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GENOR BIOPHARMA HOLDINGS LIMITED

嘉和生物藥業(開曼)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6998)

- (1) GRANT OF SHARE OPTIONS UNDER THE
POST-IPO SHARE OPTION PLAN;
(2) GRANT OF RESTRICTED SHARE UNITS UNDER THE
2021 RSU PLAN;
AND
(3) PROPOSED ISSUANCE OF NEW SHARES UNDER GENERAL
MANDATE PURSUANT TO THE 2021 RSU PLAN**

GRANT OF SHARE OPTIONS UNDER THE POST-IPO SHARE OPTION PLAN

On the Date of Grant, the Company granted a total of 11,600,000 Share Options to four grantees pursuant to the Post-IPO Share Option Plan, among which (i) 5,000,000 Share Options were granted to Dr. Guo, an executive Director and the CEO; and (ii) a total of 6,600,000 Share Options were granted to three employees of the Group.

The Post-IPO Share Option Plan was adopted by the Company on 18 September 2020, the total number of Shares available for issue thereunder is 48,109,150 (the “**Post-IPO Share Option Plan Mandate Limit**”). The grant above is within the Post-IPO Share Option Plan Mandate Limit. After the grant above, 30,827,425 underlying Shares will be available for future grants under the Post-IPO Share Option Plan.

GRANT OF RESTRICTED SHARE UNITS UNDER THE 2021 RSU PLAN

On the Date of Grant, the Company granted a total of 4,260,000 RSUs to three employees of the Group pursuant to the 2021 RSU Plan.

The 2021 RSU Plan was adopted by the Company on 3 June 2021, the total number of Shares available for issue thereunder is 14,730,911 (the “**2021 RSU Plan Mandate Limit**”). The grant above is within the 2021 RSU Plan Mandate Limit. After the grant above, 6,447,949 underlying Shares will be available for future grants under the 2021 RSU Plan.

PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE 2021 RSU PLAN

The 4,260,000 Shares underlying the 4,260,000 RSUs granted under the 2021 RSU Plan shall be satisfied by the allotment and issue of 4,260,000 new Shares under the 2022 General Mandate and is therefore not subject to the Shareholders’ approval.

(1) GRANT OF SHARE OPTIONS UNDER THE POST-IPO SHARE OPTION PLAN

On the Date of Grant, the Company granted a total of 11,600,000 Share Options to four grantees pursuant to the Post-IPO Share Option Plan, among which (i) 5,000,000 Share Options were granted to Dr. Guo Feng (“**Dr. Guo**”), an executive Director and the CEO; and (ii) a total of 6,600,000 Share Options were granted to three employees of the Group.

Details of the grant of Share Options are as follows:

Date of Grant	:	25 May 2023
Number of grantee(s)	:	4
Number of Share Options granted	:	11,600,000 Share Options (each Share Option shall entitle the holder thereof to subscribe for one (1) Share)
Exercise price of the Share Options granted	:	HK\$1.808, which is the highest of: (i) the closing price of HK\$1.730 per Share as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant; (ii) the average closing price of HK\$1.808 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of US\$0.00002 per Share.
Exercise period of the Share Options	:	from the relevant date of vesting of the Share Options to ten (10) years from the Date of Grant
Vesting period of the Share Options	:	<i>For Dr. Guo:</i>

Performance-based Share Options

The 3,250,000 Share Options granted shall vest conditional upon fulfillment of the performance targets and subject to the clawback/lapse mechanism disclosed below, and shall vest in 4 equal tranches of 25% each on 25 May 2024, 25 May 2025, 25 May 2026 and 25 May 2027.

Milestone-based Share Options

The 1,750,000 Share Options granted shall vest conditional upon fulfillment of the milestones or on the first anniversary of the date of grant of the Options, whichever is later, and subject to the clawback/lapse mechanism disclosed below, and shall vest in 4 equal tranches of 25% each upon fulfillment of each milestone.

For other grantees:

Performance-based Share Options

The 5,144,000 Share Options granted shall vest conditional upon fulfillment of the performance targets and subject to the clawback/lapse mechanism disclosed below, among which:

- (i) 1,140,000 Share Options shall vest in 2 equal tranches of 50% each on 25 May 2024 and 25 May 2025;
- (ii) 2,021,500 Share Options shall vest in 4 equal tranches of 25% each on 25 May 2024, 25 May 2025, 25 May 2026 and 25 May 2027;
- (iii) 1,300,000 Share Options shall vest in 2 equal tranches of 50% each on 25 May 2024 and 30 July 2024; and
- (iv) 682,500 Share Options shall vest in 4 tranches of 30%, 30%, 20% and 20% on 25 May 2024, 30 July 2024, 25 May 2025 and 25 May 2026.

Milestone-based Share Options

The 1,456,000 Share Options granted shall vest conditional upon fulfillment of the milestones or on the first anniversary of the date of grant of the Options, whichever is later, and subject to the clawback/lapse mechanism disclosed below, among which:

- (i) 476,000 Share Options shall vest in 4 tranches of 30%, 20%, 30% and 20% upon fulfillment of each milestone;
- (ii) 367,500 Share Options shall vest in 5 equal tranches of 20% each upon fulfillment of each milestone; and
- (iii) 612,500 Share Options shall vest in 5 tranches of 25%, 20%, 30%, 10% and 15% upon fulfillment of each milestone.

Performance targets : Performance-based Share Options

The vesting of Share Options is conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system, and the Share Options to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

- (i) 100% of the Share Options that can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;
- (ii) 60% of the Share Options that can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B"; and
- (iii) none of the Share Options shall vest, if the annual performance of the grantee is rated under "B".

The Administrator shall determine at its discretion the grantees' level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantees.

Milestone-based Share Options

The vesting of the Share Options is conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company (the "**Share Option Milestone Targets**").

If, upon the expiration of ten (10) years from the Date of Grant, the relevant grantee fails to achieve the Share Option Milestone Targets, any unvested Share Options granted to him shall automatically and immediately lapse.

Clawback/lapse
mechanism

: In the event a grantee's employment or service with the Company or an Affiliate is terminated under the situations of (i) retirement; (ii) permanent physical or mental disablement; (iii) death; or (iv) other circumstances recognized by the Administrator as non-fault for leave, the right to all unvested Share Options thereof shall automatically and immediately lapse. Subject to and conditional upon compliance with the applicable laws by the Company, the grantee may keep the vested Share Options through signing non-competition and confidentiality agreements, and such vested Share Options shall automatically lapse three (3) months after the occurrence of the situation. If the grantee violates the non-competition or confidentiality agreements, the vested Share Options thereof shall automatically and immediately lapse. In the case of death, the inheritor of the grantee shall inherit the legitimate rights and interests of vested Share Options under the applicable laws and exercise his inherited vested Share Options according to the granting agreement.

In the event a grantee's employment or service with the Company or an Affiliate is terminated under the situations of (i) resignation; (ii) labour contract not renewed due to the grantee's personal reason; (iii) employment terminated due to unsatisfactory performance or incompetence; or (iv) other circumstances recognized by the Administrator as liable with fault for leave, the right to all unvested Share Options or part thereof shall automatically and immediately lapse. Subject to and conditional upon compliance with the applicable laws by the Company, the vested but unexercised Share Options or part thereof shall automatically and immediately lapse three (3) months after the occurrence of the situation.

In the event a grantee's employment or service with the Company or an Affiliate is terminated due to (i) behaviors including corruption, bribery, theft, revealing of the Company's confidential secrets, negligence or misconduct or any other law offence behaviors that have caused serious damage to the Company or have brought the Company into disrepute; (ii) criminal behaviors investigated for criminal responsibility according to acts; or (iii) other circumstances listed in "Cause" as stipulated in the granting agreement, all unexercised Share Options regardless vested or not shall lapse. The Company will reserve the rights to take legal actions, including but not limited to claw back all profits made by such grantee by selling such shares acquired from exercising the Share Options granted, for dealing with such situations.

In the event that the grantee is on medical leave for more than three (3) consecutive months, the grantee's right to 20% of the vested Share Options shall automatically and immediately lapse.

Lock-up : The grantee may only sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of, or suffer to exist (whether by operation of law or otherwise) any encumbrance on the Shares acquired through the exercise of the Share Options after one year of the grantee's employment or service with the Company or an Affiliate in accordance with the regulation or regulator or applicable stock exchange and the trading policy as adopted or amended by the Company from time to time ("**Internal Share Options Lock Up Period**"). However, if the lock up periods required by any regulation or regulator or applicable stock exchange is longer than the Internal Share Options Lock Up Period, the grantee may only sell the Shares after such lock up periods as required by any regulation or regulator or applicable stock exchange. Provided, however, if the grantee needs to sell his Shares under the Post-IPO Share Option Plan on the Stock Exchange, unless otherwise waived by the Administrator, it is required to get the approval from the Administrator, besides the compliance with the applicable laws. Provided, further, the grantee who holds a position at the level of associate director or above may only sell 50% of the Shares held by him immediately prior to such sale in every calendar year in the first three years following the Internal Share Options Lock Up Period.

Financial Assistance : There are no arrangements for the Company or any of its subsidiaries to provide financial assistance to the grantees to facilitate the purchase of Shares under the Post-IPO Share Option Plan.

The Post-IPO Share Option Plan was adopted by the Company on 18 September 2020, the total number of Shares available for issue thereunder is 48,109,150 (the "**Post-IPO Share Option Plan Mandate Limit**"). The grant above is within the Post-IPO Share Option Plan Mandate Limit. After the grant above, 30,827,425 underlying Shares will be available for future grants under the Post-IPO Share Option Plan.

The grant of Share Options to Dr. Guo under the Post-IPO Share Option Plan has been approved by the independent non-executive Directors.

(2) GRANT OF RESTRICTED SHARE UNITS UNDER THE 2021 RSU PLAN

On the Date of Grant, the Company granted a total of 4,260,000 RSUs to three employees of the Group pursuant to the 2021 RSU Plan.

Details of the grant of RSUs are as follows:

Date of Grant	:	25 May 2023
Number of Grantee(s)	:	3
Number of RSUs granted	:	4,260,000 RSUs (each RSU represents one (1) Share)
Purchase price of the RSUs granted	:	Nil
Closing price of the Shares on the Date of Grant	:	HK\$1.730 per Share
Vesting period of the RSUs	:	<u>Performance-based RSUs</u>

The 2,054,000 RSUs granted shall vest conditional upon the fulfillment of the performance targets and subject to the clawback/lapse mechanism disclosed below, among which:

- (i) 1,371,500 RSUs shall vest in 4 equal tranches of 25% each on 25 May 2024, 25 May 2025, 25 May 2026 and 25 May 2027; and
- (ii) 682,500 RSUs shall vest in 4 tranches of 30%, 30%, 20% and 20% on 25 May 2024, 30 July 2024, 25 May 2025 and 25 May 2026.

Milestone-based RSUs

The 2,206,000 RSUs granted shall vest conditional upon fulfillment of the milestones or on the first anniversary of the date of grant of the RSUs, whichever is later, and subject to the clawback/lapse mechanism disclosed below, among which:

- (i) 476,000 RSUs shall vest in 4 tranches of 30%, 20%, 30% and 20% each upon fulfillment of each milestone;
- (ii) 367,500 RSUs shall vest in 5 equal tranches of 20% each upon fulfillment of each milestone;
- (iii) 1,100,000 RSUs shall vest in 2 equal tranches of 50% each upon fulfillment of each milestone; and
- (iv) 262,500 RSUs shall vest in 5 tranches of 25%, 20%, 30%, 10% and 15% upon fulfillment of each milestone.

Performance targets

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Performance-based RSUs

The vesting of RSUs is conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system, and the RSUs to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

- (i) 100% of the RSUs that can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;
- (ii) 60% of the RSUs that can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B"; and
- (iii) None of the RSUs shall vest, if the probation review is failed or annual performance of the grantee is rated under "B".

The Administrator shall determine at its discretion the grantees' level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantees.

Milestone-based RSUs

The vesting of the RSUs is conditional upon fulfillment of the milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company (the "**RSUs Milestone Targets**").

If, upon the expiration of ten (10) years from the Date of Grant, the relevant grantee fails to achieve the RSUs Milestone Targets, the right to any unvested RSUs granted to him shall automatically and immediately lapse.

Clawback/lapse
mechanism

: In the event a grantee's employment or service with the Company or an Affiliate is terminated under the situations of (i) retirement; (ii) permanent physical or mental disablement; (iii) death; (iv) long-term leave for medical treatment; or (v) other circumstances recognized by the Administrator as non-fault for leave, the right to all unvested RSUs thereof shall automatically and immediately lapse. In the case of death, the inheritor of the grantee shall inherit the legitimate rights and interests of vested RSUs under the applicable laws.

In the event a grantee's employment or service with the Company or an Affiliate is terminated under the situations of (i) resignation; (ii) labour contract not renewed due to the grantee's personal reason; (iii) employment terminated due to unsatisfactory performance or incompetence; or (iv) other circumstances recognized by the Administrator as liable with fault for leave, the right to all unvested RSUs or part thereof shall automatically and immediately lapse.

In the event a grantee's employment or service with the Company or an Affiliate is terminated due to (i) behaviors including corruption, bribery, theft, revealing of the Company's confidential secrets, negligence or misconduct or any other law offence behaviors that have caused serious damage to the Company or have brought the Company into disrepute; (ii) criminal behaviors investigated for criminal responsibility according to acts; or (iii) other circumstances listed in "Cause" as stipulated in the granting agreement, all unvested RSUs shall lapse. The Company will reserve the rights to take legal actions, including but not limited to claw back all profits made by such grantee by selling such Shares acquired from vesting of the RSU granted under the granting agreement, for dealing with such situations.

In the event that the grantee is on medical leave for more than three (3) consecutive months, the grantee's right to the RSUs, whether vested or unvested, will not be affected or otherwise prejudiced.

Lock-up : The grantee may only sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of, or suffer to exist (whether by operation of law or otherwise) any encumbrance on the Shares acquired through the vesting of the RSUs after one year of the grantee's employment or service with the Company or an Affiliate in accordance with the regulation or regulator or applicable stock exchange and the trading policy as adopted and amended by the Company from time to time ("**Internal RSU Lock Up Period**"). However, if the lock up periods required by any regulation or regulator or applicable stock exchange is longer than the Internal RSU Lock Up Period, the grantee may only sell the Shares after such lock up periods as required by any regulation or regulator or applicable stock exchange. Provided, however, if the grantee needs to sell his Shares under the 2021 RSU Plan on the Stock Exchange, unless otherwise waived by the Administrator, it is required to get the approval from the Administrator, besides the compliance with the applicable laws. Provided, further, the grantee who holds a position at the level of associate director or above may only sell 50% of the Shares held by him immediately prior to such sale in every calendar year in the first three years following the Internal RSU Lock Up Period.

The 2021 RSU Plan was adopted by the Company on 3 June 2021, the total number of Shares available for issue thereunder is 14,730,911 (the "**2021 RSU Plan Mandate Limit**"). The grant above is within the 2021 RSU Plan Mandate Limit. After the grant above, 6,447,949 underlying Shares will be available for future grants under the 2021 RSU Plan.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the grantees under the Post-IPO Share Option Plan and the 2021 RSU Plan is (i) a Director, chief executive or substantial shareholder of the Company, or an associate of any of them, save for Dr. Guo who is an executive Director and the CEO; (ii) as a result of the grants disclosed in this announcement, a participant with options and awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D of the Listing Rules; or (iii) a related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total issued Shares.

The Administrator has resolved to cancel 1,300,000 share options granted under the Pre-IPO Share Option Plan and 1,140,000 Share Options granted under the Post-IPO Share Option Plan (collectively, the "**Cancelled Share Options**"), each entitling the holder thereof to subscribe for one Share. Written consent in relation to the cancellation of the Cancelled Share Options have been obtained from the relevant grantees of the Cancelled Share Options. All the Cancelled Share Options have not been exercised or lapsed since they were granted under the Pre-IPO Share Option Plan or the Post-IPO Share Option Plan (as the case may be).

(3) PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE 2021 RSU PLAN

Shares underlying the Granted RSUs

In relation to the grant of 4,260,000 RSUs (the "**Granted RSUs**"), The Administrator has resolved to allot and issue 4,260,000 new Shares under the 2022 General Mandate in order to grant awards to the grantees pursuant to the 2021 RSU Plan.

The 4,260,000 Shares underlying the Granted RSUs represent approximately 0.84% of the issued share capital of the Company as at the date of this announcement and approximately 0.83% of the issued share capital as enlarged by the allotment and issue of 4,260,000 Shares underlying the Granted RSUs (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the allotment and issue date of such 4,260,000 Shares).

Based on the closing price of HK\$1.730 per Share as quoted on the Stock Exchange as at 25 May 2023, the market value of the 4,260,000 Shares underlying the Granted RSUs is HK\$7,369,800. The aggregate nominal value of the 4,260,000 Shares underlying the Granted RSUs is approximately US\$85.2.

The average closing price of the Shares for the five consecutive trading days immediately preceding 25 May 2023 as quoted on the Stock Exchange is HK\$1.808 per Share.

No funds will be raised by the Company as a result of the aforementioned proposed allotment and issue of new Shares.

Recent equity fund raising activities

The Company has not conducted any fund raising activities involving the issue of equity securities in the past 12 months immediately preceding the date of this announcement.

Ranking of the Shares

The Shares underlying the RSUs granted, when allotted and issued, shall rank pari passu among themselves and with the other Shares in issue.

Conditions

The allotment and issue of the 4,260,000 Shares underlying the Granted RSUs to the grantees shall be subject to (i) the Stock Exchange having granted the approval for the listing of, and permission to deal in such 4,260,000 Shares; and (ii) fulfillment of the conditions as set out in the 2021 RSU Plan and such conditions as specified by the Administrator.

General Mandate

The allotment and issue of the 4,260,000 Shares underlying the Granted RSUs shall be satisfied by the allotment and issue of new Shares to the grantees under the 2022 General Mandate and therefore is not subject to the Shareholders' approval. Under the 2022 General Mandate, the Company is authorised to issue up to 101,037,715 Shares until the revocation, variation or expiration of the 2022 General Mandate. As at the date of this announcement, 1,542,446 Shares have been allotted and issued under the 2022 General Mandate. Accordingly, the number of Shares that can be allotted and issued under the 2022 General Mandate is 99,495,269 Shares and is sufficient for the allotment and issue of 4,260,000 Shares underlying the Granted RSUs.

Application for Listing

Application will be made by the Company to the Stock Exchange for approval of the listing of, and permission to deal in, a total of not more than 4,260,000 Shares.

Reasons for the grant of the RSUs

The 2021 RSU Plan forms part of the incentive schemes of the Group. The Company considers that the grants of RSUs disclosed in this announcement recognize the contributions made by the selected grantees and incentivize them to make further contributions to the Group, so that the Group can retain them for the continual operation and development of the Group.

DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“2021 RSU Plan”	the 2021 RSU Plan adopted by the Company on 3 June 2021;
“2022 General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 24 June 2022, under which a total of 101,037,715 Shares (being up to 20% of the total issued share capital of the Company as at the date of the annual general meeting, which was 24 June 2022) can be allotted, issued and dealt in by the Directors;

“Administrator”	the compensation committee of the Company or its delegates which administer the operation of the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan and the 2021 RSU Plan;
“Affiliate(s)”	any corporation or other entity that stands in relationship to the Company that would result in the Company consolidating the financial results of such corporation or other entity under the accounting standards and policies adopted by the Company;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of directors of the Company;
“CEO”	chief executive officer of the Company;
“Company”	Genor Biopharma Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Date of Grant”	25 May 2023;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	the lawful currency of Hong Kong Special Administrative Region;
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented, or otherwise modified from time to time;
“Post-IPO Share Option Plan”	the Post-IPO Share Option Plan adopted by the Company on 18 September 2020;
“Pre-IPO Share Option Plan”	the Pre-IPO Share Option Plan adopted by the Company on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020;
“RSU(s)”	restricted share unit(s) granted under the 2021 RSU Plan;
“Share Option(s)”	share option(s) entitling the Grantee(s) to acquire Shares upon payment of the exercise price which were/are granted under the Post-IPO Share Option Plan;
“Share(s)”	ordinary share(s) in the share capital of the Company, currently with a par value of US\$0.00002 each;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiaries”

has the meaning ascribed to it in the Listing Rules;

“%”

per cent.

By order of the Board
Genor Biopharma Holdings Limited
Dr. Guo Feng
Chief Executive Officer and Chairman

Hong Kong, 25 May 2023

As at the date of this announcement, the Board comprises Dr. GUO Feng as executive Director; Dr. LYU Dong, Mr. CHEN Yu and Mr. LIU Yi as non-executive Directors; Mr. ZHOU Honghao, Mr. FUNG Edwin and Mr. CHEN Wen as independent non-executive Directors.