.

If a meeting of the Supervisory Committee is not held on site, the number of supervisors whose presence at the meeting is shown by video, who express their opinions via telephone call, whose votes are valid and delivered via fax or e-mail within the specified time limit or whose written confirmation of attendance is submitted after the meeting shall all be counted, if applicable, towards the number of supervisors present at the meeting. Where the supervisors are unable to sign the resolutions passed at the meeting on site, they shall cast their votes orally and sign the resolutions as soon as possible. Oral voting by a supervisor shall have the same effect as his or her signature on written resolutions, provided that the vote indicated by such signature affixed to the resolutions after the meeting shall be consistent with the oral vote he or she casts at the meeting. If there is any discrepancy between a vote indicated by the signature affixed to the resolution on a specific matter after a meeting and the corresponding oral vote cast at the meeting, the Supervisory Committee shall re-conduct a written voting on such matter.

In case that the matter under deliberation is an isolated matter which requires no more than routine procedures, rendering discussion thereabout unnecessary, the Supervisory Committee may hold a meeting by written proposals, i.e., proposals shall be circulated among the supervisors for their deliberation and resolution. Unless otherwise indicated on the written resolution by a supervisor, the mere signature of the supervisor on the resolution shall be deemed as voting in favor of the resolution. Such resolution shall be passed only after it has been circulated among all the supervisors and signed by at least two thirds of the supervisors. The written resolution will take effect on the day when all supervisors in favor of the resolutions sign the resolution. Written resolutions shall have the same legal effect as resolutions passed at meetings of the Supervisory Committee by other means.

Article 40 Meetings of the Supervisory Committee shall not be held unless over half of all supervisors are present. The secretary to the board of directors may attend meetings of the Supervisory Committee as non-voting attendees.

Supervisors shall attend meetings of the Supervisory Committee in person. If any supervisor cannot attend a meeting for any reason, he or she may authorize in writing another supervisor to attend the meeting on his or her behalf. The proxy form shall specify the name of the proxy, matters delegated, and scope and term of authorization and shall bear the signature or seal of the principal. The supervisor attending the meeting on behalf of another supervisor shall exercise the rights of the latter within the scope of authorization. If a supervisor neither attends a meeting of the Supervisory Committee in person nor authorizes a proxy to attend the meeting, he or she shall be deemed to have waived his or her right to vote at the meeting.

Article 41 The chairperson of the meeting shall announce the commencement of the meeting as scheduled. After the meeting formally commences, supervisors attending the meeting shall first reach a consensus on the agenda. If one third or more of the supervisors consider information related to any motion insufficient or reasoning of any motion unclear, they may jointly request for postponement of the deliberation of the relevant motion, and the chairperson of the meeting shall accept such request. After a consensus is reached on the agenda among supervisors attending the meeting, the meeting shall deliberate the proposals one at a time as instructed by the chairperson of the meeting.

Section 4 Deliberation and Voting at Meetings of the Supervisory Committee

Article 42 The chairperson of the meeting shall ask supervisors attending the meeting to express their opinions on all motions and shall, at the proposal of supervisors, request directors, officers, other employees of the Company or personnel from relevant intermediaries to observe the meeting to take inquiries and questions. Such personnel shall not be absent without cause from such meeting they are requested to observe by the Supervisory Committee.

Article 43 When a matter is voted on at a meeting of the Supervisory Committee, one supervisor shall have one vote. Voting shall be conducted by open ballot or other means that allow supervisors to express their opinions. Resolutions of the Supervisory Committee shall be passed by at least two thirds of all members of the Supervisory Committee.

Supervisors attending a meeting shall take one of the following stances when a motion is put up for voting: for, against or abstain. In case a supervisor takes no stance or two or more stances on the same motion, the chairperson of the meeting shall request the supervisor to revote. Refusal to revote shall be deemed as an abstention. In case the supervisor leaves the venue and fails to revote, it shall be deemed as an abstention.

Article 44 Under urgent circumstances, the Supervisory Committee may vote via telecommunications, provided that the convener (the chairperson of the meeting) shall provide explanations to supervisors attending the meeting. When voting via telecommunications, supervisors shall, after confirming and signing their written opinions and their voting intentions regarding the matter under deliberation, fax such written opinions and voting intentions to the chairperson of the Supervisory Committee. Supervisors shall not merely indicate voting intentions without specifying written opinions or reasoning for such voting intentions.

Article 45 A complete audio recording of a meeting of the Supervisory Committee may be taken if necessary.

Section 5 Minutes and Resolutions of Meetings of the Supervisory Committee

Article 46 The Supervisory Committee shall prepare detailed minutes as formal evidence of resolutions passed at meetings of the Supervisory Committee. The minutes of a meeting of the Supervisory Committee shall include:

- (I) Time and venue of the meeting and the name of the convener;
- (II) Name of each supervisor or his or her proxy (i.e., another supervisor) present at the meeting;
- (III) Agenda of the meeting;

- (IV) Key points made by supervisors at the meeting;
- (V) Method and result of voting on each resolution (the voting result shall indicate the respective numbers of affirmative votes, negative votes and abstentions).

If a meeting of the Supervisory Committee is held via telecommunications, the Supervisory Committee shall prepare the minutes in accordance with the preceding provisions.

Supervisors attending a meeting of the Supervisory Committee shall sign the minutes. Supervisors shall have the right to have their speeches or different opinions made at the meeting recorded in the minutes in a descriptive manner. If a supervisor neither signs to confirm the minutes in accordance with the provisions in the preceding sentence nor elucidates his or her objection to the minutes in writing, the supervisor shall be deemed as completely agreeing with the meeting minutes.

Article 47 Resolutions shall be made on the matters under deliberation at a meeting of the Supervisory Committee. Resolutions of the Supervisory Committee shall include:

- (I) Serial number, time, venue and manner of the meeting, and a statement as to whether the meeting complies with relevant laws, administrative regulations, ministerial rules and the Articles of Association;
- (II) Attendance of supervisors, and the numbers and names of supervisors authorizing others to attend the meeting on their behalf and supervisors absent from the meeting, respectively, the reasons for such absence, and the names of the proxies;
- (III) The respective numbers of affirmative votes, negative votes and abstentions, and reasons for voting against or for abstention;
- (IV) Content of the matters under deliberation and resolutions passed at the meeting.

Resolutions passed at meetings of the Supervisory Committee shall be confirmed and signed by the supervisors attending the meetings. The supervisors attending meetings of the Supervisory Committee shall ensure that the content of the resolutions passed at the meetings is true, accurate and complete, containing no false documentation, misleading statement or material omission.

Article 48 Supervisors shall be responsible for resolutions passed at meetings of the Supervisory Committee. If any resolution is in contravention of any laws or administrative regulations or normative documents or the Articles of Association, causing any serious loss to the Company, the supervisors who have voted for the resolution shall be held accountable for such loss and indemnify the Company for the loss. However, a supervisor who is proven to have dissented from the resolution during the voting thereon and his or her dissenting opinion has been recorded in the minutes of the meeting may be exempt from liability. A supervisor

who abstains from voting or who is absent from the meeting and fails to authorize others to attend the meeting on his or her behalf shall not be exempt from liability. A supervisor who expresses dissenting opinions in the discussion but doesn't vote against the resolution shall not be exempt from liability.

Article 49 Supervisors shall procure relevant personnel to implement resolutions passed at meetings of the Supervisory Committee and inspect such implementation. The chairperson of the Supervisory Committee shall inform the Supervisory Committee of such implementation at future meetings.

Article 50 Archives of meetings of the Supervisory Committee, including meeting notices and materials, sign-in books, audio recordings of the meetings, votes, meeting minutes and resolutions confirmed and signed by the supervisors present at the meeting, shall be kept for ten years.

Chapter 6 Supplementary Provisions

Article 51 These Rules shall be implemented as of the date of approval by the general meeting of the Company. Where these Rules are to be amended, the Supervisory Committee shall propose amendments to the general meeting for deliberation and approval, and no amendment shall take effect until approved by the general meeting.

Article 52 These Rules shall be in conformity with relevant laws including the Company Law, the Securities Law and the Mandatory Provisions, regulations, normative documents, the listing rules of the stock exchanges where shares in the Company are listed, and relevant provisions of the Articles of Association of the Company. Where these Rules conflict with any law, regulation, normative document or the listing rules of any stock exchange where shares in the Company are listed, such law, regulation, normative document or listing rules shall prevail. Any matters not covered by these Rules shall be governed by laws, regulations, normative documents and the listing rules of stock exchanges where shares in the Company are listed.

Article 53 The term "at least" or "within" as used in these Rules shall include the given figure; while "over", "less than", "more than" shall exclude the given figure.

Article 54 These Rules shall be interpreted by the Supervisory Committee of the Company.

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Note: If there is any discrepancy between the English and the Chinese versions, the Chinese version shall prevail.

PHARMARON BEIJING CO., LTD.

Independent Non-executive Directors Working Policy

Chapter 1 General Provisions

Article 1 Independent Non-executive Directors Working Policy (these “**Rules**”) is formulated in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “**Company Law**”), the listing rules of the stock exchange where shares in the Company are listed (including but not limited to 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) (the “**Listing Rules**”) and the Articles of Association of Pharmaron Beijing Co., Ltd. (the “**Articles of Association**”) for the purpose of improving the governance structure of Pharmaron Beijing Co., Ltd. (the “**Company**”), regulating the operation of the Company, better safeguarding the overall interests of the Company and protecting the legitimate rights and interests of all the shareholders, especially minority shareholders, from harm.

Article 2 An independent non-executive director is a director who does not hold any position in the Company other than as an independent non-executive director and who has no relationship with the Company or any of its majority shareholders that may interfere with the independent non-executive director’s independent and objective judgment.

Article 3 The Company shall have four independent non-executive directors. In case of any change to the number of directors as required by the Articles of Association, the Company’s board of directors shall at least have three independent non-executive directors, and the number of independent non-executive directors shall account for no less than one-third (inclusive) of the members of the board of directors.

Chapter 2 Qualifications of Independent Non-executive Directors

Article 4 An independent non-executive director of the Company shall:

- (I) Be qualified as a director of the Company in accordance with applicable laws, regulations and other relevant provisions (including the requirement of independence under Chapter 3 of the Listing Rules);
- (II) Not hold any position in the Company other than as a director and not have any relationship with the Company or its majority shareholders that may interfere with the independent non-executive director’s independent and objective judgment;
- (III) Have at least five years of legal, economic, management, accounting, finance or other work experience necessary to perform the duties of an independent non-executive director;

(IV) Meet other conditions specified in the Articles of Association.

In assessing the independence mentioned above as required under Chapter 3 of the Listing Rules, the Hong Kong Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if ~~The requirement of independence under Chapter 3 of the Listing Rules mentioned above includes:~~

- (I) the director has received an interest in any securities of the listed issuer as a gift, or by means of other financial assistance, from a core connected person (as defined in the Listing Rules) or the listed issuer itself. However, subject to the Listing Rules, the director will still be considered independent if he receives shares or interests in securities from the listed issuer or its subsidiaries (but not from core connected persons) as part of his director's fee or pursuant to share schemes established in accordance with Chapter 17;
- (II) the director is or was a director, partner or principal of a professional adviser which currently provides or has within two years immediately prior to the date of his proposed appointment provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period, to:
 - (a) the listed issuer, its holding company or any of their respective subsidiaries or core connected persons; or
 - (b) any person who was a controlling shareholder or, where there was no controlling shareholder, any person who was the chief executive or a director (other than an independent non-executive director), of the listed issuer within two years immediately prior to the date of the proposed appointment, or any of their close associates;
- (III) The director, currently, or within one year immediately prior to the date of the person's proposed appointment, has or had a material interest in any principal business activity of or is or was involved in any material business dealings with the listed issuer, its holding company or their respective subsidiaries or with any core connected persons of the listed issuer;
- (IV) The director is on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole;

- (V) The director is or was connected with a director, the chief executive or a substantial shareholder of the listed issuer within two years immediately prior to the date of his proposed appointment¹;
- (VI) The director is, or has at any time during the two years immediately prior to the date of his proposed appointment been, an executive (an “executive” includes any person who has any management function in the company and any person who acts as a company secretary of the company) or director (other than an independent non-executive director) of the listed issuer, of its holding company or of any of their respective subsidiaries or of any core connected persons of the listed issuer; and
- (VII) The director is financially dependent on the listed issuer, its holding company or any of their respective subsidiaries or core connected persons of the listed issuer.

Article 5 None of the following persons shall serve as independent non-executive directors of the Company:

- (I) A person who holds a position in the listed Company or any subsidiary thereof, or any immediate relative ~~or and~~ major social relation of such person (~~An immediate relative of a person refers to any of the spouse, parents, children, etc. of such person; a major social relation of a person refers to any of the siblings, parents-in-law or children-in-law of such person, any of the spouses of such person’s siblings, any of such person’s spouse’s siblings, etc.);~~);
- (II) A nature person who directly or indirectly holds at least 1% of issued shares in the Company or is among the top ten shareholders of the Company, or any immediate relative of such shareholder;
- (III) Any employee of any corporate shareholder that directly or indirectly holds at least 5% of issued shares in the Company or is among the top five corporate shareholders of the Company, and any immediate relative of such employee;
- (IV) Any person who holds a position in units of the controlling shareholders or de facto controllers of the Company or any subsidiaries thereof, or any immediate relative of such person ~~falls into any of the above three categories during the past one year;~~

¹: Any person cohabiting as a spouse with, and any child, step-child, parent, step-parent, brother, sister, step-brother and step-sister of, a director, the chief executive or a substantial shareholder of the listed issuer is, for the purpose of rule 3.13(6), considered to be connected with that director, chief executive or substantial shareholder. A father-in-law, mother-in-law, son-in-law, daughter-in-law, grandparent, grandchild, uncle, aunt, cousin, brother-in-law, sister-in-law, nephew and niece of a director, the chief executive or a substantial shareholder of the listed issuer may in some circumstances also be considered to be so connected. In such cases, the listed issuer will need to provide the Exchange with all relevant information to enable the Exchange to make a determination.

- (V) Any person who provides financial, legal or advisory services to the Company and its controlling shareholders or de facto controllers or their respective subsidiaries subsidiary, thereof, including but not limited to project team members of the intermediary providing the service, all levels of review personnel, personnel who signed the report, partners and principals;
- (VI) ~~A person who has served as independent non-executive director in five listed companies; or~~
- ~~(VII)~~ Persons who hold positions in units that have significant business transactions with the Company and its controlling shareholders and de facto controllers or their respective subsidiaries, or persons who hold positions in units of controlling shareholders of those units that involved in significant business transactions;
- (VII) Any person who falls into any of the above six categories during the latest twelve months;
- (VIII) Any other person as provided by applicable laws and regulations, normative documents, business rules of the stock exchanges, the Articles of Association and the securities regulators of the places where shares in the Company are listed.

In the foregoing paragraphs, “major social relation of a person” refers to any of the siblings, parents-in-law or children-in-law of such person, any of the spouses of such person’s siblings, any of such person’s spouse’s siblings, etc.; “significant business transactions” refers to the matters to be submitted to the general meeting for consideration according to the listing rules of the Shenzhen Stock Exchange or requirements of the Articles of Association, or other major matters defined by the Shenzhen Stock Exchange; “holding positions” refers to serving as directors, supervisors, senior managers and other personnel. The subsidiaries of the controlling shareholders and de facto controllers of the Company listed in items (IV), (V) and (VI) of the preceding paragraph shall exclude the subsidiaries that are not associated with the listed companies according to the listing rules of the Shenzhen Stock Exchange or requirements of the Articles of Association.

Chapter 3 Nomination, Election and Replacement of Independent Non-executive Directors

Article 6 Independent non-executive directors shall be elected or replaced by the general meeting. The term of office of independent non-executive directors shall be three years. Independent non-executive directors may serve consecutive terms if re-elected upon expiry of their terms of office, but such consecutive terms of office shall not exceed six years.

The board of directors, the Supervisory Committee, and shareholders who individually or jointly hold at least 1% of issued shares in the Company shall have the right to nominate candidates for independent non-executive directors.

Before nominating an independent non-executive director, the nominator shall obtain the consent of the nominee. The nominator shall know sufficiently about the occupation, educational background, professional title, detailed work experience and all the concurrent positions of the nominee and shall express an opinion on the eligibility and independence of the nominee for serving as independent non-executive director. The nominee shall make a public statement that there is no relationship between himself or herself and the Company that would affect his or her independent and objective judgment. When announcing the general meeting for the election of independent non-executive directors, the information relating to the candidates for independent non-executive directors (including but not limited to the nominators' statements, the nominees' statement and profiles, other information required under A.5.5B.3.4 of the Corporate Governance Code in Appendix 14 to the Listing Rules) shall be disclosed in an appropriate form in accordance with the laws and other rules applicable to the Company.

Article 7 The independent non-executive directors appointed by the Company shall include at least one accounting professional who meets the relevant requirements of rule 3.10(2) of the Listing Rules.

Article 8 Before the general meeting for the election of independent non-executive directors, the board of directors shall announce the information provided in the third paragraph of Article 6 hereof as required.

Prior to the general meeting for the election of independent non-executive directors, the Company shall submit information relating to the nominees to the local branch of China Securities Regulatory Commission (the "CSRC") and the local stock exchange where the Company is domiciled. If the board of directors has any objection to the information of the nominees, it shall submit its written opinion along with such information.

Any nominee who receives any objection from the local branch of the CSRC or the stock exchange may be considered as a candidate for director of the Company, but not as candidate for independent non-executive director. At a general meeting to elect independent non-executive directors, the board of directors shall explain whether the candidates for independent non-executive directors receive any objection at the local branch of the CSRC the HKSFSC or the local stock exchange.

Article 9 Any independent non-executive director candidate shall attend in person the general meeting at which his or her appointment is reviewed and shall report to the general meeting on whether he or she has been:

- (I) Prohibited by the Company Law from acting as director;
- (II) Banned by the CSRC to enter the market and the ban has not been lifted;

- (III) Publicly determined by a stock exchange as not suitable to act as director of a listed company, and less than two years has lapsed since the determination;
- (IV) Otherwise subject to any punishment or penalty imposed by the CSRC or a stock exchange in the past three years.

Independent non-executive directors shall also state their independence and competence and accept inquiries from shareholders.

Article 10 Independent non-executive directors shall attend meetings of the board of directors in person. If an independent non-executive director is unable to attend a meeting of the board of directors in person, the director shall appoint another independent non-executive director to attend the meeting on his or her behalf. If any matter is to be voted on at the meeting, the absent independent non-executive director shall specify in the proxy his or her vote in favor of, against or abstention on each such matter.

If an independent non-executive director fails to attend meetings of the board of directors in person three times in succession, the director shall be deemed as unable to perform his or her duties, and the board of directors shall propose to a general meeting for the removal of such independent non-executive director.

Article 11 Prior to expiry of his or her term of office, an independent non-executive director may not be removed without just cause. In case of such removal, the Company shall make a special disclosure thereof.

An independent non-executive director may resign from his or her office before his or her term of office expires by tendering a written resignation to the board of directors, specifying any matter which is related to his or her resignation or which he or she considers necessary to bring to the attention of the Company's shareholders and creditors. If the resignation causes the number of independent non-executive directors in the board of directors to fall below the minimum requirement of the Articles of Association, the resignation shall not take effect until a succeeding independent non-executive director has filled his or her vacancy.

Article 12 In the event that any independent non-executive director fails to be independent as required herein or is otherwise unsuitable to perform duties as independent non-executive director, the Company shall make up for the dismissed one(s) and maintain the number of independent non-executive directors as required by the Articles of Association.

Chapter 4 Role of Independent Non-executive Directors

Article 13 In addition to the duties and powers conferred by the Company Law and other applicable laws and regulations, an independent non-executive director shall have the following special functions and powers:

- (I) Approve connected transactions by the independent non-executive director ~~(as determined in accordance with the standards required by the stock exchanges where shares in the Company are listed and including the connected transactions provided under the Listing Rules. The same below)~~ before the transactions are submitted to the board of directors for deliberation. An independent non-executive director may, before making a decision, engage an intermediary to issue an independent financial advisory report as the basis for him or her to make the decision;
- (II) Propose engagement or dismissal of an accounting firm to the board of directors;
- (III) Propose to the board of directors for holding of an extraordinary general meeting;
- (IV) Collect opinions from minority shareholders, propose a profit distribution and capitalization of capital reserves plan and submit the same directly to the board of directors for deliberation;
- (V) Propose a meeting of the board of directors;
- (VI) ~~Engage an external auditing or advisory firm independently; and~~
- ~~(VII) Solicit voting rights from shareholders publicly prior to holding of a general meeting, but no such solicitation shall be conducted in exchange of monetary or any other form of benefits;~~
- (VII) Engage an external auditing service providers and consulting firms independently.

An independent non-executive director shall obtain the consent of at least half of all the independent non-executive directors before performing any of the functions or exercising any of powers set out in items (I) to (VI) above.; ~~With and shall obtain the consent of all the independent non-executive directors before performing any of the functions or exercising any of powers set out in item (VII) above, the independent non-executive directors may independently engage external auditing service providers and consulting firms to handle relevant matters of the Company with relevant expenses borne by the Company. The aforesaid items (I) and (II) above shall be submitted to the Board for discussion subject to the consent of at least half of the independent non-executive directors.~~ If any of above-mentioned proposals is not accepted, or any of the above functions and powers cannot be performed or exercised properly, the Company shall make disclosure of the same.

Article 14 Independent non-executive directors shall proactively perform their due diligence obligations and engage intermediaries to conduct special investigation when necessary, if they discover:

- (I) Any material matter not submitted to the board of directors for deliberation as required;
- (II) Failure to perform any information disclosure obligation in a timely manner;
- (III) Any false record, misleading statement or material omission in the public information;
- (IV) Any other circumstance that may violate any law and regulation or harms the legitimate rights and interests of minority shareholders.

Article 15 Independent non-executive directors shall promptly report to the local branch of the CSRC or the local stock exchange if:

- (I) Any independent non-executive director is dismissed by the Company but considers the dismissal unjustified;
- (II) Any independent non-executive director resigns because the Company in any way hinders his or her performance of duties in accordance with applicable laws;
- (III) The materials for a meeting of the board of directors are insufficient, and at least two independent non-executive directors propose to postpone the meeting of the board of directors or the deliberation of matters that such insufficient materials concern, but the proposal is not adopted;
- (IV) The board of directors fails to take effective measures after the Company or any of its directors, supervisors or officers reports any alleged incompliance to the board of directors;
- (V) There is any other circumstance that seriously hinders independent non-executive directors' performance of their duties.

If independent non-executive directors intend to make a public announcement in respect of the above circumstances, they shall report to the stock exchange before the disclosure and make the announcement on the media designated by the CSRC after being reviewed and approved by the stock exchange.

Article 16 In addition to performing the duties stipulated in relevant laws and regulations, normative documents, the trading rules of the stock exchanges, the Articles of Association and these Rules, independent non-executive directors shall also give their independent opinions on the following material events of the Company:

- (I) Nomination, appointment or removal of any director;
- (II) Appointment or dismissal of any officer;
- (III) Remunerations of directors and officers of the Company;
- (IV) Engagement or dismissal of an accounting firm;
- (V) Changes in accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;
- (VI) Production of non-standard unqualified audit opinions by an accounting firm on the financial reports and internal control of listed companies;
- (VII) Appraisal report on internal control;
- (VIII) The proposal that connected parties undertaking to the changes in accordance with the provisions of Section 4 of Chapter 7 of the Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 2 – the Compliant Operation of Listed Companies of the ChiNext Market;
- (IX) The impacts of issuing preference shares on the equities of shareholders of the Company in each class;
- (X) The formulation, adjustment, decision-making procedures, implementation and information disclosure of the Company's cash dividend policy and whether such policy will harm the legitimate rights and interests of minority shareholders;
- (~~V~~XI) Connected/related party transactions to be disclosed, external-provision of guarantees (excluding guarantees for subsidiaries within the scope of consolidated statements), entrusted management of wealth, provision of financial assistance for others, change of matters relating to the use of raised funds, voluntary change of accounting policies of the Company, investment in shares and derivatives and other material matters that shall be deliberated and approved by the board of directors or the general meeting;

- ~~(VI)~~ Any existing or new loans or other transfer of funds from the Company to any of its shareholders, actual controllers or affiliates in a total amount exceeding RMB3 million and accounting for more than 5% of the Company's latest audited net assets, and whether the Company has taken effective steps to recover the debts;
- ~~(VII)(XII)~~ Material asset restructuring plan, acquisition by management, and equity incentive plan, employee stock ownership plan, stock buyback plan, plan of settling debts with assets for related parties of listed companies;
- ~~(VIII)(X)~~ The Company's decision to stop trading on the stock exchange on which the shares of the Company are listed ~~launched its initial public offering or to apply for trading its shares on other trading facilities;~~
- ~~(IX)~~ Any matters that in the opinion of an independent non-executive director may prejudice the interests of minority shareholders;
- (XV) Other matters provided in applicable laws, administrative regulations, ministerial rules, normative documents, the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association.

Article 17 An independent opinion issued by independent non-executive directors on a material matter shall at least include:

- (I) Basic information of the material matter;
- (II) The basis on which the opinion is given, including but not limited to the procedures, the documents reviewed and the details of on-site inspection;
- (III) The legality and compliance of the material matter;
- (IV) The impact on the rights and interests of the Company and its minority shareholders, the possible risks and the effectiveness of the measures adopted by the Company;
- (V) The conclusive opinion on the matter in question. If any independent non-executive director gives a qualified opinion, a dissenting opinion or no opinion on the material matter, the director shall expressly give the reasoning therefor.

An independent opinion given by an independent non-executive director may be consent, a qualified opinion and the reasoning therefor, a dissenting opinion and the reasoning therefor or no opinion and the reasoning therefor, and the opinion shall be clear and unambiguous.

Independent non-executive directors shall sign and confirm their independent opinions and timely submit such opinions to the board of directors. The opinions shall be disclosed together with the relevant announcements of the Company.

Article 18 The board of directors shall establish a strategy committee, an audit committee, a nomination committee and a remuneration and appraisal committee. Independent non-executive directors shall be the majority of the members of each such committee and act as the person in charge of the audit committee, the nomination committee and the remuneration and appraisal committee. At least one independent director of the audit committee shall be an accounting professional (see Article 7 for details).

Chapter 5 Obligations of Independent Non-executive Directors

Article 19 Independent non-executive directors shall bear the obligations of good faith and diligence towards the Company and all the shareholders. Independent non-executive directors shall perform their duties in accordance with the requirements of applicable laws, regulations and the Articles of Association, understand and keep track of the production, operation and management of the Company, give full play to their role in investor relations management, and safeguard the interests of the Company, in particular, safeguard the legitimate rights and interests of minority shareholders from harm; independent non-executive directors shall perform their duties independently without being affected by the Company's majority shareholders, actual controllers or other entities or individuals who have interests in the Company.

If an independent non-executive director finds that any matter under deliberation may affect their independence, he or she shall inform the Company thereof and withdraw from voting on such matter. If something materially affecting his or her independence occurs during his or her term of office, he or she shall notify the Company in a timely manner and resign if necessary.

Independent non-executive directors shall provide in due course a written confirmation on their independence in respect of the factors set out in ~~Article 4 Rule 3.13 of the Listing Rules~~ and shall inform The Stock Exchange of Hong Kong Limited as soon as practicable if there is any change in circumstances that may affect their independence after such written confirmation has been made.

Article 20 Independent non-executive directors shall ensure that they have sufficient time and energy to effectively perform their duties. Independent non-executive directors shall attend meetings of the board of directors on time, learn about the production, operation and management of the Company, and take the initiative to investigate and obtain information and data necessary for making decisions. Independent non-executive directors shall attend at least one meeting with the chairman of the board of directors of the Company without the presence of other directors each year. Independent non-executive directors shall submit an annual work report to the general meeting of the Company to recount the performance of their duties.

Article 21 In addition to attending meetings of the board of directors, independent non-executive directors shall set a reasonable schedule for visits on site to inspect the production, operation, the establishment and implementation of management and internal control systems of the Company as well as the implementation of resolutions of the board of directors. If any irregularity is found during the on-site inspection, independent non-executive directors shall report the irregularity to the board of directors and relevant stock exchanges in a timely manner.

Article 22 Each independent non-executive director shall submit a work report to each annual general meeting. Such report shall contain the following:

- (I) Methods and number of his or her attendance at meetings of the board of directors throughout the year and his or her voting at the meetings, and number of his or her attendance at general meetings as a non-voting attendee;
- (II) Independent opinions he or she has issued;
- (III) On-site inspections he or she has conducted;
- (IV) Proposals he or she has made for holding of meetings of the board of directors, engagement or dismissal of accounting firms and independent engagement of external auditing or advisory firms;
- (V) Other work he or she has done to protect legitimate rights and interests of minority shareholders.

Article 23 Independent non-executive directors may concurrently serve as independent non-executive directors in up to five listed companies and shall ensure that they have sufficient time and energy to effectively perform their duties as independent non-executive directors of the Company.

Chapter 6 Working Conditions of Independent Non-executive Directors

Article 24 The Company shall ensure that independent non-executive directors rank *pare passu* with other directors in respect of access to information. For any material matter subject to the approval of the board of directors, the Company shall give prior notice and sufficient details about such matter to independent non-executive directors within the statutory time limit. If independent non-executive directors consider such information insufficient, they may request additional information. If two or more independent non-executive directors are of the view that any information is insufficient or any evidence unclear, they may submit written request to the board of directors for postponement of the relevant meeting of the board of directors or the deliberation of the relevant matter, and the board of directors shall accept such request.

Article 25 The secretary to the board of directors shall assist independent non-executive directors by introducing background information and providing relevant materials, among others.

Article 26 The relevant personnel of the Company shall cooperate with independent non-executive directors in performing their duties. They shall not refuse, interfere with or withhold any information for the performance of the duties of independent non-executive directors.

Article 27 The reasonable expenses for independent non-executive directors to engage an intermediary institution and other reasonable expenses incurred during their performance of duties shall be borne by the Company.

Article 28 The allowances for independent non-executive directors shall be proposed by the board of directors (after being proposed by the appropriate committees), deliberated and approved by the general meeting, paid by the Company and disclosed in the annual report of the Company. Except for the allowance, independent non-executive directors shall not receive from the Company or its majority shareholders or other interested entities and individuals any additional and non-disclosed benefits.

Chapter 7 Supplementary Provisions

Article 29 The Company may, where necessary, maintain an insurance policy against the liability of independent non-executive directors to reduce risks arising from their proper performance of duties.

Article 30 These Rules shall be implemented as of the date when these Rules are approved at a general meeting of the Company. If these Rules are to be amended, the board of directors shall propose amendment to the general meeting for deliberation and approval, and the amendment shall take effect upon approval at the general meeting.

Article 31 Any matters not covered herein shall be subject to the Company Law, the Articles of Association and applicable laws, administrative regulations, ministerial rules and the listing rules of the stock exchanges where shares in the Company are listed.

Where these Rules are in conflict with applicable national laws, administrative regulations, ministerial rules, the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association, such applicable national laws, administrative regulations, ministerial rules, the listing rules and the Articles of Association shall prevail.

Article 32 The term “at least” or “within” as used in these Rules shall include the given figure; the term “over”, “less than” or “more than” shall exclude the given figure.

Article 33 These Rules shall be interpreted by the board of directors.

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Note: If there is any discrepancy between the English and the Chinese versions, the Chinese version shall prevail.

PHARMARON BEIJING CO., LTD.
Related Party/Connected Transactions Management Policy

Chapter 1 General Provisions

Article 1 In accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), Securities Law of the People’s Republic of China (the “**Securities Law**”), ~~Accounting Standards for Business Enterprises No. 36—Related Party Disclosure~~, listing rules of the stock exchange(s) where the Company’s shares are listed (including but not limited to the Rules Governing the Listing of Shares on the ChiNext of Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**H Share Listing Rules**”)) and other relevant laws, regulations and normative documents, the policy is hereby formulated in order to regulate the management of related/connected transactions of Pharmaron Beijing Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”), guarantee that the related/connected transactions between the Company and related parties/connected persons comply with the principles of fairness, justice and fairness, and ensure that the related/connected transactions of the Company do not harm the interests of the Company, all shareholders and creditors, especially the legitimate interests of minority shareholders.

Article 2 Related transaction of the Company refers to the identified transfer of resources or obligations or any other transaction between the Company or its controlling subsidiaries and the related persons in accordance with the Company Law, Securities Law and related laws and regulations and normative documents as well as relevant listing rules of the Shenzhen Stock Exchange (“SZSE”) (hereinafter collectively referred to as the “**A Share Listing Rules**”).

Connected transactions of the Company refers to transactions between a listed company or its subsidiaries and connected persons (as defined in the H Share Listing Rules) as determined under Chapter 14A of the H Share Listing Rules, and specific types of transactions with third parties.

The Company shall give priority to adopting more stringent standards for the related/connected transactions to which the A Share Listing Rules and the H Share Listing Rules both apply and shall fulfill corresponding procedures such as approval, filing, avoidance and information disclosure in accordance with the requirements of applicable laws, regulations, normative documents or the listing rules of the stock exchange where the Company’s shares are listed.

Article 3 The policy is applicable to the Company and its ~~affiliated enterprises (the “Enterprise”)~~. ~~The Enterprise refers to the branches and wholly-owned or controlling subsidiaries and other affiliated enterprises of the Company.~~

Article 4 Related/connected transactions of the Company shall follow the following basic principles:

- (I) Equality, voluntariness, equivalence and compensation;

- (II) Justice, impartiality and fairness;
- (III) If the related parties/connected persons enjoy voting rights at the general meeting, they shall avoid voting on related/connected transactions except under special circumstances;
- (IV) The director who has any interest with the related party/connected person shall withdraw from voting on the related/connected transaction by the board of directors (the “Board”).~~If the director cannot avoid the voting due to special circumstances, he/she shall participate in voting according to the procedure specified in the policy, but a separate statement shall be issued;~~
- (V) The Board of the Company shall judge whether the related/connected transaction is beneficial to the Company according to objective criteria, and shall engage a professional evaluation agency or independent financial advisor to express opinions when necessary. The Board of the Company shall stipulate that the audit committee under it shall perform the duties of controlling and daily management of the related/connected transactions of the Company;
- (VI) Independent non-executive directors shall explicitly express their independent opinions on related/connected transactions as required by laws, regulations, normative documents, the Articles of Association and the policy.

Chapter 2 Related Persons and Related Party Transactions Subject to the A Share Listing Rules

Section 1 Related Persons and Scope of Related Transactions

Article 5 Related persons of the Company include related legal persons and related natural persons,~~as well as related persons as defined in the Listing Rules.~~

Article 6 A legal person or any other organization under any of the following circumstances shall be a related legal person of the Company:

- (I) A legal person or any other organization that directly or indirectly controls the Company;
- (II) Legal persons or other organizations other than the Company and its controlling subsidiaries directly or indirectly controlled by the entities listed in clause (I) above;
- (III) Legal persons or other organizations other than the Company and its controlling subsidiaries that are directly or indirectly controlled by the related natural persons listed in Article 8, or where the related natural persons act as directors (except independent non-executive directors) or senior management officers;

- (IV) Legal persons or other organizations holding more than 5% of the shares of the Company;
- (V) Other legal persons or other organizations identified by the China Securities Regulatory Commission (the “CSRC”), ~~Hong Kong Securities and Futures Commission (the “HKSF”), stock exchange where the shares are listed~~SZSE or the Company according to the principle of substance over form that have a special relationship with the Company, which may cause the interests of the Company to be inclined to them.

Article 7 Where the Company and the entity listed in clause (II) of the preceding Article are controlled by the same state-owned assets administration, no relationship shall be formed as a result thereof, except that the chairman of the Board, general manager or more than half of the directors of the entity concurrently serve as the directors, supervisors or senior management of the Company.

Article 8 A natural person shall be a related natural person of the Company under any of the following circumstances:

- (I) Natural person shareholders who directly or indirectly hold more than 5% of the shares of the Company;
- (II) Directors, supervisors and senior management of the Company;
- (III) Directors, supervisors and senior management of the related legal persons listed in clause (I) of Article 6;
- (IV) Close family members of the persons mentioned in clauses (I) to (III) of this Article, including the spouse, parents and parents of the spouse, brothers and sisters and their spouses, children over the age of 18 and their spouses, brothers and sisters of the spouse and parents of the spouses of the children;
- (V) Other natural persons identified by the CSRC, ~~HKSF, stock exchange where the shares are listed~~SZSE or the Company according to the principle of substance over form that have a special relationship with the Company, which may cause the interests of the Company to be inclined to them.

Article 9 A legal person, other organization or natural person under any of the following circumstances shall be regarded as a related person of the Company:

- (I) In accordance with the agreement signed or arrangement made with the Company or its related persons, after the agreement or arrangement takes effect, or within the next twelve months, one of the circumstances specified in Article 6 or Article 8 will occur;

- (II) Under any of the circumstances specified in Article 6 or Article 8 within the past twelve months.

Article 10 Related transactions of the Company refers to the matters which may result in the transfer of resources or obligations between the Company or its controlling subsidiaries and the related persons, including:

- (I) Purchase or disposal of assets ~~(including disposals as set out in the Listing Rules)~~;
- (II) External investment (including consigned financial management, investment in subsidiaries, etc., excluding establishment or capital increase of wholly-owned subsidiaries);
- (III) Providing financial aids (including consigned loans);
- (IV) Providing guarantees (referring to guarantees provided by the Company to others, including guarantees to controlling subsidiaries);
- (V) Leasing in or leasing out of assets;
- (VI) Signing management contracts (including consigned operation, entrusted operation, etc.);
- (VII) Granting or donated assets;
- (VIII) Creditor's rights and debt restructuring;
- (IX) Signing a license agreement;
- (X) Transfer of research and development projects;
- (XI) Waiver of rights (including waiver of preemptive rights, priority to subscribe for capital contribution, etc.);
- (XII) Purchase of raw materials, fuels and power;
- (XIII) Selling products and commodities;
- (XIV) Providing or accepting labor services;
- (XV) Entrusting or entrusted sales;
- (XVI) Joint investment by related parties;

- (XVII) Other matters identified by the listing rules of the stock exchange(s) where the Company's shares are listed SZSE that may result in the transfer of resources or obligations through an agreement.

The following activities of the Company are not subject to the provisions of the preceding paragraph:

- (I) Purchase of raw materials, fuels and power related to daily operations (excluding the purchase and disposal of such assets involved in asset replacement);
- (II) Disposal of products, commodities and other assets related to daily operations (excluding the purchase and disposal of such assets involved in asset replacement);
- (III) Main business activities of the Company, although the transactions stipulated in the preceding paragraph are carried out.

~~Article 11~~ In accordance with the Listing Rules, the connected persons of the Company and its subsidiaries generally include the following parties unless otherwise specified therein:

- (I) Directors, supervisors, top executives or major shareholders of the Company or any of its subsidiaries (as defined in the Listing Rules) (i.e., persons entitled to exercise or control the exercise of 10% or more of the voting rights at the general meetings of the Company);
- (II) Any person who has served as a director of the Company or any of its subsidiaries within the past 12 months (together with persons referred to in clause (I) of this Article as the “**Basic Connected Person**”);
- (III) ~~Contacts of any Basic Connected Person, including:~~
 - 1. ~~Where the Basic Connected Person is an individual:~~
 - (1) ~~The spouse of the individual, and any child or step-child (natural or adopted) of the individual or his/her spouse under the age of 18 years (the “**Immediate Family Member**”);~~
 - (2) ~~The trustee of any trust acting as trustee in favor of that individual or any Immediate Family Member thereof or, in the case of a discretionary trust, the subject of (to his/her knowledge) the discretionary trust;~~
 - (3) ~~A controlled company (as defined in the Listing Rules), 30% of shares of which are held directly or indirectly by the Basic Connected Person, their Immediate Family Member and/or the trustee (individually or jointly), or any subsidiary of the company;~~

- (4) ~~Any person with whom he/she cohabits like a spouse, any child, step-child, parent, step-parent, sibling, step-sibling (the “**Family**”); or any company in which a family member (individually or jointly) directly or indirectly holds or in which a family member, together with himself/herself, his/her Immediate Family Member and/or the trustee holds a majority of control, or any subsidiary of the company; and~~
- (5) ~~If the Basic Connected Person, their Immediate Family Member and/or the trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or as applicable under Chinese law in relation to triggering a mandatory public offer or establishing other percentages of legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be the contact person of such a Basic Connected Person.~~
2. ~~Where the Basic Connected Person is a company (i.e. the major corporate shareholder):~~
- (1) ~~A subsidiary of a major corporate shareholder, a controlling company or a fellow subsidiary of the controlling company (the “**Related Company**”);~~
- (2) ~~The trustee of any trust acting as trustee in favor of the major corporate shareholder or, in the case of a discretionary trust, the subject of the discretionary trust (to the major corporate shareholder’s knowledge);~~
- (3) ~~A controlled company, 30% of shares of which are held directly or indirectly by the Basic Connected Person, their Related Company and/or the trustee (individually or jointly), or any subsidiary of the company; and~~
- (4) ~~If the Basic Connected Person, their Related Company and/or the trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or as applicable under Chinese law in relation to triggering a mandatory public offer or establishing other percentages of legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be the contact person of such a Basic Connected Person.~~

- (IV) ~~A non-wholly-owned subsidiary of the Company, where any connected persons at the corporate level have the right to exercise or control the exercise of 10% or more of the voting rights individually or jointly at the general meeting of the non-wholly-owned subsidiary, and the subsidiaries of the non-wholly-owned subsidiary;~~
- (V) ~~Other connected persons as required from time to time by the Listing Rules of the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) or recognized by the Hong Kong Stock Exchange.~~

Chapter 3 Section 2 Reporting of Related Persons

Article 112 ~~The directors, supervisors, senior management officers, shareholders holding more than 5% of shares of the Company, de facto controllers and persons acting in concert shall inform the Company of their relationships with the Company in a timely manner.~~

Article 123 ~~The office of the Board of the Company shall formulate and update the format of the related person reporting form from time to time as necessary, send and collect the form regularly, and urge the related person to report relevant information to the office of the Board immediately after he/she takes office or becomes the major shareholder of the Company. The audit committee of the Company shall confirm the list of related persons of the Company and report to the Board and supervisory committee in a timely manner.~~

Article 134 ~~The Company shall, in accordance with the requirements of the stock exchange(s) where the shares of the Company are listed, promptly complete or disclose update the list of related persons of the listed cCompany and information on relationships via SZSE Website Business Management System.~~

Article 15 ~~The Company shall distinguish the types of connected transactions according to the testing methods specified in the Listing Rules, and shall comply with (or be exempted from) the requirements for reporting, announcement and approval by independent shareholders when signing an agreement. In general, any connected transactions not expressly exempted under the Listing Rules shall be subject to the requirements for reporting, announcement and approval by independent shareholders; where:~~

- (I) ~~Reporting refers to the disclosure of relevant details in the annual report and financial statements after the listing of the Company;~~
- (II) ~~The announcement includes notification to the Hong Kong Stock Exchange and public announcements on the website of the Exchange and the website of the Company;~~

- (HH) ~~The Company shall establish a committee of independent non-executive directors and appoint an independent financial adviser if the approval of independent shareholders is required. The Company shall prepare circulars to be distributed to the shareholders and send them to the shareholders prior to the general meeting at the time specified in the Listing Rules. All related persons who have a significant interest in the transaction shall waive their voting rights at the general meeting.~~

~~**Article 16** Continuing connected transactions refer to those that are expected to continue or be conducted frequently over a period of time. In addition to judging whether the relevant transactions need to be reported, announced and approved by shareholders when signing the agreement, it is necessary to continuously monitor the execution and whether the amount exceeds the pre-determined annual cap, and re-comply with the relevant provisions of the Listing Rules when the terms of the agreement are materially changed, the amount exceeds the annual cap or the agreement is renewed.~~

~~**Article 17** The Company shall sign a written agreement with related parties on each connected transaction (including exempted connected transactions) according to relevant regulations, and list the calculation standard of payment. The duration of the agreement must be fixed and reflect the general commercial terms. Except as permitted by the Listing Rules, the duration of a continuing connected transaction agreement shall not exceed three years. A maximum annual amount (the “Cap”) shall be set for each continuing connected transaction and the Company shall disclose its basis of calculation. The full-year cap shall be expressed in the exact currency value, instead of a percentage of the Company’s annual income. The Company shall refer to past transactions and data identified in published documents when setting the cap. If the Company has not ever had such transactions, it shall set a cap on reasonable assumptions and disclose details of the assumptions. If the connected transaction exceeds the cap halfway, or the agreement needs to be changed or be renewed upon expiration, the connected transaction shall be re-examined and approved in accordance with the Listing Rules and the procedures stipulated in the system, so as to meet the relevant requirements of Listing Rules again.~~

Chapter 4 Pricing Management of Related Transactions

~~**Article 18** The Company shall sign a written agreement to define the pricing policy for the related transaction. During the execution of related transactions, the Company shall re-perform the corresponding examination and approval procedures according to the changed transaction amount if major terms such as the transaction price in the agreement changes significantly.~~

~~**Article 19** The pricing of related transactions of the Company shall be fair, and implemented with reference to the following principles:~~

- (I) ~~Where government pricing is applied to the transaction matters, the price may be directly applied;~~

- (II) Where the government-guided price is applied to the transaction matters, the transaction price may be reasonably determined within the range of the government-guided price;
- (III) Where there are comparable market prices or charging standards of an independent third party for transaction matters except government pricing or government-guided prices, the transaction price may be determined by reference to such prices or standards in priority;
- (IV) Where there is no comparable market price of an independent third party for transaction matters, the transaction price may be determined by reference to the price of unrelated transactions between the related party and a third party independent of the related party;
- (V) Where there is neither a market price of an independent third party nor an independent unrelated transaction price for reference, a reasonable constructed price may be used as the basis for pricing, and the constructed price shall be the reasonable cost plus reasonable profit.

Article 20 The Company may adopt the following pricing methods depending on different related transactions when determining the price of related transactions according to clauses (III), (IV) or (V) of the preceding Article:

- (I) The cost plus method, which is based on the reasonable costs incurred in related transactions plus the gross profit of comparable unrelated transactions;
- (II) The comparable uncontrolled price method, which is based on the price charged for the same or similar business activities as related transactions between non-related parties;
- (III) The method of net profit for transactions, in which the net profit of related transactions shall be determined by the profit indicator of comparable unrelated transactions;
- (IV) The profit split method, in which the amount of profit to be distributed shall be calculated according to the respective contribution of the Company and its related parties to the consolidated profits of related transactions.

Article 21 Management of related transaction price

- (I) The parties to the transaction shall calculate the transaction price according to the price agreed in the related transaction agreement and the actual transaction quantity, conduct the settlement monthly in a timely manner, and make payment subject to the payment method and time stipulated in the related transaction agreement;

- (H) The financial department of the Company shall track the changes of the market price and cost of related transactions of the Company, and report the changes to the Board for filing;
- (HH) Where the independent non-executive directors have doubts about the price change of the related transaction, they may engage an independent financial advisor to give opinions on the fairness of the price change of the related transaction;
- (IV) Where the related transaction of the Company cannot be priced according to the above principles and methods, the principle and method for determining the price of the related transaction shall be disclosed, and the fairness of the pricing shall be explained.

Chapter 5Section 3 Approval Authority and Decision-making Procedure for Related Transactions
Approval Authority and Decision-making Procedure for Related Transactions

Article 22 In accordance with the Listing Rules, the Company shall carry out a ratio test (the “ratio test”) on the proposed connected transactions in accordance with the requirements of the Listing Rules, including (I) The asset ratio, i.e. the percentage of the total assets involved in the transaction to the total assets of the Company; (II) The income ratio, i.e. the percentage of the income attributable to the assets involved in the transaction to the Company’s income; (III) The consideration ratio, i.e. the percentage of the consideration involved in the transaction to the total market value of the Company; and (IV) The share capital ratio, i.e. the par value of the share capital issued by the Company as consideration to the par value of the share capital issued by the Company prior to the relevant transaction. The data used for the above ratio test shall be adjusted in accordance with the Listing Rules in individual cases, and the specific calculation method shall refer to the provisions of the Listing Rules.

Article 2314 The general manager shall submit proposals to the Board for related transactions (excluding the provision of guarantee and financial aid) between the Company and related natural persons with the transaction amount exceeding RMB300,000, related transactions between the Company and related legal persons with a transaction amount exceeding RMB3 million and accounting for more than 0.5% of the absolute value of the Company’s latest audited net asset value (excluding the provision of guarantee), as well as some exempted connected transactions and non-exempted connected transactions as stipulated in the Listing Rules, which shall come into effect upon the consideration and approval of the Board. Those meeting the consideration and approval standards of the general meeting shall also be submitted to the general meeting for consideration and approval.

Article 2415 Related transactions between the Company and related persons with a transaction (excluding the provision of guarantee) amount exceeding RMB30 million and accounting for more than 5% of the absolute value of the latest audited net assets of the Company, or the unexempted connected transactions in accordance with the Listing Rules revised from time to time shall be submitted by the Board to the general meeting, which shall

come into force upon consideration and approval by the general meeting. ~~In accordance with the current Listing Rules, when the ratio test of an unexempted connected transaction based on the system fails to meet the requirements of (i) less than 5%, or (ii) less than 25% and the transaction consideration is less than HK\$10 million per year, the transaction shall be subject to the requirements for reporting, announcement and approval by independent shareholders.~~

The following transactions between the Company and related persons may be exempted from being submitted to the general meeting for consideration and approval:

- (I) The Company participates in a public bidding or public auction for non-specific objects (excluding limited means such as an invitation to bid);
- (II) Transactions in which the Company obtains benefits unilaterally, including receiving cash assets, obtaining a debt relief, accepting guarantees and aids, etc.;
- (III) The pricing of related transactions is stipulated by the State;
- (IV) The related person provides funds to the Company, and the interest rate shall not be higher than the loan interest rate standard for the same period as stipulated by the People's Bank of China;
- (V) The Company provides products and services to directors, supervisors and senior management officers under the same transaction conditions as non-related persons.

Article 2516 The guarantee provided by the Company for related persons, regardless of the amount, shall be submitted to the general meeting for consideration and approval after being considered and approved by the Board. Where the Company provides guarantees for the controlling shareholder, de facto controller and its related parties, the controlling shareholder, de facto controller and its related parties shall provide counter guarantees.

The Company shall not provide financial aids such as funds for directors, supervisors, senior management officers, controlling shareholders, de facto controllers and their controlling subsidiaries and other related persons. The Company shall prudently provide financial aids or entrusted wealth management to related persons.

Article 2617 Where a related transaction involves such matters as “providing financial aids”, “providing guarantees” and “entrusted wealth management”, the amount incurred shall be taken as the calculation standard for disclosure and shall be cumulatively calculated within 12 consecutive months according to the transaction category. If the accumulated amount reaches the standards specified in Article 2318, Article 2419 or Article 205, the provisions of the preceding Articles shall apply respectively. If the relevant obligations have been fulfilled in accordance with Article 2318, Article 2419 or Article 205, they shall not be included in the relevant accumulative calculation scope.

Article 2718 Where the Company conducts the following related transactions, the amount of related transactions shall be calculated according to the principle of accumulative calculation within 12 consecutive months:

- (I) Transactions with the same related person;
- (II) Transactions related to the types of objects of transactions with different related persons.

The above-mentioned same related person includes other related persons controlled by the same entity or having equity control relationship with each other. Those who have performed relevant obligations in accordance with Article 2318, Article 2419 or Article 205 shall not be included in the relevant accumulative calculation scope.

~~**Article 28** The Hong Kong Stock Exchange shall have the right to calculate the connected transactions together. When deciding whether to combine the connected transactions, the factors considered shall include whether such transactions are: (I) conducted by the Company with the same party, or with persons related with each other or otherwise; (II) involving the acquisition or disposal of securities or interests or components of an asset of a particular company or group company; or (III) resulting in a substantial involvement of the Company in a business that was not previously part of the Company's principal business. The Company shall comply with the relevant provisions of the category of such connected transactions after the cumulative calculation.~~

Article 219 Where there are special provisions on the authorities and procedures for examination and approval of matters involved in related transactions in accordance with laws, administrative regulations, departmental rules, listing rules of the SZSE stock exchanges and articles of association, such provisions shall prevail.

Article 230 Related transactions identified according to the listing rules of the stock exchange(s) ~~where the Company's shares are listed~~SZSE and which need to be submitted to the general meeting for consideration and approval shall be submitted to the Board for discussion after being approved by independent non-executive directors. Before making a judgment, independent non-executive directors may engage an intermediary institution to issue an independent financial consultant report as the basis for the judgment. The Audit Committee of the Company shall examine the related transactions at the same time, form written opinions, submit them to the Board for consideration and approval, and at the same time to the supervisory committee for comments.

Chapter 6~~Section 4~~ **Avoidance System of Related Transactions**

Article 231 When the Board considers and approves related transactions, the related directors shall avoid voting and shall not exercise voting rights on behalf of other directors. The board meeting may be held with the attendance of more than half of the non-related directors, and the resolution made at the board meeting shall be approved by more than half of the non-related directors. Where there are less than three non-related directors present at the Board, the Company shall submit the transaction to the general meeting for consideration and approval.

Related directors include the following directors or directors with one of the following circumstances:

1. A counterparty;
2. A director serving in the counterparty, or serving in a legal entity that directly or indirectly controls the counterparty or a legal entity directly or indirectly controlled by the counterparty;
3. Directly or indirectly controls the counterparty;
4. A family member who is closely related to the counterparty or its direct or indirect controller (see clause (IV) of Article 8 of the system for details);
5. A family member who is closely related to the director, supervisor and senior management officers of the counterparty or its direct or indirect controller (see clause (IV) of Article 8 of the system for details);
6. A person whose independent business judgment may be affected for any other reason as identified by the CSRC, ~~HKSFC, stock exchange where the shares are listed~~ SZSE or the Company.

Article 232 When the Company's general meeting considers and approves related transactions, related shareholders shall avoid voting, and the number of voting shares they represent shall not be included in the total number of voting shares. The announcement of the resolution of the general meeting shall fully disclose the voting conditions of non-related shareholders.

Related shareholders include the following shareholders or shareholders in any of the following circumstances:

1. A counterparty;
2. Directly or indirectly controls the counterparty;

3. Directly or indirectly controlled by the counterparty;
4. Directly or indirectly controlled by the same legal person or natural person with the counterparty;
5. A family member who is closely related to the counterparty or its direct or indirect controller (see clause (IV) of Article 8 of the system for details);
6. Serves in the counterparty, or serves in a legal entity that directly or indirectly controls the counterparty or a legal entity directly or indirectly controlled by the counterparty (in case of natural person shareholder);
7. Has its voting rights restricted or affected by the existence of an unfulfilled equity transfer agreement or other agreement with the counterparty or its related persons;
8. Legal person or natural person identified by CSRC, ~~HKSFC or the stock exchange where the shares are listed~~ SZSE, which may cause the Company to tilt interests towards them.

Article 233 The withdrawal and voting procedures of related directors are as follows:

- (I) Related directors shall apply for withdrawal on their own initiative, otherwise other directors shall have the right to ask them to withdraw;
- (II) In case of any dispute over whether the director is a related director or not, a majority vote of the interim meeting of the Board shall pass a resolution to decide whether the director is a related director or not, and decide whether he/she shall be withdrawn;
- (III) When the Board votes on related transactions, after deducting the voting rights represented by related directors, the non-related directors present at the Board shall vote in accordance with the articles of association and the rules of procedure of the Board.

Article 234 The procedures for withdrawal and voting of related shareholders are as follows:

- (I) Related shareholders shall take the initiative to apply for withdrawal, otherwise other shareholders shall have the right to apply for withdrawal of the related shareholders to the general meeting;
- (II) In case of any dispute over whether the shareholder is a related shareholder or not, half of all the directors in the interim meeting of the Board shall pass a resolution to decide whether the shareholder is a related shareholder or not, and decide whether he/she shall be withdrawn, which shall be final;

- (III) When the general meeting votes on related transactions, after deducting the number of voting shares represented by the related shareholders, the non-related shareholders present at the general meeting shall vote in accordance with the articles of association and the rules of procedure of the general meeting.

Chapter 7 Section 5 Daily Related Transactions

Article 235 Where the Company and related persons conduct ~~related~~ daily connected transactions ~~related to daily operations listed in clauses (XII) to (XV) of Article 10,~~ the Company shall disclose and perform the corresponding consideration and approval procedures according to the following provisions, ~~and perform the obligation of information disclosure in accordance with relevant provisions:~~

- (I) ~~When the Company and related persons conduct related transactions related to daily operations for the first time, the Company shall conclude a written agreement with the related persons and make disclosures in a timely manner. The Company shall submit the transaction amount involved in the agreement that is applicable to the provisions of Article 23, Article 24 or Article 25 respectively to the Board or the general meeting for consideration and approval. Where there is no specific transaction amount in the agreement, it shall be submitted to the general meeting for consideration and approval.~~
- (I) The Company may reasonably estimate the annual amount of daily related party transactions by category, and perform and disclose the consideration and approval procedures. When the actual amount exceeds the estimated amount, the Company shall re-perform the relevant consideration and approval procedures and disclosure obligations based on the excess amount;
- (II) ~~For the daily related transaction agreement which has been considered and approved by the Board or general meeting of the Company and is being executed, if there is no significant change in the main terms during the execution, the Company shall disclose the actual performance of the relevant agreement as required in the regular report, and state whether it conforms to the provisions of the agreement. If the main terms of the agreement change significantly during the execution of the agreement or the agreement needs to be renewed upon expiration, the Company shall submit the newly revised or renewed daily related transaction agreement to the Board or general meeting for consideration and approval based on the transaction amount involved in the agreement that is applicable to Article 23, Article 24 or Article 25 respectively. If there is no specific transaction amount in the agreement, it shall be submitted to the general meeting for consideration and approval.~~
- (III) ~~Where it is difficult to submit each agreement to the Board or the general meeting for consideration and approval in accordance with clause (I) of this Article due to the frequent conclusion of new daily related transaction agreements regarding a large number of daily related transactions each year, the Company may, before disclosing the previous annual report, make a reasonable estimate of the total amount of daily related transactions that will occur in the current year, and submit them to the Board or general meeting for consideration and approval and disclosure~~

~~based on the estimated amount that is applicable to Article 23, Article 24 or Article 25 respectively. The Company shall disclose daily related transactions within the expected scope in regular reports. Where the amount of daily related transactions exceeds the estimated total amount during the actual execution, the Company shall re-submit it to the Board or general meeting for consideration and approval and disclosure based on the excess amount that is applicable to Article 23, Article 24 or Article 25 respectively.~~

Article 36

- (II) The Company shall disclose the daily related transactions in its annual reports and interim reports by category;

- (III) Where the term of the daily related transaction agreement entered into between the Company and its related parties exceeds three years, the relevant consideration and approval procedures and disclosure obligations shall be re-performed every three years.

Article 26 ~~The daily related transaction agreement shall at least include the main clauses such as the transaction price, pricing policy principles and basis, transaction price, total transaction amount range or determination method of the total transaction amount, payment method and time, etc. Where the specific transaction price is not determined in the agreement but only the reference market price is stated, the Company shall disclose the actual transaction price, market price and its determination method, as well as the reasons for the difference between the two prices while performing the disclosure obligation.~~

Chapter 8 Section 6 Disclosure of Related Transactions

Article 237 ~~According to the regulations of Shenzhen Stock Exchange (the “Shenzhen Stock Exchange”), when the Company discloses related transactions, it shall submit the following documents to the Shenzhen Stock Exchange: The announcement disclosed by the Company regarding the related transactions according to the A Share Listing Rules shall include the followings:~~

- (I) Overview of related party transactions~~Announcements;~~

- (II) Basic information of related party~~Agreements or letters of intent related to the transaction;~~

- (III) Basic information of the subjects of related party transactions~~Resolutions of the Board, opinions of independent non-executive directors and announcements of resolutions of the Board (if applicable);~~

- (IV) Governmental approval documents involved in the transaction (if applicable)~~Pricing policy and basis of pricing for the related party transactions;~~

- (V) Main contents of the transaction agreement~~Professional reports issued by intermediary institutions (if applicable);~~

- ~~(VI) The written document of independent non-executive directors' prior approval of the transaction;~~
- ~~(VII) Opinions of independent non-executive directors;~~
- ~~(VIII) Opinions of the Audit Committee of the Board (if applicable);~~
- ~~(IX) Other documents required by the stock exchange where the shares are listed.~~

~~**Article 38** According to the regulations of the Shenzhen Stock Exchange, the announcement of related transactions disclosed by the Company shall include the following content:~~

- ~~(I) Overview of the transaction and basic information of the subject of the transaction;~~
- ~~(II) The prior approval of independent non-executive directors and their independent opinions;~~
- ~~(III) Voting information of the Board (if applicable);~~
- ~~(IV) Description of the relationship of each party to the transaction and the basic information of related persons;~~
- ~~(V) The pricing policy and pricing basis of the transaction, including the relationship between the transaction price and the book value of the transaction subject, the appraised value and the clear and fair market price, as well as other specific matters related to pricing that need to be explained due to the special subject of the transaction. If there is a large difference between the transaction price and the book value, the appraised value or the market price, the reasons shall be explained. If the transaction is unfair, the Company shall also disclose the interest transfer direction generated by this related transaction;~~
- ~~(VI) The transaction agreement mainly covers the transaction price, settlement method, the nature and proportion of the rights and interests of related persons in the transaction, the conditions for the agreement to take effect, effective time and time limit for performance, etc.;~~
- ~~(VI) Other arrangements in connection with the related transactions;~~
- ~~(VII) The purpose of the transaction and its impact on the listed company Company, including the necessity and true intention of the related transaction, and the impact on the current and future financial status and operating results;~~

- (VIII) Total amount of various related transactions with the related person cumulatively from the beginning of the current year to the disclosure date;
- (IX) ~~An explanation of the possible occurrence of related transactions after the completion of the transaction~~Prior consent and independent opinions from independent non-executive Directors;
- (X) Opinions and conclusions of intermediaries (if applicable); ~~Other content required by the CSRC, HKSF and the stock exchange where the shares are listed which are helpful to explain the essence of the transaction.~~
- (XI) Other content, in the view of the SZSE or the Board of the Company, are helpful to explain the essence of the related party transactions.

Article 3928 ~~According to the provisions of the Shenzhen Stock Exchange,~~ When the Company and related persons conclude the following related transactions, it may be exempted from consideration and approval and disclosure in a way of related transactions:

- (I) Either party subscribes in cash for shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives publicly issued by the other party;
- (II) Either party receives dividends, bonuses or remuneration in accordance with the resolution of the other party's general meeting;
- (III) Either party, as a member of the underwriting syndicate, underwrites the stocks, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives publicly issued by the other party;
- (IV) Other circumstances recognized by the ~~stock exchange~~SZSE where the shares are listed.

Chapter 3 Connected Persons and Connected Transactions Subject to the H Share Listing Rules

Section 1 Scope of Connected Persons

Article 29 In accordance with the H Share Listing Rules, a **connected person** of the Company and its subsidiaries generally includes the following parties unless otherwise specified therein:

- (I) A director, supervisor, chief executive or major shareholder of the Company or any of its subsidiaries (as defined in the H Share Listing Rules) (i.e., person entitled to exercise or control the exercise of 10% or more of the voting rights at the general meetings of the Company);
- (II) Any person who has served as a director of the Company or any of its subsidiaries within the past 12 months (together with persons referred to in clause (I) of this Article as the “**Basic Connected Person**”);

(III) An associate of any Basic Connected Person, including:

1. If the Basic Connected Person is an individual:

- (1) His/her spouse, and any child or step-child (natural or adopted) of the individual or his/her spouse under the age of 18 years (the “**Immediate Family Member**”);
- (2) The trustees, acting in their capacity as trustees of any trust of which the individual or his/her immediate family member is a beneficiary or, in the case of a discretionary trust, is (to his/her knowledge) a discretionary object of the trust;
- (3) A 30%-controlled company held(as defined in the H Share Listing Rules), directly or indirectly, by the Basic Connected Person, his/her immediate family members and/or the trustees (individually or together), or any of its subsidiaries;
- (4) Any person cohabiting with him/her as a spouse, or his/her child, step-child, parent, step-parent, brother, step-brother, sister or step-sister (a “**Family Member**”); or a majority-controlled company held, directly or indirectly, by the family members (individually or together), or held by the family members together with the individual, his/her immediate family members and/or the trustees, or any of its subsidiaries; and
- (5) If the Basic Connected Person, their Immediate Family Member and/or the trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or as applicable under Chinese law in relation to triggering a mandatory public offer or establishing other percentages of legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be an associate of such a Basic Connected Person.

2. If the Basic Connected Person is a company (i.e. the major corporate shareholder):

- (1) A subsidiary of a major corporate shareholder, a controlling company or a fellow subsidiary of the controlling company (the “**Related Company**”);

- (2) The trustees, acting in their capacity as trustees of any trust of which the major corporate shareholder is a beneficiary or, in the case of a discretionary trust, is (to the major corporate shareholder’s knowledge) a discretionary object of the trust;
 - (3) A 30%-controlled company held directly or indirectly by the major corporate shareholder, their Related Company and/or the trustee (individually or jointly), or any subsidiaries of the company; and
 - (4) If the major corporate shareholder, their Related Company and/or the trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or as applicable under Chinese law in relation to triggering a mandatory public offer or establishing other percentages of legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be the contact person of such a Basic Connected Person.
- (IV) Related subsidiary refers to a non-wholly-owned subsidiary of the Company, where any connected persons at the corporate level have the right to exercise or control the exercise of 10% or more of the voting rights individually or jointly at the general meeting of the non-wholly- owned subsidiary, and the subsidiaries of the non-wholly-owned subsidiary;
- (V) Other connected persons as required from time to time by the H Share Listing Rules or recognized by the Listing Rules of the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). For details, please refer to Rules 19 to 22 of Chapter 14A of the H Share Listing Rules.

Article 30 The definition of a connected person does not include a director, chief executive, major shareholder or supervisor of an insignificant subsidiary of a company. For this purpose: an “**insignificant subsidiary**” refers to a subsidiary whose total assets, profits and revenue compared to that of the Group are less than: (I) 10% under the percentage ratios for each of the latest three financial years (or if less, the period since the incorporation or establishment of the subsidiary); or (II) 5% under the percentage ratios for the latest financial year. If the person is connected with two or more subsidiaries of the Company, the Hong Kong Stock Exchange will aggregate the subsidiaries’ total assets, profits and revenue to determine whether they are together “insignificant subsidiaries” of the Company.

Also, in case of the following circumstances, a subsidiary of the Company shall not be a connected person: (I) a subsidiary directly or indirectly wholly-owned by the Company; or (II) a subsidiary which is a connected person only because it is a major shareholder of another subsidiary of the Company or an associate of the director (or a person who served as a director in the past 12 months), chief executive, major shareholder or supervisor of any subsidiary of the Company.

Section 2 Reporting of Connected Persons

Article 31 The office of the board of director securities division of the Company shall formulate and update the format of the connected person reporting form from time to time as necessary, send and collect the form regularly, and urge the connected person to report relevant information to the office of the board of director securities division of the Company immediately after he/she takes office or becomes the major shareholder of the Company.

Article 32 The Company shall distinguish the types of connected transactions according to the testing methods specified in the H Share Listing Rules, and shall comply with (or be exempted from) the requirements for reporting, announcement and approval by independent shareholders when signing an agreement.

Section 3 Scope of Connected Transactions

Article 33 For the purpose of the H Share Listing Rules, **connected transactions** refer to any transactions with a connected person between a company or its subsidiaries. “Transactions” include both capital and revenue nature transactions, whether or not conducted in the ordinary and usual course of business of the Company, such transactions may be one-off transactions or ongoing transactions. These include the following types of transactions:

- (I) any acquisition or disposal of assets by the listed issuer, including a deemed disposal;
- (II) (a) the listed issuer’s group granting, accepting, exercising, transferring or terminating an option to acquire or dispose of assets or to subscribe for securities; or
 - (b) the listed issuer’s group deciding not to exercise an option to acquire or dispose of assets or to subscribe for securities;
- (III) entering into or terminating finance leases or operating leases or sub-leases;
- (IV) granting an indemnity or providing or receiving financial assistance. “Financial Assistance” includes granting credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan;

- (V) entering into an agreement or arrangement to set up a joint venture in any form (e.g. a partnership or a company), or any other form of joint arrangement;
- (VI) issuing new securities of the listed issuer or its subsidiaries, including underwriting or sub-underwriting of securities offerings;
- (VII) providing, receiving or sharing services; or
- (VIII) acquiring or providing raw materials, intermediate products and/or finished goods.

The Company must enter into a written agreement for each connected transaction, including an exempted connected transaction.

Article 34 In addition, Financial Assistance provided by the Group to, or received by the Group from, a commonly held entity is a connected transaction. To this end, the “Commonly Held Entity” refers to a company whose shareholders include: (I) a member of the Group; and (II) any connected person(s) at the issuer level who, individually or together, can exercise or control the exercise of 10% or more of the voting power at the company’s general meeting. This 10% excludes any indirect interest held by the person(s) through the Company.

Article 35 The Group acquiring an interest in a company (the “target company”) from a third party who is not a connected person is a connected transaction if the target company’s major shareholder is, or is proposed to be, a controller (i.e a director, chief executive or controlling shareholder of the Company); or is, or will, as a result of the transaction, become, an associate of a controller or proposed controller.

Article 36 If the connected transaction also constitutes a notifiable transaction, the Company must also comply with the requirements on notifiable transactions under Charter 14 of the H Share Listing Rules.

Article 37 According to the H Share Listing Rules, the transactions between the listed group and its connected persons shall include (I) fully exempt, (II) partly exempt and (III) non-exempt connected transaction, as defined under the provisions of below Article 38 to Article 42. Partly exempt connected transactions and non-exempt connected transaction are collectively referred to non-exempt connected transaction.

Article 38 The relevant percentage ratios for fully exempt, partly exempt and non-exempt connected transaction are calculated as follows:

- (I) the asset ratio refers to total assets involved in the relevant transaction divided by total assets of the Company;
- (II) the profit ratio refers to the profit attributable to the assets involved in the transaction divided by profit of the Company;

- (III) the income ratio refers to the income attributable to the assets involved in the transaction divided by income of the Company;
- (IV) the consideration ratio refers to the consideration divided by total capitalization of the Company. Total capitalization was calculated by average closing price of securities of the Company for five trading days prior to the relevant transaction date as quoted in daily quotation sheets in the Hong Kong Stock Exchange; and
- (V) the equity ratio refers to the number of shares issued by the Company as consideration divided by the total number of shares of the Company in issue prior to the relevant transaction.

Article 39 The relevant percentage ratios are calculated applying the following principles:

The Hong Kong Stock Exchange will aggregate a series of connected transactions and treat them as if they were one transaction if they were all entered into or completed within a twelve-month period or are otherwise related. The Company must comply with the connected transaction requirements based on the classification of the connected transactions when aggregated. The aggregation period will cover 24 months if the connected transactions are a series of acquisitions of assets being aggregated which may constitute a reverse takeover.

Factors that the Hong Kong Stock Exchange will consider for aggregation of a series of connected transactions include whether:

- (I) they are entered into by the Group with the same party, or parties who are connected with one another;
- (II) they involve the acquisition or disposal of parts of one asset, or securities or interests in a company (or group of companies); or
- (III) they together lead to major involvement by the Group in a new business activity.

In terms of continuing connected transactions, the Company shall use the cap as the numerator for the calculation of the asset ratio, income ratio and consideration ratio. If the term of relevant transactions is agreed more than one year, the transactions shall be classified based on the maximum cap in the term of the agreement.

~~**Article 40** The announcement, circular and annual report on connected transactions of the Company disclosed on the Hong Kong Stock Exchange shall at least include the information required by Articles 14A.68 to 14A.72 of the Listing Rules.~~

Chapter 9 Regulations and Exemptions of the Hong Kong Stock Exchange

~~Article 41~~ According to the relevant business rules of the Hong Kong Stock Exchange, the exemptions for connected transactions can be divided into two categories: full exemption (i.e. exemption from compliance with approval by independent shareholders, annual examination and all disclosure requirements) and partial exemption (i.e. exemption from compliance with regulations on approval by independent shareholders).

~~Article 42~~ The following related transactions The following connected transactions are fully exempted connected transactions:

- (I) New securities issued by the Company or its subsidiaries;
- (II) Dealing in securities on ~~Transactions at~~ stock exchanges;
- (III) Repurchase of the securities of the Company or its subsidiaries;
- (IV) ~~Directors' service contracts and insurance;~~
- (IV) Directors' service contracts and insurance-the service contracts entered into between the directors and the Group shall be fully exempted. In addition, purchase and maintenance of insurance for a director of the Group against liabilities to third parties that may be incurred in the course of performing his/her duties are fully exempt if it is in the form permitted under the laws of Hong Kong and where the company purchasing the insurance is incorporated outside Hong Kong, the laws of the company's place of incorporation.
- (V) Buying consumer goods or services as a customer from, or selling consumer goods or services to, a connected person on normal commercial terms or better in the ordinary and usual course of business for own use purpose;
- (VI) Shared administrative management services;
- (VII) Transactions with the contact persons of passive investors;
- (VIII) Transactions with ~~related~~ connected persons at the subsidiary company level;
- (IX) Financial assistance that meets certain conditions.~~The results of the ratio test conducted in accordance with Article 22 of the system for transactions (excluding the issuance of new securities by the Company to connected persons) shall meet one of the following standards: (1) less than 0.1%; (2) less than 1% where the transaction is a connected transaction solely because of a related person at the subsidiary company level; or (3) less than 5% and the total consideration (in the case of~~

~~financial assistance, the total amount of financial assistance together with any pecuniary benefit paid to an related person or jointly held entity) is less than HK\$3 million. This article does not apply to the issue of new securities by the Company to related persons.~~

~~Article 43~~The financial assistance provided by the Company or any member of the Group to ~~related~~connected persons or jointly held entities (as defined in the H Share Listing Rules) shall be fully exempted if meeting the following requirements, including:

- ~~(1)~~ The relevant financial assistance is provided in accordance with general commercial terms or better terms; and
- ~~(2)~~H The relevant financial assistance provided by the Company or any member of the Group is in proportion to the share capital interest directly held by the Company or its subsidiaries in the ~~related~~connected person or jointly held entity. Any security provided by the Company or a member of the Group shall be several (instead of joint and several).

~~Meanwhile,~~ fFinancial assistance received by the Company or a member of the Group from a ~~related~~connected person or jointly held entity shall be fully exempted if meeting the following requirements:

- ~~(1)~~ The relevant financial assistance is provided in accordance with general commercial terms or better terms; and
- ~~(2)~~H The relevant financial assistance is not secured by the assets of the Company or a member of the Group.
- ~~(X)~~ The de minimis transaction (other than an issue of new securities by the Company to connected persons and applies to a connected transaction conducted on normal commercial terms or better) is fully exempt if all the percentage ratios (other than the profits ratio) as stipulated in Article 38 and Article 39 of the policy are: (1) less than 0.1%; (2) less than 1% and the transaction is a connected transaction only because it involves connected person(s) at the subsidiary level; or (3) less than 5% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is less than HK\$3,000,000. This Article does not apply to an issue of new securities by the Company to connected persons. The transaction is exempt from the circular (including independent financial advice) and shareholders' approval requirements if all the percentage ratios (other than the profits ratio) are: (1) less than 5%; or (2) less than 25% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is less than HK\$10,000,000.

Article 41 The following connected transactions are partly exempt connected transactions:

The transaction is partly exempt if all the percentage ratios as stipulated in Article 38 and Article 39 of the policy are:

- (I) On normal commercial terms or better, and each of the percentage ratios (other than the profits ratio) is less than 5%;
- (II) On normal commercial terms or better, and each of the percentage ratios (other than the profits ratio) is less than 25% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is less than HK\$10,000,000;
- (III) A connected transaction between the listed company or its subsidiary and a connected person at the subsidiary level is entered into on normal commercial terms or better if:
 - (1) The Board of the listed company have approved the transactions; and
 - (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed company and its shareholders as a whole.

Article 42 The non-exempt connected transactions refer to other connected transactions that are not fully exempt nor partly exempt:

Article 43 Continuing connected transactions are connected transactions involving the provision of goods or services or financial assistance, which are carried out on a continuing or recurring basis and are expected to extend over a period of time. They are usually transactions in the ordinary and usual course of business of the Group. In addition to determining whether the relevant transactions require reporting, announcement and shareholders' approval at the time of entering into the agreement, the Company needs to continuously monitor its implementation and whether the amount exceeds the pre-determined annual caps, and to re-comply with the relevant provisions of the H Share Listing Rules when there is a material change in the terms of the agreement, the annual caps were exceeded or when the agreement is renewed.

Article 44 A written agreement for a continuing connected transaction must contain the basis for calculating the payments to be made. Examples include sharing of costs incurred by the parties, unit prices for goods or services provided, annual rental for leasing a property, or management fees based on a percentage of the total construction cost, and must reflect normal commercial terms or better.

Article 45 The period for the agreement of continuing connected transaction must be fixed and must not exceed three years except as permitted under the H Share Listing Rules and in special circumstances where the nature of the transaction requires a longer period. In this case, the Company must appoint an independent financial adviser to explain why the agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

Article 46 The Company must set the highest annual amount (the “cap”) for each continuing connected transaction, and disclose the calculation basis and obtain shareholders’ approval unless the relevant waivers described in Section IV below apply. The annual cap must be expressed in actual monetary terms rather than in a certain percentage ratio to the annual revenue of the Company. The Company shall set the annual cap by reference to previous transactions and figures in its published information. If there were no previous transactions, the cap must be set based on reasonable assumptions, and the details of consumptions shall be disclosed as well.

~~**Article 44** The partially exempted one-off connected transactions and continuing connected transactions shall comply with the handling principles of relevant announcements and reporting in the Listing Rules. The partially exempted financial assistance shall be subject to the principle of dealing with partially exempted one-off connected transactions or partially exempted continuing connected transactions, respectively, depending on the nature of connected transactions.~~

~~The one-off connected transaction which is conducted according to the general commercial terms and meets the following conditions shall be the partially exempted one-off connected transaction, and the result of the ratio test in accordance with Article 22 of the system meets one of the following standards: (I) less than 5%; or (II) less than 25% and the total consideration less than HK\$10 million. This article does not apply to the issue of new securities by the Company to related persons.~~

~~The financial assistance provided by the Company to related persons or jointly held entities in accordance with the general commercial terms shall be the partially exempted financial assistance and the result of the ratio test in accordance with Article 22 of the system shall meet one of the following criteria: (I) less than 5%; or (II) less than 25% and the aggregate value of the assistance together with any preferential benefits received by the related person is less than HK\$10 million.~~

Article 45 If the connected transaction exceeds the cap during the process or it is required to update the agreement or make major changes to its terms or renew the agreement upon the expiry of the agreement, the Company shall obtain approval again in accordance with the H Share Listing Rules and the policy and re-comply with the requirements of the H Share Listing Rules (such as the announcement and shareholder's approval requirements).

Article 47 The Company must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the Company's Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions: (I) have not been approved by the Company's Board; (II) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (III) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (IV) have exceeded the cap.

Section 4 Approval Authority and Decision-Making Procedure of Connected Transactions

Article 48 Fully exempt refers to the exemption from the reporting, announcement, circular to its shareholders, independent financial advice, independent shareholders' approval, and the annual review requirements, and there is no need to make disclosures nor to obtain the prior consent from the Board.

Article 49 Partly exempt refers to the exemption from the circular to its shareholders, independent financial advice and independent shareholders' approval requirements, and it only needs to disclose the relevant details in the announcement and in the next published annual report and obtain prior approval of the Board.

Article 50 Connected transactions for which there is no exemption must be disclosed and approved in advance by the board and the independent shareholders. The listed company shall establish an independent non-executive board committee and engage an independent financial adviser to advise the independent shareholders on the connected transaction; notify the shareholders in advance of the general meeting and include details of the connected transaction, the opinion of the independent financial adviser and the independent non-executive board committee on the connected transaction in such written notice and circular to the shareholders; and disclose the details of the connected transaction in the next published annual report.

Article 51 For non-exempt connected transaction, the listed company shall (I) establish an independent non-executive board committee; and (II) appoint an independent financial adviser. The independent non-executive board committee that consists of independent non-executive directors who do not have a material interest in relevant transactions must, taking into account the recommendation of an independent financial adviser, advise the Company's shareholders: (I) whether the terms of the connected transaction are fair and reasonable; (II) whether the connected transaction is on normal commercial terms or better and

in the ordinary and usual course of business of the Group; (III) whether the connected transaction is in the interests of the Company and its shareholders as a whole; and (IV) how to vote on the connected transaction. If an independent non-executive board committee is formed, the circular must include a letter from the independent non-executive board committee containing its opinion and its recommendation. Meanwhile, the listed company must appoint an independent financial adviser acceptable to the Hong Kong Stock Exchange to make recommendations to the independent non-executive board committee and shareholders. The independent financial adviser will give its opinion based on the written agreement for the transaction. If all the independent non-executive directors have a material interest in the transaction, an independent non-executive board committee will not be formed.

Article 52 The non-exempt connected transaction must be conditional on shareholders' approval at a general meeting held by the Company. Any shareholder who has a material interest in the transaction must abstain from voting on the resolution. According to the Articles of Association, if any matter considered at the shareholders' general meeting is related to any shareholder, such shareholder shall disclose his/her connected relationship to the Company's board of directors prior to the convening of the meeting; when any related party transaction is being considered at the shareholders' general meeting, the chairman of the meeting shall announce the shareholders with connected relationships, and explain the related shareholders' relationships with the related party transactions. If the related shareholders raise an objection, the board of directors of the Company shall decide whether they should evade; in the event that the related shareholders have no objection or the related shareholders raise an objection, but the Board of the Company decides that it shall withdraw from voting, the chairman of the meeting declares the related shareholders shall evade, and non-related party shareholders shall consider and vote on the related party transactions; if related shareholders fail to evade in respect of the related party transactions in accordance with the above procedures, the resolutions concerning the related party transactions shall be null and void, and shall be subject to re-voting.

Article 53 The Hong Kong Stock Exchange may waive the general meeting requirement and accept a written shareholders' approval, subject to the conditions that: (I) no shareholder of the Company is required to abstain from voting if a general meeting is held to approve the transaction; and (II) the approval is given by a shareholder or a closely allied group of shareholders who (together) hold more than 50% of the voting rights in the general meeting.

Article 54 The Company's independent non-executive directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into: (I) in the ordinary and usual course of business of the Group; (II) on normal commercial terms or better; and (III) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Article 55 Non-exempt one-off connected transactions shall be handled according to the following principles:

- (I) Shall first obtain the approval of the Board, and issue a public announcement on the Hong Kong Stock Exchange before the opening of the market on the first working day after the approval of the Board. The principles for handling the announcement are as follows: publish the announcement on the website of the Hong Kong Stock Exchange and disclose relevant information according to the requirements of the H Share Listing Rules after an agreement is made on transaction terms. The announcement shall clearly reflect: (1) whether the directors believe that the relevant transaction belongs to the transaction conducted according to the general commercial terms in the daily business of the ~~listed issuer~~ Company; (2) opinions of independent non-executive directors; and (3) whether any directors have a material interest in the transaction and whether they have waived their voting rights at a meeting of the Board.

According to the Articles of Association, a director shall not be entitled to vote on any resolution of the Board in respect of any contract, transaction or arrangement in which he/she or any of his/her close associates as defined in the applicable listing rules in effect from time to time has any material interest or any other relevant proposals, nor shall such director be counted when the Company determines whether the quorum is reached.

- (II) After the Board of the Company approves and makes a public announcement, the independent financial advisor shall confirm that the connected transaction is fair, reasonable and in line with the interests of the Company and all shareholders, and submit the opinion to the independent non-executive director committee for review, and then the independent non-executive director committee shall convene a separate meeting to confirm that the connected transaction is fair and reasonable and conforms to the interests of the Company and all shareholders. The above opinion of the independent financial advisor and independent non-executive director committee shall be included in the circular to be issued to the shareholders.
- (III) Within 15 working days after the announcement is made, the expected final draft of the circular shall be submitted to the Hong Kong Stock Exchange for review, and then the circular conforming to the H Share Listing Rules confirmed by the Hong Kong Stock Exchange shall be sent to the shareholders, and the circular shall be available in both Chinese and English versions. Any amendment or supplement to the circular and/or the provision of relevant information shall be sent to the shareholders not less than 10 working days before the general meeting is held.
- (IV) Submit connected transactions to the general meeting for consideration and approval. The connected transaction can be carried out only after the approval of the general meeting. At the general meeting, the related-connected persons with significant interests shall abstain from voting. A statement that ~~related-connected~~ related-connected

persons with significant interests shall abstain from voting shall be included in the circular to be issued to shareholders. Approval by an “independent shareholder” shall be by ballot. Before the opening of the market on the first working day after the meeting, the Company shall publish a notice announcing the result of the poll.

- (V) ~~Make reporting. The handling principles are as follows: d~~ Disclose in the first annual report and accounts after the connected transaction the date of the transaction, the parties to the transaction and their relationship with each other, the transaction and its purpose, consideration and terms, and the nature and extent of the interest held by the ~~connected~~related persons in the transaction.

Article 546 Non-exempt continuing connected transactions shall abide by the following handling principles:

- (I) Setting an annual cap for each connected transaction and disclosing the basis for the calculation of the cap.
- (II) A written agreement shall be signed with the ~~connected~~related persons for each connected transaction, and the content of the agreement shall reflect the general commercial terms and list the basis for calculating the payment amount. The agreement term shall be fixed and shall not exceed three years. If the agreement term shall exceed three years due to the nature of the transaction, the written confirmation opinion of the independent financial advisor shall be obtained, and the consideration and approval procedure shall be performed again according to the provisions of the system.
- (III) Reporting, announcement and approval by independent shareholders shall be carried out in accordance with the H Share Listing Rules, and examination and approval in accordance with the relevant internal authorization of the Company.
- (IV) To comply with the relevant provisions of the H Share Listing Rules on annual review of continuing connected transactions.
- (V) If the Company enters into an agreement involving continuing transactions and thereafter such transactions (for any reason, such as one of the counterparties becoming the director of the Company) become continuing connected transactions, the Company shall become aware of any amendment or update, and comply fully with all applicable requirements for reporting, announcement and independent shareholder’s approval of Chapter 14A of the H Share Listing Rules for all continuing connected transactions effective after such amendment or update occurs.
- (VI) If the continuing connected transaction exceeds the original cap or the terms are significantly updated or revised, the Company shall comply with the procedures for reporting, announcement and approval by independent shareholders specified in the measures again.

Section V Disclosure of the Non-exempt Connected Transactions

Article 57 The Company shall disclose the connected transactions as soon as practicable after their terms have been agreed. If the connected transactions are subsequently terminated or there is any material variation of their terms or material delay in the completion, the Company shall announce as soon as practicable. The Company shall also comply with all other applicable provisions under the H Share Listing Rules.

Article 58 If the Group acquires a company or a business from a connected person, such connected person shall make guarantee on matters relating to the profits or net assets or other relevant financial performance of such company or business. The Company shall publish an announcement to disclose any subsequent amendment to the guarantee terms and the reasons therefor, and whether the independent non-executive directors of the issuer are of the view that such amendment is fair and reasonable and in the interests of the shareholders as a whole; and in the case of actual performance falling short of the guaranteed performance, the Company shall publish an announcement to disclose the following matters: (I) the shortfall and any adjustment to the consideration for the transaction or other consequences in accordance with the provisions as set out in the guarantee; (II) whether the connected person has fulfilled its obligations under the guarantee; (III) whether the Group has exercised any option to sell the company or business back to the connected person or other rights it held under the terms of the guarantee, and the reasons for making its decision; and (IV) the independent non-executive directors' opinion on the following matters, including: whether the connected person has fulfilled its obligations; and whether the decision of the Group to exercise or not to exercise any options or rights set out above is fair and reasonable and in the interests of the shareholders as a whole.

Article 59 Announcement on the connected transactions under the H Share Listing Rules shall include following information:

- (I) identity of the parties to the transaction and of their ultimate beneficial owner(s) and summary of their principal business;
- (II) correlation between counterparties and connected persons' interests in relevant transaction;
- (III) if the transaction is not required to be approved by shareholders, the advice of the independent non-executive directors on the matters mentioned in Article 51 above;
- (IV) if it is a continuing connected transaction, it shall set out the calculation basis of the amount payable and cap amount of the transaction. If no circular is required to be published, the Company also need to disclose the way to determine and calculate the cap, including relevant assumptions and the amount of previous transaction as a benchmark for the cap;

- (V) if the transaction involves the Group acquiring assets from connected persons, it shall set out the initial cost for acquiring relevant assets by the connected persons;
- (VI) if the announcement sets out profit forecast in relation to the Group, or of a company belongs to (or will be) the Company's subsidiary, it should provide information required by the H Share Listing Rules in respect of the announcement containing profit forecast;
- (VII) if the transaction is, or will be, approved by way of shareholders' written approval, it shall disclose the details of the shareholders giving the approval (including their names and respective shareholdings in the Company) and the relationship between the shareholders; and
- (VIII) if a circular is required, it shall disclose the expected date of distribution of the circular, and, if it is distributed after 15 business days after the publication of the announcement, the reasons causing delay distribution of the circular.

Article 60 If a circular is required, the Company shall dispatch a circular to shareholders (I) at the same time or before the Company gives notice of the general meeting of shareholders if the connected transactions are to be approved by shareholders in a general meeting of shareholders; or (II) if no general meeting of shareholders is to be held, within 15 business days after publication of the announcement. The Company may apply for a waiver from this requirement if it requires additional time to prepare the circular.

Article 61 Circular on connected transactions under the H Share Listing Rules shall include following:

- (I) the information required to be disclosed in the announcement for the transactions;
- (II) identity of the parties to the transactions and of their ultimate beneficial owner(s) and summary of their principal business;
- (III) the name of the connected persons concerned, his/her or its relationship with any controller and the name and title held by that controller;
- (IV) if the transaction is a continuing connected transaction, it shall set out the way to determine and calculate the cap, including relevant assumptions and the amount of previous transaction as a benchmark for the cap;
- (V) an opinion letter from the independent financial adviser;
- (VI) if the transaction involves the acquisition or disposal of any property interests, a valuation and information on the property; and

(VII) a statement whether any Directors have a material interest in the transaction and, if so, whether they have abstained from voting on the board resolution, etc.

Article 62 The Company shall disclose its connected transactions conducted during the financial year in its annual report as required by the H Share Listing Rules, including relevant disclosures on the transaction date, the parties to the transaction and a description of their connected relationship, a brief description of the transaction and its purpose and the total consideration and terms.

Chapter 49 Supplementary Provisions

Article 4763 Matters not covered herein shall be implemented in accordance with relevant national laws and regulations, listing rules of the stock exchange(s) where the Company's shares are listed and the articles of association; In case of any conflict with the laws and regulations promulgated by the State in the future or the articles of association modified through legal procedures, the relevant laws and regulations promulgated by the State and the articles of association shall prevail, and the system shall be revised in a timely manner and submitted to the general meeting for consideration and approval.

Article 4864 The system shall be interpreted and revised by the Board or its authorized unit.

Article 4965 The system shall be implemented commencing on the date of approval by the general meeting. For the system to be amended, the Board shall propose an amendment plan for the consideration and approval by the general meeting, which shall not take effect until it is approved by the general meeting.

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Note: *If there is any discrepancy between the English and the Chinese versions, the Chinese version shall prevail.*

PHARMARON BEIJING CO., LTD.**External Guarantee Management Policy****Chapter 1 General Provisions**

Article 1 The Rules of External Guarantee Management (these “**Rules**”) are formulated in accordance with the provisions of the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “**Company Law**”), the Civil Code of the People’s Republic of China (中華人民共和國民法典), the listing rules of the stock exchanges where shares in the Company are listed (including but not limited to 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) (the “**Listing Rules**”) and other applicable laws, regulations, normative documents and the Articles of Association of the Company (the “**Articles of Association**”) for the purpose of regulating the external guarantees of Pharmaron Beijing Co., Ltd. (the “**Company**”) and the Company’s conduct therein and controlling the Company’s operational risks.

Article 2 An external guarantee herein refers to a guarantee provided by the Company for others, including guarantees provided by the Company for its majority-owned subsidiaries and wholly owned subsidiaries (collectively the “**Subsidiaries**” and individually a “**Subsidiary**”). The “total amount of the external guarantees provided by the Company and the Subsidiaries” herein refers to the sum of the total amount of the Company’s external guarantees, including the Company’s guarantees to its Subsidiaries and the external guarantees that the Subsidiaries provide for others.

Article 3 The decisions about any external guarantee shall be made by the general meeting and the board of directors, and all the external guarantees provided by the Company shall be subject to the approval by the general meeting of the Company or the board of directors of the Company pursuant to relevant procedures.

The Company shall not provide any external guarantee without the approval of the general meeting or the board of directors.

Chapter 2 Authorization of External Guarantees

Article 4 The following guarantees by the Company, including guarantees provided to its Subsidiaries, shall be subject to deliberation and approval by a general meeting upon the approval of the board of directors:

- (I) A single guarantee for an amount in excess of 10% of the Company’s latest audited net assets;
- (II) Any guarantee provided after the total amount of the external guarantees provided by the Company and the Subsidiaries has exceeded 50% of the Company’s latest audited net assets;

- (III) A guarantee provided to a party which has an asset-liability ratio in excess of 70%;
- (IV) ~~Any guarantee(s) provided after the total external guarantee amount of the Company Guarantee(s), of which the aggregate amount over a period of 12 consecutive months~~ exceeds 30% of the Company's latest audited total assets;
- (V) Guarantee(s), of which the aggregate amount over a period of 12 consecutive months exceeds 30% of the Company's latest audited total assets;
- (VI) Guarantee(s) of which the aggregate amount over a period of 12 consecutive months exceeds 50% of the Company's latest audited net assets and the absolute value exceeds RMB50 million;
- (VII) A guarantee provided to a shareholder or an actual controller or a connected party thereof;
- (VIII) Other guarantees as the stock exchanges where shares in the Company are listed or the Articles of Association requires so; or
- ~~(VIII)~~ It constitutes a major transaction, highly substantial disposal, highly substantial acquisition and reverse takeover in accordance with the calculation provided in Chapter 14 of the Listing Rules.

A guarantee specified in Item (IV) and (V) above and deliberated at a general meeting requires approval by at least two-thirds of the voting rights held by the shareholders attending the meeting at which such guarantee is deliberated.

When a motion on providing guarantee to a shareholder or an actual controller or a connected party thereof is deliberated at a general meeting, such shareholder or any shareholder(s) controlled by such actual controller shall not vote on the motion, which shall be passed by at least half of the voting rights held by the other shareholders attending the general meeting.

Where the Company is to provide a guarantee to a connected party, such guarantee shall be disclosed in a timely manner after being deliberated and approved by the board of directors, and thereafter it shall be submitted to a general meeting for deliberation. Where the Company is to provide a guarantee to a controlling shareholder or an actual controller or a connected party thereof, such controlling shareholder, actual controller or connected party shall provide a counter guarantee.

Where the Company is to provide a guarantee to a wholly-owned Subsidiary, or to a majority-owned Subsidiary of which the other shareholders provide guarantees to the Subsidiary in proportion to their interests therein, such guarantee shall be exempted from deliberation and approval by a general meeting if it falls within the scope described in Item (I), (II), (III) or (VI) of this article.

For the purpose of this article, the amount of the Company's external guarantees shall be the aggregate guaranteed amount that occurs within 12 consecutive months. The guaranteed amount for which the relevant obligations provided under this article have been performed shall not be included in any subsequent calculation for the purpose of this article.

Article 5 Any external guarantee not included in Article 4 hereof shall take effect upon the deliberation and approval by the board of directors.

An external guarantee subject to the approval of the board of directors must be approved by a resolution adopted by at least two-thirds of directors attending the meeting of the board of directors.

Chapter 3 Acceptance and Review of the Application for External Guarantees

Article 6 Any application for an external guarantee shall be submitted to the finance department of the Company. The debtor shall submit the application for the guarantee along with any appendix thereto to the finance department at least five business days in advance, and the application shall include:

- (I) Basic information of the debtor;
- (II) Description of the debt to be guaranteed;
- (III) Type and term of the guarantee;
- (IV) Key terms of the guarantee agreement;
- (V) Explanation of the debtor's repayment plan and sources of repayment; and
- (VI) Plan for counter guarantee.

Article 7 The debtor shall submit the guarantee application along with:

- (I) Photocopies of the debtor's business license;
- (II) The debtor's latest financial statements for the previous year and for the most recent period;
- (III) The debt agreement to be secured by the guarantee;
- (IV) The guarantee agreement template provided by the creditor;
- (V) A statement that the debtor is subject to no significant litigation, arbitration or administrative punishment; and
- (VI) Other information that the finance department considers necessary.

Article 8 After receiving the debtor's application, the finance department shall timely investigate the credit status of the debtor and conduct a risk analysis on the contemplated guarantee, and the written report of such investigation and analysis signed by the chief financial officer together with the application and photocopies of appendices to the application will be submitted to the ~~office of the board of directors~~ securities division.

Article 9 The legal compliance department shall conduct a compliance review and issue its opinion within three business days after receiving the written report from the financial department and the materials of the application.

Article 10 After the application passes the compliance review, the securities affairs department shall arrange for deliberation and approval of the application at the meeting of the board of directors or the general meeting in accordance with the relevant requirements under the Articles of Association.

Article 11 When deliberating the application for guarantee submitted by a debtor, the board of directors shall be prudent and strictly control debt risks that may arise from external guarantees. If necessary, the board of directors may engage third-party professional institutions to assess the risk that may arise from external guarantees, and such assessment shall be the basis for the board of directors or the general meeting to make its decision on the application for guarantee.

The independent non-executive directors of the Company shall give their independent opinions when an external guarantee is being deliberated by the board of directors. If necessary, an accounting firm may be engaged to audit the Company's previous and current external guarantees. In case the accounting firm identifies any irregularity, it shall timely inform the board of directors and competent regulators and publicly announce such irregularity.

Article 12 The Company shall, when providing an external guarantee, require the debtor to provide a counter guarantee, if possible, and shall prudently check the debtor's capability of acting as guarantor and the exercisability of the required counter guarantee.

Article 13 A director or shareholder who has an interest in a guarantee shall withdraw from voting on whether to approve such guarantee at a meeting of the board of directors or a general meeting of the Company.

Article 14 The ~~office of the board of directors~~ securities division shall record in detail the discussion and voting process relating to guarantees deliberated over at meetings of the board of directors and general meetings and shall timely disclose information thereabout.

Chapter 4 Execution of Guarantee Agreement and Counter-Guarantee Agreement

Article 15 When providing any external guarantee or accepting any counter guarantee, the Company shall conclude a written agreement thereon (which shall include a letter of guarantee, the same applies below).

Article 16 The guarantee agreement and counter-guarantee agreement shall be signed by the chairman of the board of directors or his or her authorized signatory, and no other person shall enter into any external guarantee agreement on behalf of the Company without authorization.

No external guarantee agreement shall be entered on behalf of the Company without the resolution of the board of directors or the general meeting.

Article 17 The content of any guarantee agreement or counter-guarantee agreement shall comply with the provisions of applicable Chinese laws and regulations and these Rules, and the main terms shall be clear and unambiguous.

Article 18 Each guarantee agreement or counter-guarantee agreement shall specify, among others:

- (I) The type and amount of the debt to be guaranteed;
- (II) The due date of the debt;
- (III) The form, amount, scope and term of the guarantee;
- (IV) Rights, obligations and liabilities for breach of contract of the parties;
- (V) Governing law and dispute resolution; and
- (VI) Other matters deemed as necessary to be agreed upon by the parties.

Article 19 The finance department of the Company together with the compliance department of the Company shall be responsible for duly completing legal formalities for the Company's external guarantees (e.g., mortgage or pledge) or counter guarantees accepted by the Company, and in case of the latter, the finance department and the compliance department shall timely file the assets mortgage or pledge with the competent authority.

Article 20 The Company should keep in proper custody guarantee agreements, counter-guarantee agreements and relevant original materials, timely sort out and examine the same, verify relevant materials with entities such as banks on a regular basis, keep track of the effective terms and expiry dates of the guarantees and otherwise ensure the completeness, accuracy and validity of the archived instruments and other materials.

If any irregular agreement not properly deliberated and approved by the board of directors or the general meeting is identified in the course of agreement management, such irregularity shall be promptly reported to the board of directors, the Supervisory Committee or any competent authority or relevant stock exchange(s).

Chapter 5 Daily Management and Risk Control of Guarantees

Article 21 The finance department of the Company shall be responsible for the registration, cancellation and daily management of guarantees.

The finance department shall set up a ledger to record external guarantees in a truthful, accurate and complete manner. Before a debt guaranteed by the Company becomes due, the finance department shall urge the debtor to timely repay the debt.

The finance department shall keep in proper custody all the documents related to external guarantees of the Company, including but not limited to applications for external guarantees and the appendices thereto, review opinions issued by the finance department, the legal compliance department, the secretary to the board of directors and other departments of the Company, resolutions of the board of directors or the general meeting, executed guarantee agreements and counter-guarantee agreements and registration certificates of mortgages or pledges, and it shall on quarterly basis fill out the form for external guarantees of the Company and submit the same to the board of directors with a copy provided to the manager and the secretary to the board of directors of the Company.

If a guaranteed debt needs to be extended upon its expiry and requires the Company to continue to provide guarantee therefor, the guarantee shall be considered a new external guarantee, which shall be subject to the review and approval procedures as provided in these Rules.

Article 22 The Company shall designate a person of the finance department to continuously monitor the condition of the debtors by acquiring the latest financial information and audit report of the debtors, analyzing the debtors' financial condition and solvency on a regular basis and following the debtors' operation, assets and debts, external guarantees, mergers and splits, changes to legal representatives and other developments. The designated person shall establish financial archives for the debtors and regularly update the board of directors on the debtors.

In the event that a debtor's operation materially deteriorates or the debtor undergoes any material event, such as corporate dissolution or demerger, the designated person shall promptly report the deterioration or event to the board of directors, and the board of directors shall adopt effective measures to minimize losses.

Article 23 When a debt for which the Company provides external guarantee is due, the Company shall procure the debtor to repay the debt within the set time limit. If the debtor fails to repay the debt within the time limit, or the creditor requires the Company to repay the debt instead because the debtor is bankrupt, dissolved or liquidated, the Company shall promptly learn about the operation, financial condition and debt repayment of the debtor, disclose relevant information in accordance with applicable laws, timely take remedial measures and initiate recourse.

Article 24 The Company's independent directors shall recount, in a dedicated section of the Company's annual reports, the Company's outstanding external guarantees of the very fiscal term and its outstanding external guarantees accumulated so far and shall provide independent opinions thereon.

Chapter 6 Disclosure of Guarantee Information

Article 25 The Company shall perform information disclosure obligations in relation to the external guarantees it provides in accordance with relevant laws, regulations, normative documents, the listing rules of the stock exchanges where shares in the Company are listed and the Articles of Association.

Article 26 An external guarantee approved by the board of directors or the general meeting shall be timely announced on newspapers or websites designated by the Company. The content to be disclosed shall include the resolutions of the board of directors or the general meeting as well as the following information as of the disclosure date: the total amount of external guarantees provided by the Company and the Subsidiaries, the total amount of guarantees provided by the Company for the subsidiaries and the respective proportions of the aforementioned amounts to the Company's latest audited net assets.

Article 27 A Subsidiary of the Company shall notify the secretary to the board of directors of the Company to disclose relevant information after the board of directors or the general meeting of the Subsidiary reaches a resolution about an external guarantee.

Article 28 The Company shall truthfully disclose all its external guarantees to any certified public accountant engaged by the Company.

Article 29 For any disclosed guarantee, the Company shall promptly disclose any of the following circumstances:

- (I) The debtor fails to repay the debt within 15 trading days after the debt becomes due;
or
- (II) The debtor is subject to bankruptcy, liquidation or other situations seriously affecting the debtor's repayment ability.

Article 30 The Company shall take necessary measures to keep the access to the information regarding a guarantee on a need-to-know basis before it is publicly disclosed.

Any personnel who has access to the Company's guarantee information shall be obliged to keep such information confidential until such information is publicly disclosed in accordance with laws; otherwise, they shall bear the liability arising from their breach of this confidentiality obligation.

Chapter 7 Liabilities

Article 31 The Company shall provide external guarantees in strict accordance with these Rules. In case of breach of any provision hereof, the board of directors will determine the appropriate punishment for the person responsible for the breach depending on the loss caused to the Company, level of risk and the severity of the breach.

Article 32 Any director, manager or other officer of the Company who enters into a guarantee agreement without proper authorization in breach of the provisions hereof shall be held liable.

Article 33 In case any person from Company's departments handling or otherwise responsible for external guarantees breaches the provisions under the applicable laws or these Rules by neglecting the risks and providing guarantee without authorization, causing losses to the Company, such person shall be held liable for compensation.

In case any person from Company's departments handling or otherwise responsible for external guarantees neglects his or her duties, causing losses to the Company, he or she shall be subject to monetary or other types of punishment depending on the severity of his or her negligence.

Article 34 If any person from the Company's departments handling or otherwise responsible for external guarantees acts without authorization, causing the Company to bear liability and subsequent losses where the Company is otherwise free from guarantor's liability according to laws, the Company shall subject the person to administrative penalty and require him or her to compensate the Company.

Chapter 8 Supplementary Provisions

Article 35 The Company manages all its external guarantees in a consistent manner, and the provisions hereof are applicable, mutatis mutandis, to the external guarantees of the Subsidiaries.

Article 36 Matters not covered herein shall be subject to applicable national laws, regulations, the listing rules of the stock exchanges where shares in the Company are listed, the Articles of Association and the requirements of other relevant normative documents.

Where these Rules are in conflict with applicable national laws, regulations, the listing rules of the stock exchanges where shares in the Company are listed, the Articles of Association and requirements of other relevant normative documents, the applicable national laws, regulations, the listing rules, the Articles of Association and the requirements of other relevant normative documents shall prevail.

Article 37 These Rules and its amendments shall become effective after being deliberated and approved by the general meeting.

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Note: *If there is any discrepancy between the English and the Chinese versions, the Chinese version shall prevail.*

PHARMARON BEIJING CO., LTD.

Special Storage and Use of Proceeds Management Policy

Chapter 1 General Provisions

Article 1 The Administrative Rules for Deposit and Use of Raised Funds (these “**Rules**”) are formulated in accordance with the provisions of the Company Law of the People’s Republic of China (中華人民共和國公司法), the Securities Law of the People’s Republic of China (中華人民共和國證券法), ~~the Administrative Measures for the Issuance of Securities by Companies (公司證券發行管理辦法), these Rules Governing the Listing of Shares on the Shenzhen Stock Exchange (深圳證券交易所股票上市規則), and the Articles of Association of Pharmaron Beijing Co., Ltd. (the “**Articles of Association**”) for the purpose of regulating the administration of the funds raised by Pharmaron Beijing Co., Ltd. (the “**Company**”) in order to improve the efficiency of the use of such funds and effectively safeguard the interests of investors.~~

Article 2 For the purpose of these Rules, the term “raised funds” (the “**Funds**”) shall mean funds raised from the investors for specific purposes through issuance of shares and their derivatives on Shenzhen Stock Exchange ~~the public offering of securities by the Company (including but not limited to initial public offering, placement, issuance of additional shares, issuance of convertible corporate bonds and issuance of convertible corporate bonds with attached warrants and warrants) and non-public offering of securities, but excluding the fund raised by the listed company for implementing stock incentive plan. The usage and management of proceeds from overseas listed foreign shares shall be proceeded pursuant to relevant regulations of the Securities and Futures Commission of Hong Kong and the Stock Exchange of Hong Kong Limited.~~

Article 3 ~~The board of directors of the Company shall use the Funds prudently and ensure that the use of the Funds is consistent with the prospectus, and shall not arbitrarily change the investment targets of the Funds.~~

~~The Company shall truthfully, accurately and completely disclose the use of the Funds and engage an accounting firm to assess the deposit and use of the Funds at the same time of the annual audit fully demonstrate the feasibility of the Funds for investment projects, make sure that the investment project has a good market prospect and profitability, effectively prevent investment risks and improve the efficiency in the use of the Funds.~~

Article 4 ~~The board of directors of the Company shall establish and improve the Rules for the deposit, use, change, supervision and accountability of the Funds, clarify the be responsible for establishing and improving these Rules and shall ensure the effective implementation hereof. These Rules shall clearly stipulate deposit in, use and supervision of, changes to and accountability arising from the special account for the Funds.~~

These Rules shall clearly provide the application, hierarchical approval, decision-making procedures, risk control measures and information disclosure requirements procedures for the use of the Funds and ensure the normal progress of the projects to be invested with the Funds.

Article 5 ~~In case the projects to be invested with the Funds (the “Projects” and each a “Project”) are implemented by any subsidiary of the Company or any other company controlled by the Company, the Company shall ensure that the subsidiary or company complies with these Rules. The directors, supervisors and senior management of the Company shall be diligent and responsible, urge the Company to regulate the use of the Funds, consciously safeguard the safety of the Funds of the Company, and shall not participate in, assist or connive the Company in changing the use of the Funds without authorization or in disguised form.~~

Article 6 The sponsor shall, during the period of continuous supervision, perform its sponsorship and continuous supervision duties on the administration of Funds pursuant to the Measures for the Administration of the Sponsorship of the Offering and Listing of Securities (證券發行上市保薦業務管理辦法), ~~the Guidelines on Sponsorship of Companies Listed on the Shenzhen Stock Exchange and other applicable regulations (深圳證券交易所公司保薦工作指引)~~ the Self-discipline Regulatory Guidelines for Companies Listed on Shenzhen Stock Exchange No. 13 – Sponsorship Business.

Chapter 2 Deposit in the Special Account

Article 7 The Company shall prudently choose a commercial bank, and the board of directors shall decide on a special account (the “**Special Account**”) with the chosen bank for the Funds. The Funds shall be deposited in the Special Account for the convenience of management. The Special Account shall not be used for funds other than the Funds or for any other purpose.

If the Company has conducted more than two rounds of fundraising, it shall set up a separate Special Account for each round.

In case the Funds actually raised exceed the amount planned to be raised, any excess of Funds (the “**Excess Funds**”) shall be deposited in the Special Account for management.

Article 8 The Company shall, within a month following the receipt of the Funds, enter into an escrow agreement (the “**Escrow**”) with the sponsor, independent financial adviser, and the commercial bank receiving the deposit of the Funds (the “**Bank**”), and the Escrow shall provide, among others:

- (I) That the Company shall deposit the Funds in the Special Account;
- (II) The account number of the Special Account, the Project(s) associated with the Special Account and the amount deposited;

- (III) That the Company and the Bank shall promptly notify the sponsor or the independent financial adviser of any single withdrawal or aggregate withdrawals from the Special Account over a twelve-month period in excess of RMB150 million or ±20% of the net Funds;
- (IV) That the Bank shall send a bank statement of the Special Account to the Company each month, with a copy to the sponsor or the independent financial adviser;
- (V) That the sponsor or the independent financial adviser may, at any time, access information of the Special Account at the Bank;
- (VI) The duties of the sponsor or the independent financial adviser to supervise the Funds, the duties of the Bank to inform and cooperate, and the ways in which the sponsor or the independent financial adviser and the Bank shall supervise the use of Funds;
- (VII) The rights, obligations and liabilities for breach of contract of the Company, the Bank and the sponsor or the independent financial adviser; and
- (VIII) That in case the Bank fails to timely issue bank statements to the sponsor or the independent financial adviser or notify the sponsor of a large withdrawal from the Special Account, in both cases for three times, or the Bank fails to cooperate with the sponsor or the independent financial adviser in the inquiry and investigation of the Special Account, the Company may terminate the Escrow and cancel the Special Account.

The Company shall announce the main content of the Escrow in a timely manner after the Escrow is executed by all the parties thereto.

Where the Company has one of its majority-owned subsidiaries implement any Project, the Escrow shall be entered by the Company, the majority-owned subsidiary that implements the Project, the Bank and the sponsor or the independent financial adviser, where the Company and the controlled subsidiary shall be deemed as one party.

If the Escrow is terminated before its expiry date, the Company shall enter into a new escrow agreement with relevant parties within one month from the date of termination of the Escrow, ~~timely file the newly entered escrow agreement to the stock exchanges for record keeping and~~ make a public announcement thereabout.

Chapter 3 Use of Funds

~~Article 9~~ The Company shall strictly follow the planned use of the Funds as stated in the application documents for issuance of securities, prudently use the Funds to ensure that the use of the Funds is consistent with the undertakings in the Prospectus, and shall not arbitrarily change the investment direction of the Funds or change the use of the Funds in disguised form.

~~The Company shall truthfully, accurately and completely disclose the actual use of the Funds. The Company shall promptly make a public announcement on any circumstance that has a significant impact on the normal use of the Funds as planned.~~

~~Article 10~~ No Project shall be a-used for financial investment such as entrusted management of wealth (except for cash management), entrusted loans and high-risk investment including securities and derivative investment, including without limitation held for trade financial assets, available for sale financial assets, lending to others or entrusted management of wealth, and the Funds shall not be invested directly or indirectly in a company whose main business is trading securities.

The Company shall not use the Funds for pledge, ~~entrusted loan~~ or other investments that in effect change the use of the Funds.

~~Article 11~~ The Company shall ensure the truthfulness and fairness of the use of the Funds, prevent the Funds from being occupied or misappropriated by any controlling shareholder, actual controller ~~or other~~ and their connected party and take effective measures to avoid any connected party from taking advantage of the Funds for improper gains.

~~Article 12~~ ~~The Board shall comprehensively inspect the progress of the Projects every six months.~~

~~If the discrepancy between the actual use of the Funds for the Projects in a year and the amount estimated in the investment plan for the year is more than 30% of such estimated amount, the Company shall adjust the investment plan and disclose, in the special report on the annual deposit and use of the Funds, the latest annual investment plan of the Funds, the current investment progress, the estimated annual investment plan after adjustment and the reasoning for the adjustment, among others.~~

~~Article 123~~ The Company shall reevaluate the feasibility and estimated profits of a Project to decide if the Project shall continue, in case any of the following occurs:

- (I) Any material change in the market environment that the Project concerns;
- (II) Suspension of the Project for over one year;

- (III) The deadline specified in the latest investment plan is missed, and the invested Funds is less than 50% of the planned investment amount; or
- (IV) Any other irregularity of the Project.

The Company shall disclose the progress of the Projects, causes for the irregularity~~and~~ ~~the~~ and the need to adjust the investment plan, and shall also disclose the adjusted investment plan, if any, in its latest regular report.

Article 13 The use of the Funds by the Company for the following purposes shall be subject to consideration and approval by the Board, with express consents given by independent non-executive Directors, the Supervisory Committee and the sponsor or the independent financial adviser:

- (I) Replacement of the self-raised funds previously injected in the investment projects with the Funds;
- (II) Use of temporarily idle Funds for cash management;
- (III) Use of temporarily idle Funds for temporary replenishment of working capital;
- (IV) Change of the use of the Funds;
- (V) Change of the implementation location of investment projects funded with the Funds;
- (VI) Adjustment of the schedule of investment projects funded with the Funds;
- (VII) Use of the Excess Funds.

Changes in the use of the Funds and the use of the Excess Funds that are required to be reviewed by the general meeting shall also be considered and approved by the general meeting.

Article 14 ~~Where the Company decides to terminate a Project, it shall properly select a new project as soon as possible and scientifically.~~ After completion of individual or all investment projects financed by the Funds, if the Company uses the Excess Funds (including interest income) for other purposes, and the amount thereof is less than RMB5 million or less than five percent (5%) of the net amount of the Funds for the project, the procedures stipulated in Article 13 of These Rules may be waived and the use of the Funds of the project shall be disclosed in the annual report.

If the Excess Funds (including interest income) used reach or exceed 10% of the net amount of the Funds for the project and higher than RMB10 million, the Funds of the project may also be considered and approved at the general meeting.

Article 15 In case the Company has made investment with its own funds in Projects prior to receiving the Funds, the Funds may be used to replace such invested self-owned funds only after the board of directors has deliberated and approved the replacement, the accounting firm has issued an assurance report and independent directors, the Supervisory Committee and the sponsor have issued an express consent thereto, and the Company has duly disclosed such replacement. Within six months after the proceeds become available for use, the Company replace the internal funds with the proceeds.

Where the Company has disclosed, in the application documents for securities issuance, that it intends to replace the self-owned funds previously invested with the Funds, and if the amount of the previous investment is determined, it shall make a public announcement before the replacement.

Article 16 The Company may use the temporarily idle Funds for cash management purposes. The duration of the investment products shall not exceed 12 months. Such products shall meet the requirement of high level of safety and high liquidity to the extent that they would not affect the normal implementation of investment plan funded with the Funds.

The investment products shall not be pledged and the specific settlement account for the products (if applicable) shall not be used to maintain any funds other than the Funds or for any other purposes. The Company shall promptly publish an announcement when it sets up or terminates a specific settlement account for the products.

Article 17 In the event that the Company uses the idle Funds for cash management purpose, the Company shall timely announce the following after the Board meeting:

- (I) The basic information of the Funds, including the date of receipt of the Funds, amount, net amount and investment plan etc.;
- (II) The information of use of the Funds and the information and reasons that the Funds remained unused, whether there is any act that changes the Funds purpose in disguise and whether there is any measure that ensures the normal operation of Funds-financed project will not be affected;
- (III) the issuer, type, investment scope, duration, amount, income distribution method, estimated annual rate of return (if any) and specific analysis as well as explanation made by the Board about the safety and liquidity of the products invested by the idle Funds;
- (IV) the opinions given by independent non-executive directors, the Supervisory Committee and the sponsor agency or independent financial adviser.

The Company shall in a timely manner make an announcement of risk reminder and indicate the risk control measures adopted by the Company to guarantee the safety of the funds in the event of material risks, such as whether financial conditions of the issuer have deteriorated and product invested has suffered losses.

Article 18 ~~The temporary use of the idle Funds to replenish the working capital of the Company shall be subject to the deliberation and approval by the board of directors and expressly consented by independent directors, the Supervisory Committee and the sponsor, and such use shall also meet the following conditions:~~

- (I) No change in any form shall be made to the stated use of the Funds, and the normal progress of the investment plan of the Funds may not be affected by such use;
- (II) The amount of Funds used for temporarily replenishing the working capital of the Company has been restored ~~(if applicable)~~;
- (III) The duration of any single injection of liquid funds using the Funds may not be more than 12 months;
- (IV) The idle Funds shall not be directly or indirectly used for high-risk investments such as securities investment and derivative transactions.

When the idle Funds are used to replenish the working capital, their use shall be limited to the production and operation related to the main business of the Company. The Funds shall not be directly or indirectly used for, among others, the placement of new shares, subscription for or trading of stocks or their derivatives or convertible bonds.

Article 197 ~~The use of idle Funds to replenish the working capital shall be subject to the review and approval by the board of directors, and the Company shall make an announcement timely within two trading days following such approval, stating:~~

- (I) The basic information on the Funds, including, among others, ~~the time of fundraising~~ collection time of the Funds, the amount and net amount of the Funds and relevant investment plans;
- (II) The information on the use of the Funds, conditions and causes for idleness;
- (III) The causes for shortage of the working capital in the first place, ~~the~~ The amount of the idle Funds to replenish the working capital and the duration of such replenishment;
- (IV) The amount of financial expenses expected to be saved by using the idle Funds to replenish the working capital, ~~the causes for the shortage of the working capital in the first place~~, whether any investment target of the Funds is changed in effect and the measures to ensure that such use of the Funds will not affect the normal progress of the Projects;

- (V) The opinions issued by independent non-executive directors, the Supervisory Committee and the sponsor or the independent financial adviser; and
- (VI) Other content required by the ~~stock exchanges~~ Shenzhen Stock Exchange.

The Company shall return the Funds used for replenishment of the working capital to the Special Account by the due date and shall, within two trading days after the Funds are made good, make a public announcement thereon. If the Company anticipates that it will not be able to return the funds to the Special Account of raised funds as scheduled, it shall follow the review procedures and make a timely announcement in accordance with the preceding paragraph before the expiry date. The announcement shall include the whereabouts of the Funds, the reasons for the failure to return, the reasons for continuing to replenish the working capital and the period.

Article 2018 When the Company's Funds reach or exceed the amount that the Company plans to raise, the Company shall properly plan the use of the Excess Funds according to the Company's development plan and actual production and operation needs, scientifically and prudently conduct the feasibility analysis of the project, and submit such plan for using Excess Funds to the board of directors for deliberation and approval, after which the Company shall disclose the plan in a timely manner. The announcement of the use plan shall include the following contents:

- (I) The basic information on the Funds, including the date of receipt of the Funds, the amount of Funds, the surplus of Net Funds actually raised over the amount of planned Funds, the names of projects in which an investment is made and the amount, the accumulated planned amount and the amount actually used;
- (II) An introduction to the planned investment projects, including the basic information on each project, whether related transactions are involved, feasibility analysis, economic benefit analysis, investment progress schedule, statements that projects have been approved or are pending approval by relevant authorities, and risk warnings (if applicable);
- (III) Opinions from the independent non-executive directors, and the sponsor or independent financial adviser shall issue independent opinions on the reasons, compliance and necessity of the plan for using Excess Funds and disclose such opinions along with the relevant announcement of the Company. In case the plan shall also be submitted to the general meeting of the Company for deliberation as required by the stock exchanges, the plan shall also be submitted to the general meeting.

If the amount of the Excess Funds used in a single plan reaches RMB50 million and reaches more than 10% of the total amount of the Excess Funds, it shall also be submitted to the general meeting for deliberation and approval.

~~The Excess Funds shall be used for the main business of the Company and shall not be used for held-for-trade financial assets, available-for-sale financial assets, lending to others, entrusted management of wealth (except cash management) and other financial investments or for securities investment, derivatives investment and other high-risk investments, and shall not be invested directly or indirectly in companies whose main business is trading securities.~~

~~**Article 1921** If the Company plans to use the Excess Funds to repay bank loans or permanently replenish the working capital, in addition to the provisions of Article 18, the Company shall be reviewed and approved by the board of directors and the general meeting. The independent non-executive directors and the sponsors or the independent financial advisor shall make explicit consent and disclosure, and shall also satisfy the following requirements and disclose the following in the announcement:~~

- ~~(I) The aggregate amount of the Excess Funds used for permanent replenishment of the working capital and repayment of bank loans during each 12-month period shall not exceed 30% of the total Excess Funds occurring in that period;~~
- ~~(II) The Company has not, over the past 12 month, used its own funds for financial investments such as held-for-trade financial assets, available-for-sale financial assets, lending to others, entrusted management of wealth (except cash management) or participation in high-risk investments such as securities investment, derivatives investment and venture capital investments;~~
- ~~(III) The Company undertakes shall not to make high-risk investments (including financial investments) such as securities investment and derivative transactions or provide financial assistance to others other than the holding subsidiaries within twelve months after repayment of bank loans or replenishment of the working capital using the Excess Funds; The Company shall make a clear undertaking in the announcement.~~
- ~~(IV) Such use is approved by at least two-thirds of all the directors of the board of directors and all the independent directors and deliberated and approved by the general meeting of the Company;~~
- ~~(V) The sponsor verifies whether the planned use of Excess Funds meets the aforementioned conditions and expressly agrees to such use.~~

~~**Article 20** The use of Excess Funds to temporarily replenish the working capital shall be deemed the same as the use of the idle Funds to temporarily replenish the working capital.~~

~~**Article 21** The Company may carry out cash management of the temporarily idle Funds (including the Excess Funds), and the products it invests in for such cash management shall be:~~

- ~~(I) Highly safe and able to break even as guaranteed by the issuer of the products;~~

- ~~(II) Of good liquidity without affecting the normal implementation of the investment plans of the Funds.~~

~~Investment products shall not be pledged, and the settlement accounts dedicated to a product (if any) shall not be used to deposit funds other than the Funds or for other purposes. The Company shall promptly make an announcement if it is to open or cancel a product-specific settlement account.~~

~~**Article 22** The investment of the idle Funds in products shall be subject to the review and approval by the board of directors and expressly consented by independent directors, the Supervisory Committee and the sponsor.~~

~~The Company shall make within two trading days after the approval by the board of directors relevant announcement on:~~

- ~~(I) The basic information on the Funds, including, among others, the time of fundraising, the amount and net amount of the Funds and investment plans;~~
- ~~(II) The information on the use of the Funds;~~
- ~~(III) The quota of the idle Funds to be invested in products and the duration of such investment;~~
- ~~(IV) The causes for the Funds to be idle, whether the use of the idle Funds is in effect changed in any way and the measures taken to ensure that the use shall not affect the normal operation of the Project;~~
- ~~(V) How the income deriving from the invested products will be distributed, the scope of investment, the no-loss commitment by the product issuer and safety analysis;~~
- ~~(VI) The opinions given by independent directors, the Supervisory Committee and the sponsor.~~

~~The Company shall promptly publish risk alert and specify the risk control measures it has taken to ensure the safety of the Funds in the event that the Company faces significant risks, such as deterioration of the financial condition of any product issuer or material losses that any invested product is to suffer.~~

~~**Article 23** If the Company issues securities as payment for the purchase of assets from certain parties, the Company shall ensure that the formalities for the transfer of ownership of the said assets are completed before the listing of the new shares, and the law firm engaged by the Company shall issue a legal opinion on the completion of such formalities.~~

~~Article 24~~ If the Company issues securities as payment for the purchase of assets from certain parties or raises funds for the acquisition of assets, relevant parties shall strictly comply with and fulfill relevant commitments relating to the acquisition of assets. make clear undertakings in this regard in its announcements.

Chapter 4 Changes in the Use of Funds

Article 2522 The Funds of the Company shall be used for the purposes listed in the Prospectus or other public offering documents. If the Company changes the use of the Funds listed in the Prospectus or other public offering documents, it shall, in addition to performing the review and approval procedures in accordance with the provisions of Article 13 of this system, be subject to the deliberation and approval of the general meeting.

Article 23 The Company shall be deemed to have changed the use of Funds if:

- (I) The original Project is cancelled or terminated and a new one is implemented;
- (II) The entity implementing the Project changes (except ~~when the entity is changed from the Company to a wholly-owned subsidiary of the Company or vice versa~~ that the entity changes between the Company and its subsidiaries);
- (III) The Project is to be implemented in a different way;
- (IV) Any other circumstance occurs that a relevant ~~stock exchange~~ Shenzhen Stock Exchange determines to be a change in the use of the Funds.

~~Article 264~~ The Company may change the use of the Funds after convening a meeting of the board of directors and a general meeting to deliberate and approve the proposal of such change.

~~Article 27~~ The board of directors of the Company shall scientifically and prudently select the new investment Project, conduct feasibility analysis of the new Project ~~that the Funds are to be put into after the change and~~, ensure that the Project has good market prospect and profitability and can effectively prevent investment risks and improve the efficacy of the use of the Funds.

~~After the change of the use, the Funds shall remain invested in the main business of the Company.~~

~~Article 28~~ If the Company proposes to change the use of the Funds, it shall announce the following within two trading days after the board of directors approves the change:

- (I) The basic information of the original Project and the specific reasons for the change;

- ~~(II) The basic information, feasibility analysis, economic benefit analysis and risk alert of the new Project;~~
- ~~(III) The investment plan of the new Project;~~
- ~~(IV) The statement that the new Project has been approved or is pending approval by competent authorities (if applicable);~~
- ~~(V) The opinions given by independent directors, the Supervisory Committee and the sponsor on the use of the Funds;~~
- ~~(VI) The statement that the change of the Project is to be submitted to the general meeting for deliberation;~~
- ~~(VII) Other content as required by the stock exchange.~~

~~If the new project involves any connected transaction, asset purchase or outbound investment, such transactions shall be disclosed in accordance with applicable rules.~~

Article 295 If the Company intends to turn a Project into a joint venture, it shall consider carefully the necessity of the joint venture on the basis of a full understanding of the basic information of the other party or parties to the joint venture, and in case of establishing a joint venture, the Company shall be a controlling shareholder of the joint venture to ensure effective control of the Project.

~~**Article 30** If the Company changes the use of the Funds so as to acquire assets (including interests) of the controlling shareholders or the actual controllers, it shall ensure that horizontal competition is effectively avoided and connected transactions reduced after the acquisition.~~

~~The Company shall disclose the reasoning for the transaction with the controlling shareholders or the actual controllers, the pricing policy and pricing basis of the connected transactions, the impact of such connected transactions on the Company and the measures taken to solve the problems that may arise therefrom.~~

Article 3126 If the Company is to change the location of a Project, the change shall be deliberated and approved by the board of directors and announced within two trading days timely after such approval. The announcement shall state the change, the causes thereof, the impact on the implementation of the Project and the opinion issued by the sponsor or independent financial advisor on the change.

~~**Article 32** Upon the completion of a single Project or all of the Projects, the Company may use a small amount of the balance of the Funds (including interest income) for other purposes only after the board of directors' deliberation and approval thereof and the sponsor's express consent thereto.~~

~~Any use of the balance of the Funds (including interest) for less than RMB1 million or 1% of the committed investment amount of the Project or all the Projects may be exempt from the procedures provided in the preceding paragraph, provided that the use thereof shall be disclosed in the annual report.~~

~~Any use of the Company's balance of the Funds (including interest) for an amount of 30% or more of the Funds planned for a single Project or all of the Projects shall be submitted to the general meeting for deliberation and approval.~~

Chapter 5 Administration and Supervision of the Use of Funds

~~Article 3327~~ The accounting department of the Company shall set up a ledger on the use of the Funds and record in detail the spending of the Funds and the investments in the Projects. The Company shall truthfully, accurately and completely disclose the actual use of the Funds. The board of directors shall conduct a comprehensive check on the progress of the Projects every half year, issue a half-year special report and a special annual report on the deposit and use of the Funds, and disclose the same with the regular report until the Funds are used up and there is no use of the Funds during the reporting period.

~~The internal audit department of the Company shall inspect the deposit and use of the Funds at least once a quarter and report the inspection results to the board of directors in a timely manner.~~

~~Article 34~~ If the Company uses the Funds in a year, the board of directors shall issue a half-year special report and a special annual report on the deposit and use of the Funds and engage an accounting firm to issue an assurance report on the deposit and use of the Funds for the year.

~~In case the actual investment progress of a Project differs from the investment plan, the Company shall explain the causes therefor in detail. If the idle Funds are used for cash management in the current period, the Company shall disclose at the end of the fiscal period the income from the cash management for the current period and the then share of investment, contracting parties, product name and term. In case the difference between the annual actually used amount of the Funds in the investment project and the estimated amount of the Funds to be used as disclosed in the latest investment plan exceeds 30%, the Company shall adjust the investment plan of the Funds and disclose, among others, the latest annual investment plan of the Funds, the current actual progress of the investment, the expected annual investment plan after adjustment and the reasons for changes in the investment plan in a special report of the deposit and use of raised funds and regular reports.~~

~~Article 28~~ The accounting firm shall If the Company uses the Funds in the current year, it shall engage an accounting firm to conduct a special audit on the use of the Funds such as the actual investment projects, the actual investment amount, the actual investment time and the completion degree of the projects while conducting the annual audit and reasonably verify

whether the special report ~~of issue by~~ the board of directors has been prepared in accordance with these Rules and relevant format ~~guidelines requirements~~ and whether it has faithfully reflected the actual deposit and use of the Funds in the year and shall give its conclusion for the assurance. The Company shall disclose the verification conclusion in the annual special report on the deposit and use of the Funds.

In case the conclusion is “reserved”, “negative” or “no conclusion”, the board of directors shall analyze the reasons for such conclusion by the accounting firm in the assurance report, propose corrective measures and disclose such measures in the annual report.

Article 3529 The sponsor or independent financial advisor shall conduct on-site inspection on the deposit and use of the Funds at least once every six months. After the end of each fiscal year, the sponsor or independent financial advisor shall issue a special verification report on, and disclose the deposit and use of, the Funds in the year. The Company shall disclose the special inspection conclusion in the annual special report on the deposit and use of the Funds.

In case the accounting firm issues an assurance report with “reserved”, “negative” conclusion or “no conclusion” regarding the deposit and use of the Funds, the sponsor or independent financial advisor shall, in its verification report, diligently analyze the reasons for such conclusion by the accounting firm and provide clear verification opinions.

~~Article 36~~ The sponsor or Independent Financial Advisor shall promptly report to the stock exchange and make disclosure when listed companies and commercial banks fail to perform tripartite agreement as agreed, or when there is material irregularities or material risks in the management of the proceeds under the on-site inspection on the listed companies.

Article 3630 Independent non-executive directors shall pay attention to whether there is any material difference between the actual use of the Funds and the information disclosed by the Company about such use. If agreed by at least half of the independent non-executive directors, independent non-executive directors may engage an accounting firm to issue an assurance report on the deposit and use of the Funds.

The Company shall actively cooperate in engaging the accounting firm to issue such report and bear the necessary expenses arising therefrom.

~~Article 37~~ The sponsor shall promptly report to the stock exchanges if the sponsor finds during its on-site inspection on the Company any material irregularity or risk in the administration of the Funds. In the event the assurance conclusion is a “qualified conclusion”, “negative conclusion” or “unable to form a conclusion”, the Board of the Company shall conduct an analysis in respect of the reasons for the conclusion given by the certified public accountant in the assurance report, propose rectification measures and make in time disclosure.

Chapter 6 Supplementary Provisions

Article 381 If any Project is implemented by a subsidiary or any other company controlled by the Company, the Company shall procure the subsidiary or such other company to comply with these Rules ~~its management rules for the use of Funds~~.

Article 39 ~~In the event that the Company, any of its directors, supervisors, officers, the sponsor or any of the sponsor representatives breaches the provisions of these Rules, the Company shall deal with the breach in accordance with applicable laws and regulations.~~

Article 40 ~~These Rules shall not apply to the management of the use of funds raised from overseas listed foreign shares (H shares), and the management of such shares shall be carried out in accordance with relevant regulations of the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited.~~

Article 4132 Matters uncovered in these Rules shall be executed in accordance with laws, regulations, rules and regulatory documents as well as the relevant provisions of the Articles of Association. If there are any contradictions between these Rules and the laws, regulations, rules and regulatory documents as well as the relevant provisions of the Articles of Association, it shall be implemented in accordance with the provisions of relevant national laws and regulations, rules and regulatory documents, the listing rules of place where the shares of the Company is listed and the provisions of the Articles of Association.

Article 33 These Rules shall be implemented as of the date of approval by the Company's general meeting, and any amendment hereto shall be submitted to the general meeting for deliberation after approval by the board of directors.

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Note: *If there is any discrepancy between the English and the Chinese versions, the Chinese version shall prevail.*

PHARMARON BEIJING CO., LTD.
(the “Company”)**The Procedure for a Shareholder to Nominate a Person for Election as a Director**

The following procedure shall apply to the nomination of persons for directors by shareholders of the Company (the “Shareholders”, each a “Shareholder”) who have received the notice for a general meeting of the Company. The procedure shall be governed by the Articles of Association of Pharmaron Beijing Co., Ltd. (the “Articles of Association”) and other applicable regulations and rules:

1. In accordance with Article 112 of the Articles of Association, in the case of a re-election of the board of directors or an addition to the board of directors, Shareholders individually or jointly holding 3% or more of the shares in the Company may nominate, without exceeding the number of persons to be elected, candidates for the positions of non-employee representative directors for the next session of the board of directors or a candidate for the additional position of non-employee representative director. Candidate for an independent director shall be nominated in accordance with the method and procedure as provided by laws, administrative regulations, ministerial rules, the listing rules of the stock exchange where shares in the Company are listed and the Articles of Association. Shareholders individually or jointly holding 3% or more of the shares in the Company shall propose the nomination for directors no earlier than the date of the notice of the general meeting and no later than ten days prior to the general meeting and submit the proposal in writing to the chairperson of the meeting. The chairperson shall issue a supplemental written notice for the general meeting within two days upon the receipt of the proposal to make public the content thereof^{fnote 1}.
2. Such supplemental written notice shall contain: (i) written notice of the intention to nominate a director candidate and the candidate’s willingness to accept the nomination, and (ii) written information concerning the candidates, ~~which shall be sent to the Company no earlier than the issue date of the notice of the relevant general meeting and no later than the seventh day prior to the holding of the meeting.~~ The candidate’s information and curriculum vitae shall meet the requirements under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”).
3. If such notice is received from a Shareholder after the issue of the notice for the general meeting, the Company shall issue a public announcement or supplemental circular to disclose the personal information of the candidates required by Rule 13.51(2) of the Listing Rules no later than seven ~~the tenth~~ business days prior to the date of the general meeting.
4. This procedure shall come into force on the date when approved by the general meeting of the Company.

Notes:

1. In accordance with Rules 13.70 and ~~13.73~~ of the Listing Rules, if a shareholder nominates any candidate for director after the notice for the general meeting, the issuer shall publish an announcement or issue a supplemental circular no later than seven ~~the tenth~~ business days prior to the date of the general meeting, providing the shareholders with relevant information including the candidate's particulars.

Note: If there is any discrepancy between the English and the Chinese versions, the Chinese version shall prevail.

Dr. LOU Boliang (樓柏良) (“**Dr. LOU**”), aged 59, is the chairman of the Board, chief executive officer and an executive Director of our Company. Dr. LOU co-founded the Group together with Mr. LOU and Ms. ZHENG in July 2004. He is primarily responsible for the overall management, strategic planning and corporate development of our Group. He is also actively involved in formulating our business development strategy and developing strategic relationship with our customers. He also serves as a director of most of the subsidiaries of our Group. Dr. LOU is the brother of Mr. LOU and the brother-in-law of Ms. ZHENG.

Since November 2006, Dr. LOU has been a director of Pharmaron Holdings Limited, which was our business and asset holding vehicle prior to the restructuring in connection with our A Share Offering.

Dr. LOU has over 30 years of experience in the life sciences and biotech industry. Prior to founding our Group, Dr. LOU worked at several life sciences and biotech companies such as Cytel Corporation, Ontogen Corporation and Advanced SynTech (formerly known as Helios Pharmaceuticals, Inc.).

Dr. LOU obtained a master’s degree and a doctorate degree in science at the Shanghai Institute of Organic Chemistry (中國科學院上海有機化學所) in May 1986 and May 1989, respectively. From 1990 to 1994, he conducted post-doctoral research at the University of Montreal in Canada.

As of the Latest Practicable Date, Dr. LOU is interested in 131,761,000 A Shares within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”), which represents approximately 11.06% in the total number of Shares in issue of the Company.

Mr. LOU Xiaoqiang (樓小強) (“**Mr. LOU**”), aged 54, is the chief operating officer, president and an executive Director of our Company. Mr. LOU co-founded our Group together with Dr. LOU and Ms. ZHENG in July 2004. Mr. LOU is primarily responsible for the overall operations of the business of our Group. In particular, Mr. LOU is responsible for the execution of our Group’s growth strategy both in China and globally. He also serves as a director at several subsidiaries of our Group. Mr. LOU is the brother of Dr. LOU and the husband of Ms. ZHENG.

From March 2007 to January 2016, Mr. LOU was a director of Pharmaron Holdings Limited.

Prior to joining our Group, he worked in sales and management roles at various electronics companies. Mr. LOU was previously a manager, supervisor and/or director of three PRC companies which had their business licenses revoked for not submitting its annual corporate filings¹. Based on the opinion of our PRC Legal Adviser³, our Directors are of the view that the revocation of the business license of these companies does not impact Mr. LOU’s competence as a director under Rule 3.08 and Rule 3.09 of the Listing Rules.

Mr. LOU obtained a bachelor’s and a master’s degree in material science and engineering from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in July 1990 and March 1993, respectively. Mr. LOU obtained a master’s degree in business administration from the China-Europe International Business School (中歐國際工商學院) in September 2009.

As of the Latest Practicable Date, Mr. LOU is interested in 74,530,017 A Shares within the meaning of Part XV of the SFO, which represents approximately 6.26% in the total number of Shares in issue of the Company.

¹ Shaoxing Kangbi Medical Technology Co. Ltd. (紹興康比醫藥技術有限公司) (“**Shaoxing Kangbi**”), Beijing Yizhian Information Security Technology Co., Ltd. (北京易指安信息安全技術有限公司) (“**Beijing Yizhian**”), and Beijing Jiahuida Technology Co. Ltd. (北京嘉匯達科技有限公司) (“**Beijing Jiahuida**”). Shaoxing Kangbi and Beijing Jiahuida were dormant companies and Beijing Yizhian was engaged in sales of fingerprint identification products immediately prior to its license being revoked, respectively. The licenses were revoked in November 2004, October 2003 and October 2000, respectively.

Ms. ZHENG Bei (鄭北) (“Ms. ZHENG”), aged 55, is the executive vice president and an executive Director of our Company. Ms. ZHENG co-founded our Group together with Dr. LOU and Mr. LOU in July 2004. Ms. ZHENG is primarily responsible for the administration and asset management of our Group. In particular, she is responsible for the facilities expansion of our Group. Ms. ZHENG is the wife of Mr. LOU and the sister-in-law of Dr. LOU.

From March 2007 to January 2016, Ms. ZHENG was a director of Pharmaron Holdings Limited.

Ms. ZHENG was previously a manager, supervisor and/or director of two PRC companies which had their business licenses revoked for not submitting its annual corporate filings². Based on the opinion of our PRC Legal Adviser³, our Directors are of the view that the revocation of the business license of the above companies does not impact Ms. ZHENG’s competence as a director under Rule 3.08 and Rule 3.09 of the Listing Rules.

Ms. ZHENG received her master’s degree in law from Peking University (北京大學) in July 1992.

As of the Latest Practicable Date, Ms. ZHENG is interested in 47,120,044 A Shares within the meaning of Part XV of the SFO, which represents approximately 3.96% in the total number of Shares in issue of the Company.

Saved as disclosed above, as of the Latest Practicable Date, none of the above candidates for appointment as Directors has held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications and none of them (i) are related to any Directors, Supervisors, senior management or substantial or controlling Shareholders; (ii) are interested in any shares of the Company within the meaning of Part XV of the SFO; or (iii) held any other position with the Company or other members of the Group.

Saved as disclosed above, as of the Latest Practicable Date, the Board is not aware of any other matters in relation to the proposed appointment of the above Directors that need to be brought to the attention of the Shareholders nor any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

2 Shaoxing Kangbi and Beijing Jiahuida, which had no actual operation of business prior to its license being revoked in November 2004 and October 2000, respectively.

3 On the basis that (i) no dishonesty or fraudulent act on the part of Mr. LOU or Ms. ZHENG had been involved in the license revocation of these companies or business enterprises; and (ii) 15 years have passed since the license revocation of these companies or business enterprises, our PRC Legal Adviser advised that Mr. LOU and Ms. ZHENG may act as the legal representative, director, supervisor or senior management of other PRC companies.

Mr. HU Baifeng (胡柏風) (“Mr. HU”), aged 41, is our non-executive Director. Mr. HU is primarily responsible for providing guidance on corporate strategy and governance to our Group. Mr. HU joined our Group on October 27, 2016 and was our Supervisor from October 2016 to October 2017.

Since April 2019, he has served as the head of CLSA Capital Partners (HK) Limited, an International platform primarily engaged in USD private equity investment business under CITIC Securities. Since November 2020, Mr. HU has served as deputy general manager as well as the investment committee member of Goldstone Investment Co., Ltd. Since October 2020, Mr. HU also served as the chairman and general manager of CITIC M&A Fund Management Co., Ltd. From 2006 to 2013, he worked at the investment department of several companies.

Mr. HU obtained his bachelor’s degree in economics from Hunan University (湖南大學) in June 2003. He obtained his master’s degree in economics from the University of Ottawa in Canada in October 2005.

Mr. LI Jiaqing (李家慶) (“Mr. LI”), aged 49, is our non-executive Director. Mr. LI is primarily responsible for providing guidance on corporate strategy and governance to our Group. Mr. LI joined our Group on March 12, 2007.

From March 2007 to January 2016, Mr. LI was a director of Pharmaron Holdings Limited. Since 2021, he has served as the president of Legend Capital. From December 2011 to February 2018, he served as a director of Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300450). From March 2011 to February 2014, he served as a supervisor of Shanghai Amarsoft Information Technology Co., Ltd. (上海安碩信息技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300380). From September 2010 to April 2018, Mr. LI served as a director of Yunnan Hongxiang Yixintang Pharma Co., Ltd. (雲南鴻翔一心堂藥業(集團)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002727). From 2001 to 2021, he successively served as vice president of investment, senior vice president of investment, and executive director, managing director and chief investment officer of Legend Capital.

Mr. LI obtained his dual bachelor’s degree in engineering (majoring in mechanical engineering) and in economic (majoring in corporate management) and a master’s degree in management (majoring in management science and engineering) from Tsinghua University (清華大學) in July 1996 and July 1999, respectively. He obtained his master’s degree in business administration from the Collège des Ingénieurs in France in June 2001.

Saved as disclosed above, as of the Latest Practicable Date, none of the above candidates for appointment as Directors has held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications and none of them (i)

are related to any Directors, Supervisors, senior management or substantial or controlling Shareholders; (ii) are interested in any shares of the Company within the meaning of Part XV of the SFO; or (iii) held any other position with the Company or other members of the Group.

Saved as disclosed above, as of the Latest Practicable Date, the Board is not aware of any other matters in relation to the proposed appointment of the above Directors that need to be brought to the attention of the Shareholders nor any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Ms. LI Lihua (李麗華) (“Ms. LI”), aged 58, was appointed as an independent non-executive Director on September 23, 2022. Ms. LI is primarily responsible for supervising and providing independent advice to the board.

Ms. LI has been a lawyer at Beijing Huamao & Guigu Law Firm (北京市華貿硅谷律師事務所) since October 2017. From March 1996 to March 2017, Ms. LI served as a lawyer at Beijing Yongshen Law Firm (北京市永申律師事務所), Beijing Guangsheng Law Firm (北京市廣盛律師事務所), and Beijing Zhong Yi Law Firm (北京市眾一律師事務所), respectively. From October 2016 to July 2020, Ms. LI served as an independent non-executive director of the Company.

Ms. LI obtained her master’s degree in law from Peking University (北京大學) in July 1995.

As at the Latest Practicable Date, Ms. LI has interested in 50,000 A Shares within the meaning of Part XV of the SFO, which represents approximately 0.004% in the total number of Shares in issue of the Company.

Ms. LI has confirmed that she has satisfied the independence criteria as stipulated in Rule 3.13 of the Listing Rules. The Company has assessed her independence and considered that she meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is an independent individual in accordance with the terms of the guidelines.

Mr. ZHOU Qilin (周其林) (“Mr. ZHOU”), aged 65, was appointed as an independent non-executive Director on September 23, 2022. Mr. ZHOU is primarily responsible for supervising and providing independent advice to the board.

Mr. ZHOU is an academician of the Chinese Academy of Sciences, professor and doctoral supervisor of Nankai University. Mr. ZHOU graduated from the Department of Chemistry of Lanzhou University in 1982. In the same year, he was admitted to the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences, and obtained his doctor degree in 1987. From 1988 to 1996, he worked as a postdoctoral fellow in East China University of Science and Technology, Max-Planck Institute in Germany, Basel University in Switzerland, and Trinity University in the United States. From 1996 to 1999, Mr. ZHOU was an associate

professor, professor and doctoral supervisor of East China University of Science and Technology respectively. In 1997, he received the grant from the National Outstanding Youth Fund. In 1999, Mr. ZHOU was appointed as the Distinguished Professor of “Chang Jiang Scholars Program” by the Ministry of Education, and is a professor at the School of Chemistry, Nankai University now. Mr. ZHOU was elected academician of the Chinese Academy of Sciences in 2009.

Mr. ZHOU has long been engaged in the research of organometallic chemistry, organic synthesis, asymmetric catalysis, bioactive compounds and chiral drug synthesis. He developed a new class of chiral spiro catalysts. This kind of catalysts showed excellent catalytic efficiency and enantioselectivity in many asymmetric synthesis reactions, and have been successfully used in the production of chiral drugs. Mr. ZHOU has published more than 280 research papers and 16 books and chapters and applied for 15 invention patents. In 2005, he was awarded the “**Organic Synthesis Creation Award**” by Organic Chemistry Committee of Chinese Chemical Society. In 2006, Mr. ZHOU was awarded the “**Huang Yaozeng Organometallic Chemistry Award**” by the Chinese Chemical Society. He won the First Prize of Natural Science in Tianjin twice in 2007 and 2013. In 2012, he was awarded the “**Chiral Chemistry Award**” by Chinese Chemical Society. In 2018, he won the Future Science Prize Physical Sciences. In 2019, he won the First Prize of National Natural Science. In 2020, he was awarded the title of “**National Advanced Worker**”.

Mr. ZHOU has confirmed that he has satisfied the independence criteria as stipulated in Rule 3.13 of the Listing Rules. The Company has assessed his independence and considered that he meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is an independent individual in accordance with the terms of the guidelines.

Mr. TSANG Kwan Hung Benson (曾坤鴻) (“Mr. TSANG”), age 58, was appointed as an independent non-executive Director on August 15, 2019 (effective from the Listing Date). Mr. TSANG is primarily responsible for supervising and providing independent advice to the Board.

Since March 2019, he has served as the director of Hongsen Investment Management Limited, the general partner of Hongsen Investment Fund L.P. which started operation since January 2020. Since July 2018, he has served as an independent director and chairman of the audit committee of Athenex Inc., a company listed in the United States (NASDAQ: ATNX). From July 2017 to August 2020, he has served as a director of the board of Puritek Canada Inc., the Canadian investment arm of Puritek China Company. From July 2014 to August 2020, he has served as a director of the board of Hydraservices Inc., a waste management and odour control solutions company based in Canada. From October 2017 to December 2018, he served as an executive in-residence adviser at ShangPharma Innovation Inc., an early stage pharmaceutical company based in the United States. From March 2010 to June 2015, he served as the chief financial officer of ATA Inc., a large scale computer-based testing service provider listed in the United States (NASDAQ: ATAI). From November 2010 to March 2013, he served as an independent director at ShangPharma Corp., a pharmaceutical R&D contract service organization company previously listed in the United States (NYSE: SHP), which was privatized in September 2013.

From July 2006 to February 2009, he served as the chief financial officer of Wuxi Pharma Tech Cayman Inc., a pharmaceutical R&D contract service organization company previously listed in the United States (NYSE: WX), which was privatized in December 2015. From 1988 to 2006, Mr. TSANG served in finance and audit roles at various companies.

Mr. TSANG obtained his Chartered Accountant certificate in Canada and Hong Kong in 1991 and 1993, respectively. He is a member (non-practising) of the Hong Kong Institute of Certified Public Accountants. He obtained his bachelor’s degree in commerce and his master’s degree in business administration at McMaster University in Canada in June 1987 and May 1988, respectively.

Mr. TSANG has confirmed that he has satisfied the independence criteria as stipulated in Rule 3.13 of the Listing Rules. The Company has assessed his independence and considered that he meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is an independent individual in accordance with the terms of the guidelines.

Mr. YU Jian (余堅) (“**Mr. YU**”), aged 48, was appointed as an independent non-executive Director on July 23, 2020. Mr. YU is primarily responsible for supervising and providing independent advice to the board.

Mr. YU has extensive experience in finance and accounting. Since October 2008, he has worked in the Teaching and Research Department of Shanghai National Accounting Institute (上海國家會計學院), and engaged in teaching and research in financial management. He served as the financial director of Infoservice Information Technology Co., Ltd. (上海英孚思為信息科技有限公司) from January to September 2008. He served as the financial director of Shanghai Chengtou Land Group Co., Ltd. (上海城投置地集團有限公司) from January 2006 to January 2008. He served as the financial director of Shanghai Transportation Investment Group Co., Ltd. (上海交通投資集團有限公司) from December 2004 to January 2006. He served as the financial director of Shanghai Pulan Investment Management Co., Ltd. (上海普蘭投資管理有限公司) from August 2002 to December 2004. From March 1999 to February 2002, he served successively as the financial supervisor of the Planning and Finance Department, deputy head of the audit and supervision department, and deputy head of the project investment department in the headquarters of Shanghai Chengtou Group Corporation (上海城投集團).

Mr. YU is a CPA, and obtained his bachelor’s degree in economics from Zhejiang Institute of Finance (浙江財經學院) in July 1996. Mr. YU obtained his master’s degree in management from Shanghai University of Finance and Economics (上海財經大學) in January 1999. He obtained his PhD in management from Shanghai University of Finance and Economics (上海財經大學) in July 2005.

Mr. YU has confirmed that he has satisfied the independence criteria as stipulated in Rule 3.13 of the Listing Rules. The Company has assessed his independence and considered that he meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is an independent individual in accordance with the terms of the guidelines.

Saved as disclosed above, as of the Latest Practicable Date, none of the above candidates for appointment as Directors has held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications and none of them (i) are related to any Directors, Supervisors, senior management or substantial or controlling Shareholders; (ii) are interested in any shares of the Company within the meaning of Part XV of the SFO; or (iii) held any other position with the Company or other members of the Group.

Saved as disclosed above, as of the Latest Practicable Date, the Board is not aware of any other matters in relation to the proposed appointment of the above Directors that need to be brought to the attention of the Shareholders nor any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

APPENDIX XX BIOGRAPHICAL DETAILS OF THE PROPOSED SUPERVISORS

Dr. YANG Kexin (楊珂新) (“**Dr. YANG**”), aged 60, was appointed as the chairman of the Supervisory Committee on October 27, 2016 and is primarily responsible for the overall operation of the Supervisory Committee and supervision of the performance of the Directors and senior management members. Dr. YANG joined our Group on July 1, 2004 and is currently our vice president of chemical technology.

Dr. YANG obtained his master’s degree in organic chemistry at Lanzhou University (蘭州大學) in June 1986. He obtained his doctorate degree in organic chemistry at the University of Calgary in Canada in November 1992.

Ms. Feng Shu (馮書) (“**Ms. FENG**”), aged 38, was appointed as a Supervisor on December 11, 2020. Ms. FENG is primarily responsible for the supervision of the performance of the Directors and senior management members.

From February 2016 to May 2017, she served as Vice President and Senior Vice President of CITIC M&A Fund Management Co., Ltd.* (中信併購基金管理有限公司) (“**CITIC M&A Fund**”), which is a substantial shareholder of the Company. Since May 2017, she has worked at Goldstone Investment Co., Ltd.* (金石投資有限公司) (“**Goldstone Investment**”), the sole shareholder of CITIC M&A Fund, and currently serves as the Director at Goldstone Investment; since August 2019, she has served as the Director, the Head of Strategy and Business Development, the Executive Director of Private Equity of CLSA Capital Partners (HK) Limited and a Member of the Investment Committee of CLSA Capital Partners (HK) Limited.

Ms. FENG obtained her bachelor’s degree from Zhejiang University (浙江大學) and a master’ degree from Baylor University in the U.S..

Saved as disclosed above, as of the Latest Practicable Date, none of the above Supervisors held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or any other major appointments and professional qualifications and none of them (i) are related to any Directors, Supervisors, senior management or substantial Shareholders; (ii) are interested in any shares of the Company within the meaning of Part XV of the SFO; or (iii) held any other position with the Company or other members of the Group.

Saved as disclosed above, as of the Latest Practicable Date, the Supervisors have confirmed that there are no matters that need to be brought to the attention of the Shareholders and there is no other information in relation to the proposed appointment of them that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



Pharmaron Beijing Co., Ltd.*

康龍化成(北京)新藥技術股份有限公司

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

(Stock Code: 3759)

NOTICE OF THE ANNUAL GENERAL MEETING OF 2022

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of 2022 (the “**2022 AGM**”) of Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司) (the “**Company**”) will be held at Juyuan Hall, 5/F, Block A, Zhaolin Plaza, No. 19 Ronghua Middle Road, Beijing Economic and Technological Development Area, Daxing District, Beijing, the PRC on Wednesday, June 21, 2023 at 1:30 p.m. for the purposes of considering and, if deemed appropriate, approving the following resolutions. In this notice, unless the context otherwise requires, capitalized terms and used herein shall have the same meanings as defined in the Company’s circular (the “**Circular**”) dated May 25, 2023.

ORDINARY RESOLUTIONS

1. Work Report of the Board of Directors for the year 2022.
2. Work Report of the Supervisory Committee for the year 2022.
3. Financial Statements for the year 2022.
4. 2022 Annual Report’s full text and report summary and 2022 Annual Results Announcement.
5. Remuneration of the Directors for the year 2023.
6. Remuneration of the Supervisors for the year 2023.
7. Engagement of Domestic Financial and Internal Control Auditors for the year 2023.
8. Engagement of International Auditor for the year 2023.
9. Foreign Exchange Hedging Quota for the year 2023.

NOTICE OF ANNUAL GENERAL MEETING

10. Amendments to the Independent Non-Executive Directors Working Policy.
11. Amendments to the Related Party Transactions Management Policy.
12. Amendments to the External Guarantee Management Policy.
13. Amendments to the Special Storage and Use of Proceeds Management Policy.
14. Amendments to the Procedure for a Shareholder to Nominate a Person for Election as a Director.
15. (Subject to the passing of resolutions no. 23, 24, 25, 26 and 27 below) Proposed Authorization for Registration of the Changes of Registered Capital and Amendments to the Articles of Association.
30. Appointment of executive directors of the third session of the Board:
 - 30.1 Appointment of Dr. LOU Boliang as an executive director of the Company;
 - 30.2 Appointment of Mr. LOU Xiaoqiang as an executive director of the Company;
and
 - 30.3 Appointment of Ms. ZHENG Bei as an executive director of the Company;
31. Appointment of non-executive directors (other than the independent non-executive directors) of the third session of the Board:
 - 31.1 Appointment of Mr. HU Baifeng as a non-executive director of the Company;
and
 - 31.2 Appointment of Mr. LI Jiaqing as a non-executive director of the Company;
32. Appointment of independent non-executive directors of the third session of the Board:
 - 32.1 Appointment of Mr. ZHOU Qilin as an independent non-executive director of the Company;
 - 32.2 Appointment of Mr. TSANG Kwan Hung Benson as an independent non-executive director of the Company;
 - 32.3 Appointment of Mr. YU Jian as an independent non-executive director of the Company; and
 - 32.4 Appointment of Ms. LI Lihua as an independent non-executive director of the Company;

NOTICE OF ANNUAL GENERAL MEETING

33. Appointment of Supervisors of the third session of the Supervisory Committee:
 - 33.1 Appointment of Dr. YANG Kexin as a Shareholder representative Supervisor of the Supervisory Committee; and
 - 33.2 Appointment of Ms. FENG Shu as a Shareholder representative Supervisor of the Supervisory Committee.

SPECIAL RESOLUTIONS

16. (Subject to the passing of resolution no. 18 below) 2022 Profit Distribution Plan.
17. Guarantees Quota for the year 2023.
18. (Subject to the passing of resolution no. 16 above) Proposed Grant of the 2022 Convertible Bonds-Related Specific Mandate to Issue Additional Conversion Shares.
19. Grant of General Mandate to Issue H Shares.
20. 2023 A Share Incentive Scheme (Draft) and its summary.
21. Assessment Management Measures for the Implementation of the 2023 A Share Incentive Scheme.
22. Authorization to the Board to handle matters pertaining to the 2023 A Share Incentive Scheme.
23. Increase in Registered Capital.
24. (Subject to the passing of resolution no. 23 above) Amendments to the Articles of Association by virtue of the Increase in Registered Capital.
25. Repurchase and Cancellation of Part of the Restricted A Shares granted under the 2019 A Share Incentive Scheme.
26. (Subject to the passing of resolutions no. 25 above) Reduction of Registered Capital.
27. (Subject to the passing of resolutions no. 25 and 26 above) Amendments to the Articles of Association by virtue of the Reduction of Registered Capital and the Change in Board Composition.
28. Amendments to the Rules of Procedure for the General Meetings.
29. Amendments to the Rules of Procedure for the Supervisory Committee.

NOTICE OF ANNUAL GENERAL MEETING

Proxy Form for the Solicitation of Voting Rights by Independent Non-Executive Directors (“Independent Director’s Proxy Form”)

Pursuant to the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) (“**Management Measures**”), the independent non-executive directors of a listed company shall solicit voting rights from all shareholders of the company in the event of the proposed adoption of a share option scheme by such company. Hence, you shall appoint Ms. Li Lihua as your proxy to vote for you and on your behalf on the resolutions regarding the 2023 A Share Incentive Scheme and the related matters, which include the proposed adoption of 2023 A Share Incentive Scheme, the proposed adoption of the Assessment Management Measures for the implementation of the 2023 A Share Incentive Scheme and the proposed authorization to the Board to handle matters pertaining to the 2023 A Share Incentive Scheme at the 2022 AGM. In accordance with the latest Management Measures, you shall also appoint Ms. Li Lihua as your proxy to vote for you and on your behalf on other resolutions at the 2022 AGM. The solicitation is intended to provide shareholders of such listed company with an alternative approach to participation in general meetings, so as to encourage them to vote on the resolution in respect of the adoption of a share option scheme. Pursuant to the Management Measures and the authorization of other independent non-executive Directors, Ms. Li Lihua, an independent non-executive Director, has sent out an Independent Director’s Proxy Form to solicit voting rights from the Shareholders.

Should you wish to appoint Ms. Li Lihua as your proxy to vote for you and on your behalf on the resolutions regarding (i) the 2023 A Share Incentive Scheme and the related matters and, as you may think fit, (ii) other resolutions at the 2022 AGM, please complete and return the Independent Director’s Proxy Form to Tricor Investor Services Limited, the H share registrar of the Company, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by hand or by post, no later than 24 hours before the time appointed for holding the 2022 AGM or any adjournment thereof.

In addition, if you wish to appoint persons other than Ms. Li Lihua as your proxy to vote for you and on your behalf on all resolutions at the 2022 AGM, you may complete and return the form of proxy only and disregard the Independent Director’s Proxy Form.

Please note that if you have completed and returned both the form of proxy and the Independent Director’s Proxy Form, but have given inconsistent voting instructions on the resolutions concerned between the form of proxy and the Independent Director’s Proxy Form, your voting instructions given in the last form of proxy duly signed by you will be counted as your vote for or against the resolutions or abstain from voting on the resolutions concerned. If the signing time of such form of proxy cannot be ascertained, the last form of proxy duly received shall prevail. You cannot vote multiple times on the same resolution. In the event of multiple votes being cast on the same resolution (through on-site voting, proxy voting, and/ or online voting), the vote that was cast in the first instance will be counted as your vote for or against the resolutions or abstain from voting on the resolutions concerned.

NOTICE OF ANNUAL GENERAL MEETING

CLOSURE OF REGISTER OF MEMBERS

H Shareholders who intend to attend the 2022 AGM are required to deposit the share certificates accompanied by relevant transfer documents at the Company's H Shares Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, June 15, 2023. H Shareholders whose names appear on the register of members of the Company on Friday, June 16, 2023 shall be entitled to attend and vote at the 2022 AGM. The register of members of the Company will be closed from Friday, June 16, 2023 to Wednesday, June 21, 2023 (both days inclusive), during which period no transfer of Shares will be registered.

By order of the Board
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司
Dr. Lou Boliang
Chairman

Beijing, the PRC
May 25, 2023

As at the date of this notice, the Board of Directors comprises Dr. Lou Boliang, Mr. Lou Xiaoqiang and Ms. Zheng Bei as executive Directors; Mr. Chen Pingjin, Mr. Hu Baifeng, Mr. Li Jiaqing and Mr. Zhou Hongbin as non-executive Directors; Ms. Li Lihua, Mr. Zhou Qilin, Mr. Tsang Kwan Hung Benson and Mr. Yu Jian as independent non-executive Directors.

* *For identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) The register of members of the Company will be closed for the purpose of determining Shareholders' entitlement to attend the 2022 AGM from Friday, June 16, 2023 to Wednesday, June 21, 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend the 2022 AGM, H Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders) no later than 4:30 p.m. on Thursday, June 15, 2023 to complete registration. The H shareholders listed on the register of the Company on Friday, June 16, 2023 shall have the right to attend and vote at the 2022 AGM.
- (2) Subject to the approval of the resolution regarding the declaration of dividends at the 2022 AGM for 2022, dividends will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on Wednesday, July 26, 2023. The register of members of the Company will be closed from Thursday, July 20, 2023 to Wednesday, July 26, 2023 (both days inclusive), during which period no transfer of shares will be registered. In order for the holders of H Shares of the Company to qualify for receiving the final dividends, but no transfer documents have been registered, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before Wednesday, July 19, 2023 at 4:30 p.m.
- (3) The Company shall duly despatch and publish the circular and form of proxy of shareholders of the 2022 AGM. Any shareholder of the Company ("**Shareholder**") who intends to appoint a proxy shall refer to the Circular, notice of 2022 AGM and H Share Class Meeting, forms of proxy and Independent Director's proxy forms of the Company which were published on the website of The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") and the Company's website and dispatched to the relevant shareholders.
- (4) All votes of resolutions at the 2022 AGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.pharmaron.com) in accordance with the Listing Rules.
- (5) Any shareholders entitled to attend and vote at the 2022 AGM can appoint one or more proxies to attend and vote at the 2022 AGM on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.
- (6) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation's seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorization document shall be notarized. For H Shareholders, the aforementioned documents must be lodged with the H Shares Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 24 hours before the time appointed for holding the 2022 AGM or any adjournment thereof (i.e. 1:30 p.m. on Tuesday, June 20, 2023 (Hong Kong time)) in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (7) Shareholders shall produce their identification documents when attending the 2022 AGM.
- (8) If a proxy attends the 2022 AGM on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the 2022 AGM, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the board of directors or other authority or notarized copy of any authorization documents issued by such corporate shareholder.
- (9) The 2022 AGM is expected to last for half a day. Shareholders who attend the 2022 AGM (in person or by proxy) shall bear their own traveling, accommodation and other expenses.

NOTICE OF ANNUAL GENERAL MEETING

(10) The contact of the Company:

Address: Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司)
6 Tai-He Road, Economic Technological Development Area, Beijing, the PRC

Postal Code: 100176

Tel: 86 010-57330087

Contact Person: LI Shing Chung Gilbert

Fax: 86 010-57330087

(11) Further details of the resolutions are set out in the Circular in relation to, among others the proposed adoption of the 2023 A Share Incentive Scheme (Draft) and its summary.

* *For identification purposes only*

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2023

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Pharmaron Beijing Co., Ltd.*

康龍化成(北京)新藥技術股份有限公司

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

(Stock Code: 3759)

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2023

NOTICE IS HEREBY GIVEN THAT the first H Share Class Meeting of 2023 (the “**H Share Class Meeting**”) of Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司) (the “**Company**”) will be held at Juyuan Hall, 5/F, Block A, Zhaolin Plaza, No. 19 Ronghua Middle Road, Beijing Economic and Technological Development Area, Daxing District, Beijing, the PRC after the conclusion of the Annual General Meeting of 2022 to be held on Wednesday, June 21, 2023 at 1:30 p.m. for the purposes of considering and, if deemed appropriate, approving the following resolutions. In this notice, unless the context otherwise requires, capitalized terms and used herein shall have the same meanings as defined in the Company’s circular (the “**Circular**”) dated May 25, 2023.

SPECIAL RESOLUTIONS

1. (Subject to the passing of resolution no. 2 below) 2022 Profit Distribution Plan.
2. (Subject to the passing of resolution no. 1 above) Proposed Grant of the 2022 Convertible Bonds-Related Specific Mandate to Issue Additional Conversion Shares.
3. 2023 A Share Incentive Scheme (Draft) and its summary.
4. Assessment Management Measures for the Implementation of the 2023 A Share Incentive Scheme.
5. Authorization to the Board to handle matters pertaining to the 2023 A Share Incentive Scheme.
6. Increase in registered capital.
7. Repurchase and Cancellation of Part of the Restricted A Shares granted under the 2019 A Share Incentive Scheme.
8. (Subject to the passing of resolution no. 7 above) Reduction of Registered Capital.

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2023

Proxy Form for the Solicitation of Voting Rights by Independent Non-Executive Directors (“Independent Director’s Proxy Form”)

Pursuant to the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) (“**Management Measures**”), the independent non-executive directors of a listed company shall solicit voting rights from all shareholders of the company in the event of the proposed adoption of a share option scheme by such company. Hence, you shall appoint Ms. Li Lihua as your proxy to vote for you and on your behalf on the resolutions regarding the 2023 A Share Incentive Scheme and the related matters, which include the proposed adoption of 2023 A Share Incentive Scheme, the proposed adoption of the Assessment Management Measures for the implementation of the 2023 A Share Incentive Scheme and the proposed authorization to the Board to handle matters pertaining to the 2023 A Share Incentive Scheme at the H Share Class Meeting. In accordance with the latest Management Measures, you shall also appoint Ms. Li Lihua as your proxy to vote for you and on your behalf on other resolutions at the H Share Class Meeting. The solicitation is intended to provide shareholders of such listed company with an alternative approach to participation in general meetings, so as to encourage them to vote on the resolution in respect of the adoption of a share option scheme. Pursuant to the Management Measures and the authorization of other Independent Non-Executive Directors, Ms. Li Lihua, an Independent Non-executive Director, has sent out an Independent Director’s Proxy Form to solicit voting rights from the Shareholders.

Should you wish to appoint Ms. Li Lihua as your proxy to vote for you and on your behalf on the resolutions regarding (i) the 2023 A Share Incentive Scheme and the related matters and, as you may think fit, (ii) other resolutions at the H Share Class Meeting, please complete and return the Independent Director’s Proxy Form to Tricor Investor Services Limited, the H share registrar of the Company, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by hand or by post, no later than 24 hours before the time appointed for holding the H Share Class Meeting or any adjournment thereof.

In addition, if you wish to appoint persons other than Ms. Li Lihua as your proxy to vote for you and on your behalf on all resolutions at the H Share Class Meeting, you may complete and return the form of proxy only and disregard the Independent Director’s Proxy Form.

Please note that if you have completed and returned both the form of proxy and the Independent Director’s Proxy Form, but have given inconsistent voting instructions on the resolutions concerned between the form of proxy and the Independent Director’s Proxy Form, your voting instructions given in the last form of proxy duly signed by you will be counted as your vote for or against the resolutions or abstain from voting on the resolutions concerned. If the signing time of such form of proxy cannot be ascertained, the last form of proxy duly received shall prevail. You cannot vote multiple times on the same resolution. In the event of multiple votes being cast on the same resolution (through on-site voting, proxy voting, and/ or online voting), the vote that was cast in the first instance will be counted as your vote for or against the resolutions or abstain from voting on the resolutions concerned.

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2023

CLOSURE OF REGISTER OF MEMBERS

H Shareholders who intend to attend the H Share Class Meeting are required to deposit the share certificates accompanied by relevant transfer documents at the Company's H Shares Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, June 15, 2023. H Shareholders whose names appear on the register of members of the Company on Friday, June 16, 2023 shall be entitled to attend and vote at the H Share Class Meeting. The register of members of the Company will be closed from Friday, June 16, 2023 to Wednesday, June 21, 2023 (both days inclusive), during which period no transfer of Shares will be registered.

By order of the Board
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司
Dr. Lou Boliang
Chairman

Beijing, the PRC
May 25, 2023

As at the date of this notice, the Board of Directors comprises Dr. Lou Boliang, Mr. Lou Xiaoqiang and Ms. Zheng Bei as executive Directors; Mr. Chen Pingjin, Mr. Hu Baifeng, Mr. Li Jiaqing and Mr. Zhou Hongbin as non-executive Directors; Ms. Li Lihua, Mr. Zhou Qilin, Mr. Tsang Kwan Hung Benson and Mr. Yu Jian as independent non-executive Directors.

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2023

Notes:

- (1) All votes of resolutions at the H Share Class Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.pharmaron.com) in accordance with the Listing Rules.
- (2) Any shareholders entitled to attend and vote at the H Share Class Meeting can appoint one or more proxies to attend and vote at the H Share Class Meeting on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.
- (3) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation’s seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorization document shall be notarized. For H Shareholders, the aforementioned documents must be lodged with the H Shares Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 24 hours before the time appointed for holding the H Share Class Meeting (i.e. 1:30 p.m. on Tuesday, June 20, 2023 (Hong Kong time)) or any adjournment thereof in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) Shareholders shall produce their identification documents when attending the H Share Class Meeting.
- (5) If a proxy attends the H Share Class Meeting on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the H Share Class Meeting, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the board of directors or other authority or other notarized copy of any authorization documents issued by such corporate shareholder.
- (6) The H Share Class Meeting is expected to last for half a day. Shareholders who attend the H Share Class Meeting (in person or by proxy) shall bear their own traveling, accommodation and other expenses.
- (7) The contact of the Company:

Address: 6 Tai-He Road, Economic Technological Development Area, Beijing, the PRC
Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司)

Postal Code: 100176
Tel: 86 010-57330087
Contact Person: LI Shing Chung Gilbert
Fax: 86 010-57330087
- (8) Further details of the resolutions are set out in the Circular in relation to, among others the proposed adoption of the 2023 A Share Incentive Scheme (Draft) and its summary.

* *For identification purposes only*