RemeGen Co., Ltd.*

榮昌生物製藥(煙台)股份有限公司

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

(Stock Code: 9995)

Overseas Regulatory Announcement

This announcement is made by RemeGen Co., Ltd.* 榮昌生物製藥(煙台)股份有限公司(the "**Company**") pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Proposal on the Offering of A Shares to Specific Target Subscribers by RemeGen Co., Ltd. in FY2024 published by the Company on the website of the Shanghai Stock Exchange is hereby provided for reference only.

By order of the Board
RemeGen Co., Ltd.*
Mr. Wang Weidong
Chairman and executive director

Yantai, PRC
April 1, 2024

As at the date of this announcement, the Board of the Company comprises Mr. Wang Weidong, Dr. Fang Jianmin, Dr. He Ruyi and Mr. Lin Jian as the executive directors, Dr. Wang Liqiang and Dr. Su Xiaodi as the non-executive directors, and Mr. Hao Xianjing, Dr. Ma Lan and Mr. Chen Yunjin as the independent non-executive directors.

* *For identification purpose only*

Stock Code: 688331 Ticker Symbol: RemeGen

榮昌生物製藥（煙台）股份有限公司

RemeGen Co., Ltd.

(No. 58 Middle Beijing Road, Yantai Economic and Technological Development Zone, Yantai Area of China (Shandong) Pilot Free Trade Zone)

Proposal on the Offering of A Shares to Specific Target Subscribers in FY2024

March 2024

Company Statements

1. The Company and all members of the Board warrant that the Proposal is true, accurate and complete and does not contain any false information, misleading statement or material omission.

2. The Proposal has been prepared in accordance with the requirements of the Administrative Measures on the Registration of Security Issuances by Listed Entities (《上市公司證券發行註冊管理辦法》) and other regulations and normative documents.

3. Upon completion of the issuance of A shares to specific target subscribers, the Company shall be responsible for any changes in its operations and earnings; Investors are solely responsible for the investment risks arising from this offering of A shares to specific target subscribers.

4. This Proposal is the description of the offering of A shares to specific target subscribers from the Board of Directors of the Company, and any statement to the contrary is an untrue statement.

5. Investors shall consult their stock brokers, lawyers, professional accountants or other professional advisors for any questions and doubts.

6. Matters described in this Proposal do not represent the substantive judgment, confirmation, authorisation or approval by the approving authority regarding the offering of A shares to specific target subscribers. Effect and completion of the matters relating to the offering of A shares to specific target subscribers as described in this Proposal shall be subject to the consideration and approval of a general meeting of the Company, the review and approval of the Shanghai Stock Exchange, and the decision of the CSRC on its agreement to the registration.

SPECIAL NOTES

Words or abbreviations used in this section have the same meanings as those defined in the “DEFINITIONS" of this Proposal.

1. Matters relating to the offering of shares to specific target subscribers were considered and approved at the Twelfth Meeting of the Second Session of the Board of Directors of the Company on March 29, 2024. In accordance with the relevant laws and regulations, this offering of shares to specific target subscribers is subject to the consideration and approval of a general meeting of the Company, the review and approval of the Shanghai Stock Exchange and the decision of the CSRC on its agreement to the registration before its implementation.

2. The specific target subscribers to whom shares will be issued will be no more than 35 (inclusive) specific investors, including securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFIIs) and other legal persons, natural persons or other institutional investors complying with relevant laws and regulations, who meet the requirements stipulated by the CSRC. A securities investment fund management company, a securities company, a QFII, or an RMB qualified foreign institutional investor that subscribes for shares with two or more of the products under their management shall be regarded as one target subscriber. A trust company, as a target subscriber, can only subscribe for shares with its own funds.

The final target subscribers will be determined by the Board of Directors of the Company and its authorised persons as authorised by the shareholders' general meeting in consultation with the sponsor (lead underwriter) based on the results of the bids for issuance after the Issuance is reviewed and approved by the Shanghai Stock Exchange and approved for registration by the CSRC. Where laws, regulations or normative documents at the time of issuance provide otherwise with respect to target subscribers, such laws, regulations or normative documents shall prevail.

All target subscribers shall subscribe for the shares of the Company in cash in RMB and at the same price.

3. The number of shares to be issued to specific target subscribers shall be determined by dividing the total amount of proceeds raised by the issuance price, and the number of shares to be issued shall not exceed 13% of the total share capital of the Company prior to the Issuance, i.e., the number of shares to be issued shall not exceed 70,763,170 shares (inclusive), and the maximum number of shares to be issued shall be based on the maximum number of shares to be issued which has been agreed by the CSRC for registration. Within the foregoing, the final number of shares to be issued shall be determined by the Board of Directors and its authorized persons in accordance with

the mandate given by the General Meeting of Shareholders after consultation with the Sponsor (Lead Underwriter) based on the final issuance price.

If there are any ex-rights events such as stock dividends, capital reserve capitalisation, and other events that result in a change in the total share capital of the Company between the date of the board of directors' resolution on the issuance of shares to specific target subscribers and the date of the issuance, the maximum number of shares to be issued shall be adjusted accordingly.

If the total number of Shares to be issued to specific target subscribers is changed or reduced due to changes in regulatory policies or in accordance with the requirements of the Issuance Registration Documents, the total number of Shares to be issued to specific target subscribers and the total amount of proceeds to be raised shall be changed or reduced accordingly at that time.

4. The price of shares to be issued to Specific Target Subscribers will be fixed via bids, and the Price Determination Date of the issuance of shares to Specific Target Subscribers shall be the first day of the issuance period.

The issuance price shall not be less than 80% of the average trading price of the Company's A shares during the 20 trading days prior to the Price Determination Date (exclusive). On the basis of the aforesaid base price, the final issuance price will be determined by the Board of Directors of the Company and its authorised persons as authorised by the shareholders' general meeting in consultation with the sponsor (lead underwriter) based on the results of the bids for issuance after the Issuance of Shares to Specific Target Subscribers is approved for registration by the CSRC.

Average trading price of the Company's A shares during the 20 trading days prior to the Price Determination Date = total trading value of the Company's A shares during the 20 trading days prior to the Price Determination Date / total trading volume of the Company's A shares during the 20 trading days prior to the Price Determination Date. In the event that the price of the Company's shares is adjusted as a result of ex-rights and ex-dividend, such as dividend distribution, bonus issue, rights issue, and capital reserve capitalisation, within such 20 trading days, the trading price of shares during the trading days after the adjustment shall be calculated on the basis of the prices after the corresponding ex-rights and ex-dividend.

In case of any ex-dividend or ex-rights by the Company, such as dividend payout, bonus issue or capital reserve capitalisation, between the Price Determination Date and the issuance date, the base

price of shares issued to specific target subscribers shall be adjusted accordingly. The adjustment is as follows:

Cash dividend payout: P1=P0-D

Bonus issue or capital reserve capitalisation: P1=P0/(1+N)

Cash dividend payout with bonus issue or capital reserve capitalisation: P1=(P0-D)/(1+N)

Where P0 is the base price before adjustment, D is the cash dividend per share, N is the number of bonus shares or shares converted from capital reserve, and P1 is the base price after adjustment.

5. The A shares subscribed for by the Specific Target Subscribers in the offering of shares to the Specific Target Subscribers shall not be transferred within six months from the date of closing of the issuance of shares to the Target Subscribers. If there are any other provisions on the lock-up period in the laws, regulations or normative documents, such provisions shall apply.

Upon completion of the Issuance, any shares acquired by the Target Subscribers to the Issuance as a result of stock dividends and capital reserve capitalisation, among others, by the Company shall also be subject to the aforesaid share lock-up arrangement.

Any reduction of shareholdings acquired by the Target Subscribers pursuant to the Offering after the expiry of the lock-up period shall also be subject to the provisions of the Company Law, the Securities Law, the STAR Board Listing Rules and other relevant laws, regulations and normative documents.

6. The total proceeds raised from the issuance of shares to specific target subscribers will not exceed RMB 2,550.00 million (inclusive), and the net amount of the total proceeds after deducting the relevant issuance expenses will be utilized for the following projects:

Unit: RMB million

No.	Project Name	Investment Amount	Proceeds Proposed to be Used
1	New drug R&D	2,946.4599	2,550.00
Total		**2,946.4599**	**2,550.00**

Note 1: According to the requirements of laws and regulations such as the Applicable Opinions of Relevant Provisions in Articles 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies – Applicable Opinion No. 18 on of Securities and Futures Laws, the amount of new and proposed financial investments from six months before to the date of the resolution on the Offering of the Board of Directors to the Offering of RMB17.25 million has been deducted from the total proceeds of the Offering.

Note 2: The total investment amount in the new drug R&D project refers to the amount of funds that the Company expects to invest in the project excluding the R&D spending that the Company has already incurred.

Within the scope of the aforesaid investment project with the proceeds, the Company may make appropriate adjustments to the investment sequence and specific amount for the corresponding investment project in accordance with the actual situation such as the progress of the project and the demand for funds. Prior to the availability of the proceeds, the Company may, based on the actual situation of the investment project with the proceeds, first use its own funds to invest in the project and replace them after the availability of the proceeds. After the availability of the proceeds, if the net proceeds actually raised after deducting the issuance expenses are less than the gross proceeds proposed to be used, the shortfall shall be covered by the Company with its own funds.

In the event of adjustments to the gross proceeds to be raised from the Issuance of Shares to Specific Target Subscribers due to changes in regulatory policies or the requirements of the registration statement, adjustments will be made accordingly.

7. The issuance of shares to specific target subscribers is in compliance with the relevant provisions of the Company Law, the Securities Law, the Administrative Measures on Registration, the STAR Board Listing Rules and other laws, regulations and normative documents. The issuance of shares to specific target subscribers does not constitute a material asset reorganization, will not result in a change of control of the Company, and will not result in the distribution of the Company's shareholdings failing to comply with the listing conditions.

8. Undistributed profits or unrecovered losses accumulated by the Company prior to the issuance of shares to specific target subscribers shall be shared or borne by the new and existing shareholders after the completion of the issuance of shares to specific target subscribers in accordance with the proportion of shares to be held after the issuance.

9. The resolution on the Issuance shall be valid for a period of twelve months from the date of consideration and adoption by the shareholders in the General Meeting.

The maximum number of shares to be issued under the Issuance will not exceed 20% of the total number of outstanding A shares of the Company as at the date of the 2022 Annual General Meeting of the Company (i.e. 70,936,352 A shares); If, prior to the expiry of the general mandate to issue additional A Shares granted under the "Resolution on General Mandate to Issue Additional A Shares and/or H Shares of the Company" considered and approved at the 2022 Annual General Meeting of

the Company, the Issuance has not yet been approved, permitted or registered for issuance by the Regulatory Authority, the Issuance may still continue to be carried out within the scope of the General Mandate for the following year provided that the maximum number of shares to be issued in the Issuance does not exceed the general mandate for the next year to be approved by the Company at its 2023 Annual General Meeting and there is no need for the Company to convene a separate general or class meeting to re-examine the relevant matters of the Issuance in relation to the General Mandate.

10. The Company has actively implemented the provisions of relevant laws, regulations and normative documents such as the Regulatory Guidance for Listed Companies No. 3 – Distribution of Cash Dividends by Listed Companies (《上市公司監管指引第 3 號——上市公司現金分紅》) (CSRC Announcement [2023] No. 61) and Notice on Further Implementation of Matters Relating to Cash Dividends by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) (Zheng Jian Fa [2012] No. 37) and formulated the Plan on Distribution of Dividends for Shareholders for the Next Three Years (2024-2026) of RemeGen Co., Ltd. (《榮昌生物製藥(煙台)股份有限公司未來三年(2024年-2026年)股東分紅回報規劃》) in conjunction with the actual circumstances of the Company. For details of the profit distribution and cash dividend policy, please refer to "Section IV - Distribution of Dividends by the Company" of the Proposal.

11. Upon completion of the Issuance to specific target subscribers, with the availability of the proceeds raised, the total share capital and net assets of the Company will increase accordingly. The Company's earnings per share and other indicators will be at the risk of dilution in the short term as a result of the issuance as it will take some time to utilise the proceeds raised and implement the investment project. In order to protect the interests of small and medium-sized investors, the Company has conducted a serious analysis of the impact of the issuance of shares to specific target subscribers on the immediate return and has formulated specific measures to compensate for the diluted immediate return. For details, please refer to the ''Announcement of RemeGen Co., Ltd. on Measures to Make up for Diluted Immediate Returns and Relevant Parties' Commitments in relation to the Issuance of A shares to Specific Target Subscribers in FY2024''. Investors are reminded of the risk of the diluted immediate returns for shareholders in relation to this Issuance; Meanwhile, although the Company has formulated the Makeup Measures to address the risk of diluted immediate

returns, such Measures formulated do not amount to any guarantee of future profits of the Company. Investors shall not make investment decisions based on the above measures, and the Company will not be liable for any losses incurred by investors who make investment decisions based on these measures. Investors are advised to pay attention to such risks.

12. There are considerable uncertainty associated with whether or not the Proposal for the offering of shares to Specific Target Subscribers will be reviewed and at the end approved by the Shanghai Stock Exchange and registered with the CSRC, as well as the timing of the final approval and registration. The attention of investors is drawn to such uncertainty.

CONTENTS

DEFINITIONS

In this Proposal, unless the context requires otherwise, the following abbreviations have the following meanings:

"Company", "Listed Company" and "RemeGen"	RemeGen Co., Ltd., A-share stock code: 688331 and H-share stock code: 9995
"Offering of A Shares to Specific Target Subscribers", "Offering of Shares to Specific Target Subscribers" and "Offering"	the Offering of A Shares to Specific Target Subscribers by RemeGen Co., Ltd. in FY2024
"Proposal"	the Proposal on the Offering of A Shares to Specific Target Subscribers by RemeGen Co., Ltd. in FY2024
"Price Determination Date"	the first day of the issuance period of the shares issued to Specific Target Subscribers
"CSRC"	China Securities Regulatory Commission
"SSE"	Shanghai Stock Exchange
"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）
"STAR Board Listing Rules"	the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of Shanghai Stock Exchange
"Administrative Measures on Registration"	the Administrative Measures on Issuance and Registration of Securities by Listed Companies
"Articles of Association" or "AoA"	the Articles of Association of RemeGen Co., Ltd.
"Management Policies for Raised Proceeds"	the Management Policies For Raised Proceeds of RemeGen Co., Ltd.
"SDA"	State Drug Administration
"NHC"	National Health Commission
"CDE"	the Centre for Drug Evaluation of China's National Medical Products Administration
"FDA"	U.S. Food and Drug Administration
"GMP"	the laws and regulations on the production and quality management of food, pharmaceuticals and medical products, specifically the Good Manufacturing Practices (GMP) issued by the SDA in China
"Fusion Protein"	expression products of two genes after recombination obtained with the DNA recombination technology
"Antibody"	immunoglobulins produced by plasma cells differentiated from B-lymphocytes by the body's immune system under the stimulation of antigens, which can react specifically with the corresponding antigens
"Monoclonal Antibody"	highly homogeneous specific antibodies against a single antigenic determinant, secreted by the differentiated and proliferating progeny of a B-cell
"Antibody-drug Conjugate" or ADC	antibody-drug Conjugate (ADC), a drug made by coupling monoclonal antibodies with small molecule drug, such as a cytotoxin
"Target"	a target molecule of drug treatment, which usually plays an important role in the pathological process of a disease, and of which the bioactivity is inhibited or activated by the drug to produce clinical effects

"AID"	autoimmune diseases
"IND"	an application for clinical research on an investigational new drug submitted to drug regulators
"Conditional Marketing Approval"	a special assessment system adopted by the SDA to expedite the marketing of urgently needed clinical drugs with outstanding clinical value, which refers to drugs used for serious life-threatening diseases with no effective treatment available, and drugs urgently needed for public health, where the existing clinical research data do not yet satisfy all the requirements for regular marketing registration, but the clinical trial data have demonstrated therapeutic efficacy and are able to predict the clinical value. The marketing approval is granted on the basis of the data of alternative endpoints, intermediate clinical endpoints, or early stage clinical trials under the requirement of fulfilment of specific conditions by the applicant
"BLyS"	B Lymphocyte Stimulator
"APRIL"	a proliferation-inducing ligand
"VEGF"	vascular endothelial growth factor
"FGF"	fibroblast growth factor
"RMB", "RMB million", or "RMB billion"	refers to RMB, RMB million or RMB billion unless otherwise specified

Note: Any discrepancy of ending numbers between the totals and the sums of the values listed in any of the tables in this Proposal is due to rounding.

Section I Summary of Proposal on the Issuance of Shares to Specific Target Subscribers

I. Company Profile

Company Name (Chinese)	榮昌生物製藥（煙台）股份有限公司
Company Name (English)	RemeGen Co., Ltd.
Date of Incorporation of the Limited Company	4 July 2008
Date of Incorporation of Joint Stock Company	12 May 2020
Registered Capital	RMB 544,263,003.00
Place of Listing	Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited
Short Name	RemeGen
Stock Code	688331.SH, 9995.HK
Authorized Representative	Wang Weidong
Registered Address	No. 58 Middle Beijing Road, Yantai Economic and Technological Development Zone, Yantai Area of China (Shandong) Pilot Free Trade Zone
Office Address	No. 58 Middle Beijing Road, Yantai Economic and Technological Development Zone, Yantai Area of China (Shandong) Pilot Free Trade Zone
Postal Code	264006
Tel:	0535-6113511
Fax:	0535-6113517
Website:	www.remegen.cn
E-Mail:	rcsw@remegen.cn
Scope of Business	Research and development, production and sale of pharmaceutical products and diagnostic reagent products, technical services and technology transfer in relation to the above products and their research and development, and import and export of goods or technology (except for the import and export of goods and technology prohibited by the State or involving administrative approval) (Activities subject to approval in accordance with the law can't be carried out until approval by the relevant departments)

II. Background and Purpose of the Issuance of Shares to Specific Target Subscribers

(i) Background

1. Global and Chinese Biologics Industries Grow Rapidly with Broad Market Prospects

Driven by factors such as favourable policies for the review and approval of innovative drugs, increased clinical needs, more in-depth exploration of pathogenesis of diseases by R&D personnel, and technological innovations, the global biologics market is expected to maintain a high growth rate in the future, with a broad market space and strong growth potential. According to a report of Frost & Sullivan, the global biologics market, which was valued at US$363.8 billion in 2022, is projected to

grow at a CAGR of 12.4% to US$580.9 billion in 2026 and at a CAGR of 7.8% to US$783.2 billion in 2030.

China is the world's second largest pharmaceutical market, where the biologics market sees a significantly higher growth than the chemical, traditional Chinese medicine and overall pharmaceutical markets over the same period. In terms of the development tendency of clinical pipelines of biologics in China, expanding indications for drugs is an important business strategy for pharmaceutical companies to increase their presence, which will also promote the application of drugs in a wider patient population and further boost the growth of the biologics market. The growth rate of China's biologics market is much higher than that of the global market over the same period, with the guidance and support of relevant national policies, China's ever-improving regulatory system for R&D of biologics and its gradual convergence with international standards, the improvement of residents' health awareness, the expansion of patient population, the enhancement of the ability to pay, among others. According to a report of Frost & Sullivan, China's biologics market, which was valued at RMB421 billion in 2022, is expected to grow at a CAGR of 16.3% to RMB769.8 billion in 2026 and at a CAGR of 10.5% to RMB1,149.1 billion in 2030.

2. Industry Policies Promote the Continuous Development of Domestic Innovative Drugs

In recent years, China has issued a series of laws, regulations and industrial policies for innovative drugs, providing special offers and support in drug R&D, drug review and approval and other aspects, and vigorously encouraging pharmaceutical enterprises to innovate. In 2020, the revised Provisions for Drug Registration, Provisions for the Supervision and Administration of Drug Production, Good Clinical Practice, Working Procedures for Priority Review and Approval of Drug Marketing Authorisation (Interim), and Registration Category of Biological Products and the Information Requirements for Declaration took effect one after the other, marking the start of reforms in new drug R&D, registration process, clinical trial management, production management, etc. In 2021, the newly revised Patent Law of the People's Republic of China coming into force provides provisions on patent term compensation for invention patents related to new drugs that have been granted marketing authorisation in China. In the same year, the 14th Five-Year Plan for the Development of Pharmaceutical Industry was officially released. With the basic principle of being innovation-driven and innovation as the core task for promoting the high-quality development of the pharmaceutical

industry, China will accelerate the implementation of the innovation-driven development strategy, build an open innovation ecosystem, improve the quality and efficiency of innovation, accelerate the industrialisation of innovation achievements, and create a new engine for the sustainable and healthy development of the pharmaceutical industry. As mentioned in the plan, in the field of antibody drugs, the focus will fall on developing novel antibody drugs targeting oncology, autoimmune diseases and so forth. In 2023, the CDE released the Working Procedures for Accelerating the Review of Marketing Authorisation Applications of Innovative Drugs (Interim) to encourage the innovation and R&D of new drugs, paediatric drugs and rare disease drugs, expedite the review and approval of innovative drugs, and encourage the entities engaged in the R&D of new drugs to be more clinically value oriented. In 2023, the National Healthcare Security Administration unveiled the Rules for Renewal of Negotiated Drugs, which clarified the rules for regular catalogue management and simple renewal and improved the detailed rules for the adjustment of medicare payment standards, so as to promote the scientific and standardised development of medical insurance access negotiations.

With the deepening of China's medical and healthcare system reform, the R&D environment for innovative drugs has changed significantly, and innovative drugmakers with genuine innovation capabilities and core competitiveness, especially those with leading technological capabilities, have seen historic development opportunities.

3. The Issuance of Shares to Specific Target Subscribers is in line with the Company's Strategic Development Needs

As an innovative biopharmaceutical company with a global vision, the Company is committed to the discovery, development and commercialisation of innovative and differentiated first-in-class and best-in-class biologics to create clinical value for drugs and provide safe, effective and accessible clinical solutions for autoimmune, oncology and ophthalmic diseases to meet a large number of unmet clinical needs. The investment project with the proceeds to be raised from the issuance of A shares to specific target subscribers will help accelerate the clinical and preclinical studies of the Company's R&D pipeline projects and promote the launch of relevant products at home and abroad, strengthen its innovation and R&D capabilities and core competitiveness, ease its shortage of R&D and operating funds, be conducive to the realisation of its core development strategies, and promote the sustained and sound development of its business operations.

(ii) Purpose

1. Accelerating the Progress of the Company's New Drug R&D Pipelines and Strengthening Its Innovation and R&D Capabilities and Core Competitiveness

Research and development (R&D) is the development cornerstone and core competitiveness of an innovative pharmaceutical company. As at the date of the Proposal, the Company has developed more than 20 biologic candidates, of which more than 10 biologic candidates are in the stages of commercialisation (2 products are in the stage of commercialisation), clinical studies or IND preparation. All of the products are targeted innovative biologics.

The innovative biologics industry is a technology-intensive industry, with fierce competition in the development and commercialisation of innovative drugs and rapid technological iterations and upgrades. Innovative drugmakers need to continuously expand their product pipelines and enhance the depth and breadth of their R&D, so as to provide guarantees for the enhancement of their product competitiveness and the sustained business growth. Since its inception, the Company has been actively developing its product pipelines against multiple serious diseases. In the future, the Company will maintain considerable investment in R&D for preclinical studies, clinical trials worldwide and other drug development work, so as to ensure its adaptation to the technological development characteristics of the global pharmaceutical industry, consolidate the market position of its products and strengthen its core competitiveness. Moreover, as the Company is facing competition from major pharmaceutical companies and biotechnology companies worldwide, it is necessary for the Company to accelerate the progress of clinical trials on its products under development and strengthen the drug R&D capability of its core pipelines.

Through the implementation of the investment project, the Company will accelerate the R&D process of innovative drugs, strengthen the synergy between its preclinical studies and clinical studies, expand the depth and breadth of its products under development, and lay a solid foundation for the commercialisation of more products.

2. Enhancing Capital Strength to Meet the Company's Working Capital Requirement and Improve Its Risk Resistance

Through the Issuance, the Company will leverage the capital market platform to enhance its capital strength, ease the pressure on liquidity and improve its risk resistance. In addition, the enhancement of capital strength will bring strong support to the Company's business operation and development, and consolidate the foundation for sustainable development in such aspects as business expansion, R&D capability and long-term strategy, help strengthen its core competitiveness and promote its sustainable and stable development.

III. Specific Target Subscribers to Whom the Shares will be Issued and Their Relationship with the Company

The specific target subscribers to whom shares will be issued will be no more than 35 (inclusive) specific investors, including securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFIIs) and other legal persons, natural persons or other institutional investors complying with relevant laws and regulations, who meet the requirements stipulated by the CSRC. A securities investment fund management company, a securities company, a QFII, or an RMB qualified foreign institutional investor that subscribes for shares with two or more of the products under their management shall be regarded as one target subscriber. A trust company, as a target subscriber, can only subscribe for shares with its own funds.

The final target subscribers will be determined by the Board of Directors of the Company and its authorised persons as authorised by the shareholders' general meeting in consultation with the sponsor (lead underwriter) based on the results of the bids for issuance after the Issuance is reviewed and approved by the SSE and approved for registration by the CSRC. Where laws, regulations or regulatory documents at the time of issuance provide otherwise with respect to target subscribers, such laws, regulations or normative documents shall prevail.

As of the date of this Proposal, no Specific Target Subscribers have been identified for the issuance of shares, and therefore their relationship with the Company cannot be determined. The

relationship between the Target Subscribers and the Company will be disclosed in the Report on the Share Issuance to be announced after the completion of the Issuance.

IV. Summary of Proposal on the Issuance of Shares to Specific Target Subscribers

(i) Type and Nominal Value of Shares to be Issued

The type of shares to be issued to the specific target subscribers is domestically listed RMB ordinary shares (A shares) with a par value of RMB1.00 per share.

(ii) Method and Timing of issuance

The Issuance will be carried out entirely by way of issuance of A shares to specific target subscribers, and the Company will select an appropriate time and opportunity to issue to specific target subscribers within the validity period after the Issuance is approved for registration by the CSRC.

(iii) Target Subscribers and Ways of Subscription

The specific target subscribers to whom shares will be issued will be no more than 35 (inclusive) specific investors, including securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFIIs) and other legal persons, natural persons or other institutional investors complying with relevant laws and regulations, who meet the requirements stipulated by the CSRC. A securities investment fund management company, a securities company, a QFII, or an RMB qualified foreign institutional investor that subscribes for shares with two or more of the products under their management shall be regarded as one target subscriber. A trust company, as a target subscriber, can only subscribe for shares with its own funds.

The final target subscribers will be determined by the Board of Directors of the Company and its authorised persons as authorised by the shareholders' general meeting in consultation with the sponsor (lead underwriter) based on the results of the bids for issuance after the Issuance is reviewed and approved by the SSE and approved for registration by the CSRC. Where laws, regulations or regulatory documents at the time of issuance provide otherwise with respect to target subscribers, such laws, regulations or normative documents shall prevail.

All target subscribers shall subscribe for the shares of the Company in cash in RMB and at the same price.

(iv) Number of shares to be issued

The number of shares to be issued to specific target subscribers shall be determined by dividing the total amount of proceeds raised by the issuance price, and the number of shares to be issued shall not exceed 13% of the total share capital of the Company prior to the Issuance, i.e., the number of shares to be issued shall not exceed 70,763,170 shares (inclusive), and the maximum number of shares to be issued shall be based on the maximum number of shares to be issued which has been agreed by the CSRC for registration. Within the foregoing, the final number of shares to be issued shall be determined by the Board of Directors and its authorized persons in accordance with the mandate given by the General Meeting of Shareholders after consultation with the Sponsor (Lead Underwriter) based on the final issuance price.

If there are any ex-rights events such as stock dividends, capital reserve capitalisation, and other events that result in a change in the total share capital of the Company between the date of the board of directors' resolution on the issuance of shares to specific target subscribers and the date of the issuance, the maximum number of shares to be issued shall be adjusted accordingly.

If the total number of Shares to be issued to specific target subscribers is changed or reduced due to changes in regulatory policies or in accordance with the requirements of the Issuance Registration Documents, the total number of Shares to be issued to specific target subscribers and the total amount of proceeds to be raised shall be changed or reduced accordingly at that time.

(v) Price Determination Date, Issuance Price and Pricing Policy

The price of shares to be issued to target subscribers will be fixed via bids, and the Price Determination Date shall be the first day of the issuance period.

The issuance price shall not be less than 80% of the average trading price of the Company's A shares during the 20 trading days prior to the Price Determination Date (exclusive). On the basis of the aforesaid base price, the final issuance price will be determined by the Board of Directors of the Company and its authorised persons as authorised by the shareholders' general meeting in consultation with the sponsor (lead underwriter) based on the results of the bids for issuance after the Issuance of Shares to Specific Target Subscribers is approved for registration by the CSRC.

Average trading price of the Company's A shares during the 20 trading days prior to the Price Determination Date = total trading value of the Company's A shares during the 20 trading days prior to the Price Determination Date / total trading volume of the Company's A shares during the 20 trading days prior to the Price Determination Date. In the event that the price of the Company's shares is adjusted as a result of ex-rights and ex-dividend, such as dividend distribution, bonus issue, rights issue, and capital reserve capitalisation, within such 20 trading days, the trading price of shares during the trading days after the adjustment shall be calculated on the basis of the prices after the corresponding ex-rights and ex-dividend.

In case of any ex-dividend or ex-rights by the Company, such as dividend payout, bonus issue or capital reserve capitalisation, between the Price Determination Date and the issuance date, the base price of shares issued to specific target subscribers shall be adjusted accordingly. The adjustment is as follows:

Cash dividend payout: P1=P0-D

Bonus issue or capital reserve capitalisation: P1=P0/(1+N)

Cash dividend payout with bonus issue or capital reserve capitalisation: P1=(P0-D)/(1+N)

Where P0 is the base price before adjustment, D is the cash dividend per share, N is the number of bonus shares or shares converted from capital reserve, and P1 is the base price after adjustment.

(vi) Lock-up Period

The A shares subscribed for by the Specific Target Subscribers in the offering of shares to the Specific Target Subscribers shall not be transferred within six months from the date of closing of the issuance of shares to the Target Subscribers. If there are any other provisions on the lock-up period in the laws, regulations or regulatory documents, such provisions shall apply.

Upon completion of the Issuance, any shares acquired by the Target Subscribers to the Issuance as a result of stock dividends and capital reserve capitalisation, among others, by the Company shall also be subject to the aforesaid share lock-up arrangement.

Any reduction of shareholdings acquired by the Target Subscribers pursuant to the Offering after the expiry of the lock-up period shall also be subject to the provisions of the Company Law, the

Securities Law, the SSE STAR Listing Rules and other relevant laws, regulations and regulatory documents.

(vii) Place of Listing

The shares to be issued will be listed and traded on the STAR Board of the Shanghai Stock Exchange.

(viii) Arrangement for Undistributed Profits Accumulated prior to the Issuance

Undistributed profits or unrecovered losses accumulated by the Company prior to the issuance of shares to specific target subscribers shall be shared or borne by the new and existing shareholders after the completion of the issuance of shares to specific target subscribers in accordance with the proportion of shares to be held after the issuance.

(ix) The Effective Period for the Resolution on the Issuance

The resolution on the Issuance shall be valid for a period of twelve months from the date of consideration and adoption by the shareholders in the General Meeting.

The maximum number of shares to be issued under the Issuance will not exceed 20% of the total number of outstanding A shares of the Company as at the date of the 2022 Annual General Meeting of the Company (i.e. 70,936,352 A shares); If, prior to the expiry of the general mandate to issue additional A Shares granted under the "Resolution on General Mandate to Issue Additional A Shares and/or H Shares of the Company" considered and approved at the 2022 Annual General Meeting of the Company, the Issuance has not yet been approved, permitted or registered for issuance by the Regulatory Authority, the Issuance may still continue to be carried out within the scope of the General Mandate for the following year provided that the maximum number of shares to be issued in the Issuance does not exceed the general mandate for the next year to be approved by the Company at its 2023 Annual General Meeting and there is no need for the Company to convene a separate general or class meeting to re-examine the relevant matters of the Issuance in relation to the General Mandate.

(x) Total amount and use of proceeds raised

The total proceeds raised from the issuance of shares to specific target subscribers will not exceed RMB 2,550.00 million (inclusive), and the net amount of the total proceeds after deducting the relevant issuance expenses will be utilized for the following projects:

Unit: RMB million

No.	Project	Investment Amount	Proceeds Proposed to be Used
1	New drug R&D	2,946.4599	2,550.00
Total		2,946.4599	**2,550.00**

Note 1: According to the requirements of laws and regulations such as the Applicable Opinions of Relevant Provisions in Articles 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies – Applicable Opinion No. 18 on of Securities and Futures Laws, the amount of new and proposed financial investments from six months before to the date of the resolution on the Offering of the Board of Directors to the Offering of RMB17.25 million has been deducted from the total proceeds of the Offering.

Note 2: The total investment amount in the new drug R&D project refers to the amount of funds that the Company expects to invest in the project, excluding the R&D spending that the Company has already incurred.

Within the scope of the aforesaid investment project with the proceeds, the Company may make appropriate adjustments to the investment sequence and specific amount for the corresponding investment project in accordance with the actual situation such as the progress of the project and the demand for funds. Prior to the availability of the proceeds, the Company may, based on the actual situation of the investment project with the proceeds, first use its own funds to invest in the project and replace them after the availability of the proceeds. After the availability of the proceeds, if the net proceeds actually raised after deducting the issuance expenses are less than the gross proceeds proposed to be used, the shortfall shall be covered by the Company with its own funds.

In the event of adjustments to the gross proceeds to be raised from the Issuance of Shares to Specific Target Subscribers due to changes in regulatory policies or the requirements of the registration statement, adjustments will be made accordingly.

V. Whether or Not the Issuance of Shares to Specific Target Subscribers Constitutes a Connected Transaction

As at the date of the Proposal, no specific target subscribers have been identified for the Issuance, and whether or not there will be any connected transactions at the end as a result of the subscription for the Company's A Shares to be issued to target subscribers by connected parties will be disclosed in the Report on the Share Issuance to be announced after the completion of the Issuance.

VI. Whether or Not the Issuance of Shares to Specific Target Subscribers will Result in a Change of Control of the Company

As of the date of the Proposal, Wang Weidong, Fang Jianmin, Lin Jian, Wang Liqiang, Wang Xudong, Deng Yong, Xiong Xiaobin, Wen Qingkai, Yang Minhua and Wei Jianliang controlled 218,231,624 shares of the issuer through Yantai Rongda, I-NOVA, RongChang Holding, Yantai Rongqian, Yantai Rongyi, Yantai Rongshi, Yantai Rongjian and Yantai Rongchang Holding Group Co., Ltd, accounting for 40.09% of the Company’s total share capital, and were the joint actual controllers of the issuer. Among them,

(1) Yantai Rongda held 18.81% of the issuer's equity, which is jointly controlled by Wang Weidong, Lin Jian, Xiong Xiaobin, Wang Liqiang, Wang Xudong, Deng Yong, Yang Minhua, Wen Qingkai and Wei Jianliang; (2) RongChang Holding held 1.40% of the issuer's equity, which is jointly controlled by Wang Weidong, Lin Jian, Xiong Xiaobin, Wang Liqiang, Wang Xudong, Yang Minhua and Wen Qingkai; (3) Fang Jianmin directly held 5.00% of the issuer's equity, and indirectly held 6.31% of the issuer's equity through its wholly-owned I-NOVA, and held a total of 11.31% of the issuer's equity; (4) Yantai Rongqian, Yantai Rongyi, Yantai Rongshi and Yantai Rongjian held 3.40%, 3.06%, 1.69% and 0.40% of the issuer's equity, respectively. Wang Weidong is the general partner and executive partner of these platforms and can actually control these platforms; (5) Yantai Rongchang Holding Group Co., Ltd. held 0.04% of the issuer's equity, which is actually controlled by Wang Weidong.

The maximum number of shares to be issued to specific target subscribers is 70,763,170 shares. Upon completion of the Issuance (taking into account only the change in the number of shares of the Company as a result of the Issuance), Wang Weidong, Fang Jianmin, Lin Jian, Wang Lijiang, Wang Xudong, Deng Yong, Xiong Xiaobin, Wen Qingkai, Yang Minhua, Wei Jianliang still control a total of 218,231,624 shares of the issuer through Yantai Rongda, I-NOVA, RongChang Holding, Yantai Rongqian, Yantai Rongyi, Yantai Rongshi, Yantai Rongjian and Yantai Rongchang Holding Group Co., Ltd., which will account for 35.48% of the total share capital of the Company upon the completion of the Issuance, and they will continue to be the joint beneficiary controller of the Company.

Accordingly, the Issuance will not result in a change of control of the Company.

VII. Approval to be Obtained for the Proposal on the Issuance of Shares to Specific Target Subscribers

Matters relating to the offering of shares to specific target subscribers were considered and approved at the Twelfth Meeting of the Second Session of the Board of Directors of the Company on March 29, 2024. The following approvals remain to be obtained:

1. The Issuance of Shares to Specific Target Subscribers is subject to the approval of a General Meeting of the Company;

2. The Issuance of Shares to Specific Target Subscribers is subject to the approval of the Shanghai Stock Exchange;

3. The Issuance of Shares to Specific Target Subscribers is subject to the consent of the CSRC for registration.

Section II Feasibility Analysis on the Use of the Proceeds by the Board of Directors

I. Plan for the Use of the Proceeds

The total proceeds raised from the issuance of shares to specific target subscribers will not exceed RMB 2,550 million (inclusive), and the net amount of the total proceeds after deducting the relevant issuance expenses will be utilized for the following projects:

Unit: RMB million

No.	Project	Investment Amount	Proceeds Proposed to be Used
1	New drug R&D	2,946.4599	2,550.00
Total		2,946.4599	**2,550.00**

Note 1: According to the requirements of laws and regulations such as the Applicable Opinions of Relevant Provisions in Articles 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies – Applicable Opinion No. 18 on of Securities and Futures Laws, the amount of new and proposed financial investments from six months before to the date of the resolution on the Offering of the Board of Directors to the Offering of RMB17.25 million has been deducted from the total proceeds of the Offering.

Note 2: The total investment amount in the new drug R&D project refers to the amount of funds that the Company expects to invest in the project, excluding the R&D spending that the Company has already incurred.

Within the scope of the aforesaid investment project with the proceeds, the Company may make appropriate adjustments to the investment sequence and specific amount for the corresponding investment project in accordance with the actual situation such as the progress of the project and the demand for funds. Prior to the availability of the proceeds, the Company may, based on the actual situation of the investment project with the proceeds, first use its own funds to invest in the project and replace them after the availability of the proceeds. After the availability of the proceeds, if the net proceeds actually raised after deducting the issuance expenses are less than the gross proceeds proposed to be used, the shortfall shall be covered by the Company with its own funds.

In the event of adjustments to the gross proceeds to be raised from the Issuance of Shares to Specific Target Subscribers due to changes in regulatory policies or the requirements of the registration statement, adjustments will be made accordingly.

II. Feasibility Analysis of the Investment Project with the Proceeds

(i) Overview of New Drug R&D Project

1. Basics

The Company is an innovative biopharmaceutical company with a global vision. In order to meet the growing market demand, promote the R&D of its innovative drugs, and consolidate and further improve its core competitiveness, the Company and its wholly-owned subsidiary Shanghai Rongchang

Biotechnology Co., Ltd., as the implementers of the project, intend to use the proceeds of RMB2,550.00 million for the R&D of innovative drugs, including preclinical studies and clinical studies on products such as RC18, RC48, RC28, RC88, RC148 and RC198.

The investment project will further enrich the Company's pipelines of drugs under development, expedite the clinical trials on its products both at home and abroad, and lay a foundation for accelerating the marketing and registration of the products under development.

2. Investment Estimates

The total investment amount of the project is RMB 2,946.4599 million, and the proceeds proposed to be used is RMB 2,550.00 million.

(ii) Necessity and Feasibility

1. Necessity

(1) Quickening the Company's New Drug R&D Progress, and Satisfying More Clinical Needs for Drugs

As at the date of the Proposal, the Company has developed more than 20 biologic candidates, of which more than 10 biologic candidates are in the stages of commercialisation (2 products are in the stage of commercialisation), clinical studies or IND preparation. All of the products are targeted innovative biologics. Among them, telitacicept (RC18, brand name: 泰爱®), the core product, is the world's first-in-class innovative fusion protein that targets B lymphocyte stimulator (BLyS)/proliferation-inducing ligand (APRIL). Disitamab vedotin (RC48, brand name: 爱地希®) is China’s first independently developed innovative antibody-drug conjugate (ADC) and China’s first ADC to receive breakthrough therapy designation from the U.S. Food and Drug Administration (FDA). RC28 is an innovative fusion protein targeting VEGF/FGF for the treatment of ophthalmic diseases, with the potential to be first-in-class.

Subject to stringent regulation, clinical trials of innovative drugs are complex and have a long cycle, which require high capital investment from enterprises. After the Company’s core product, telitacicept, for the treatment of systemic lupus erythematosus, has been full approved for marketing

in Chia, and disitamab vedotin, for the treatment of gastric cancer and uroepithelial cancer, has received conditional marketing authorisation in China, it is still necessary to carry out a number of clinical trials (including international multi-centre clinical trials) on various other indications. As such clinical trials will involve a relatively large number of specific indications and patients, they will require much R&D investment. Products such as RC28, RC88, RC148 and RC198 have shown better clinical data or experimental data in clinical trials or preclinical studies, which will also require continued R&D investment. In addition, the Company will fully utilise and leverage the experience and strengths of its R&D system and technology platforms, and will continue to invest in preclinical studies on drugs.

The proceeds to be raised will be used to advance clinical studies and preclinical studies on the key pipelines under development to accelerate the R&D process of the Company's innovative drugs, and to actively push forward with the studies on the pipelines under development to expand the indications in the field of serious diseases, in order to provide therapeutic options to address the unmet clinical needs.

(2) Actively Responding to National Strategies and Industrial Policies, Consolidating the Company's Industry Position and Enhancing Its Competition Advantages

The investment project with the proceeds to be raised is an item in the catalogue of encouraged industries, which actively respond to various policies, including the Outline for the Healthy China 2030 Initiative, the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035, the 14th Five-Year Plan for the Development of Bioeconomy, the 14th Five-Year Plan on the Capacity Building of Clinical Disciplines, the 14th Five-Year Plan for the Development of the Pharmaceutical Industry, the Decision on Accelerating the Cultivation and Development of Strategic Emerging Industries, as well as the Guidelines on Promoting the Healthy Development of the Pharmaceutical Industry issued by the General Office of the State Council.

The new drug R&D project is in line with national strategies and industrial policies. The smooth implementation of the new drug R&D project will help the Company push forward with new drug R&D and strengthen its R&D strength, consolidate its industry position and further enhance the competitiveness of its products, and create favourable conditions for its sustainable development.

2. Feasibility

(1) Support of Industry Policies for Innovative Drugs Creates a Favourable Environment for the Implementation of the Project

In recent years, China has launched a series of policies to encourage and support the development of innovative drugs in the pharmaceutical industry. The Company's R&D and commercialisation of innovative drugs align with China's policies to support innovative drugs, which is conducive to promoting the development of innovative drugs in the Chinese pharmaceutical industry and improving people's livelihood.

In 2020, the revised Provisions for Drug Registration, Provisions for the Supervision and Administration of Drug Production, Good Clinical Practice, Working Procedures for Priority Review and Approval of Drug Marketing Authorisation (Interim), and Registration Category of Biological Products and the Information Requirements for Declaration took effect one after the other, marking the start of reforms in new drug R&D, registration process, clinical trial management, production management, etc. In 2021, the 14th Five-Year Plan for the Development of Pharmaceutical Industry was officially released. With the basic principle of being innovation-driven and innovation as the core task for promoting the high-quality development of the pharmaceutical industry, China will accelerate the implementation of the innovation-driven development strategy, build an open innovation ecosystem, improve the quality and efficiency of innovation, accelerate the industrialisation of innovation achievements, and create a new engine for the sustainable and healthy development of the pharmaceutical industry. As mentioned in the plan, in the field of antibody drugs, the focus will fall on developing novel antibody drugs targeting oncology, autoimmune diseases and so forth. In 2023, the CDE released the Working Procedures for Accelerating the Review of Marketing Authorisation Applications of Innovative Drugs (Interim) to encourage the innovation and R&D of new drugs, paediatric drugs and rare disease drugs, expedite the review and approval of innovative drugs, and encourage the entities engaged in the R&D of new drugs to be more clinically value oriented. In 2023, the National Healthcare Security Administration unveiled the Rules for Renewal of Negotiated Drugs, which clarified the rules for regular catalogue management and simple renewal and improved the detailed rules for the adjustment of Medicare payment standards, so as to promote the scientific and standardised development of medical insurance access negotiations.

In this context, innovative drugmakers with genuine innovation capabilities and core competitiveness, especially those with leading technological capabilities, have seen historic development opportunities. The strong policy support of the Chinese government is favourable to the implementation of the project.

(2) Clinical Needs for Innovative Biologics Are Increasing, with Broad Market Prospects

Driven by factors such as favourable policies for the review and approval of innovative drugs, increased clinical needs, more in-depth exploration of pathogenesis of diseases by R&D personnel, and technological innovations, the global biologics market is expected to maintain a high growth rate in the future, with a broad market space and strong growth potential. The global biologics market, which was valued at US$363.8 billion in 2022, is projected to grow at a CAGR of 12.4% to US$580.9 billion in 2026 and at a CAGR of 7.8% to US$783.2 billion in 2030.

China is the world’s second largest pharmaceutical market, where the biologics market sees a significantly higher growth than the chemical, traditional Chinese medicine and overall pharmaceutical markets over the same period. In terms of the development tendency of clinical pipelines of biologics in China, expanding indications for drugs is an important business strategy for pharmaceutical companies to increase their presence, which will also promote the application of drugs in a wider patient population and further boost the growth of the biologics market. The growth rate of China's biologics market is much higher than that of the global market over the same period, with the guidance and support of relevant national policies, China’s ever-improving regulatory system for R&D of biologics and its gradual convergence with international standards, the improvement of residents' health awareness, the expansion of patient population, the enhancement of the ability to pay, among others. China's biologics market, which was valued at RMB421 billion in 2022, is expected to grow at a CAGR of 16.3% to RMB769.8 billion in 2026 and at a CAGR of 10.5% to RMB1,149.1 billion in 2030.

(3) The Company Has a Mature R&D System, Outstanding Technological Advantages and GMP-compliant Production Capacity

Independently developed R&D technology and production capacity in line with national quality standards are necessary conditions for the implementation of the project. With more than 10 years of accumulated technology and industry experience, the Company has built three core technology

platforms, namely the antibody and fusion protein platform, the antibody drug conjugate (ADC) platform and the hinge-insersion bispecific antibody (HIBODY) platform. Meanwhile, the Company has established fully integrated, end-to-end R&D and industrialisation system for innovative biologics, encompassing all the key functionalities of drug R&D and industrialisation including drug discovery, preclinical pharmacology, process and quality development, clinical development, and large-scale manufacturing in compliance with good manufacturing practice (GMP). Relying on its core technology platforms and strong R&D capabilities, the Company has always been committed to developing targeted innovative biologics with new structures and mechanisms. Its self-developed innovative products show breakthrough therapeutic effects in clinical trials. Therefore, the Company's strong technological innovation capability and high production capacity make the investment project technically feasible.

(4) Talent Team Facilitates the Steady Implementation of the Investment Project on R&D Pipelines

The Company has a highly specialised and experienced clinical development team and an expert management team, providing an important impetus for the R&D of a wide range of innovative biologics. Members of its R&D and management teams have a forward-looking and global vision, and most of the members have more than 20 years of experience in the multinational pharmaceutical industry. As of the end of December 2023, the teams have led the establishment of a strong R&D team consisting of more than 1,300 highly-educated professionals in biochemistry, molecular biology, crystal physics, genetic engineering, protein engineering, cellular engineering, immunology, clinical medicine, pharmacology, and nursing care, etc., of which more than 40% have master's degrees or above. The majority of the R&D staff have experience in drug R&D at multinational pharmaceutical companies and renowned R&D laboratories. The Company's high-quality R&D team and excellent technical and management team have laid a talent foundation for the implementation of the investment project. Under the strong leadership of its expert management team, the Company has constantly developed new, competitive drug candidates and promoted the globalisation of drug candidates.

(5) The Issuer to Use Proceeds from the Issuance Has a Sound Internal Control System

The Company has established a modern enterprise system centring on corporate governance in accordance with the governance standards for listed companies, creating a standardised and effective corporate governance structure and a sound internal control environment. Meanwhile, the Company has established the Management Policies for Raised Proceeds, which stipulates for the deposit, use and management of the proceeds as well as the disclosure of relevant information, in order to regulate the management and utilisation of the proceeds. Upon receipt of the proceeds from the Issuance, the Board of Directors of the Company will continue to supervise the deposit and use of the proceeds to ensure the reasonable and standardised use of the proceeds and prevent the risk of the use of the proceeds.

III. Implications of the Issuance of Shares to Specific Target Subscribers for the Company's Operation and Management and Financial Position

(i) Impact of the Issuance of Shares to Specific Target Subscribers on the Company's Operation and Management

The use of the proceeds from the Issuance aligns with the relevant national industrial policies, industry development trends and the Company's strategic development direction, which is conducive to advancing the R&D of its product pipelines, consolidating its leading position in the field of innovative biologics, and enhancing its future ability to research and develop new drugs and its ability to commercialise and internationalise new drugs, thereby improving its long-term profitability and overall competitiveness, achieving its long-term, sustainable development, and protecting the long-term interests of shareholders.

(ii) Impact of the Issuance of Shares to Specific Target Subscribers on the Company's Financial Standing

After the Issuance, the capital strength of the Company will be further strengthened, the total assets and net assets will go up, the gearing ratio will fall and the working capital will further increase, which is conducive to optimising its asset-liability structure and enhancing its risk resistance capacity, thus providing a good guarantee for its subsequent development. In addition, upon completion of the Issuance, the Company's earnings per share will be at the risk of dilution in the short term as it will

take some time to utilise the proceeds and implement the investment project. The investment project with the proceeds is in line with the industry development trends and the Company's strategic development direction, which will help advance the R&D of its product pipelines. In the long run, the Company's profitability will be further strengthened with the enhancement of market competitiveness and consolidation of its industry position.

IV. Description of the New Science and Technology Innovation Field of the Main Activities in which the Proceeds will be Invested

(i) The fund raising is in line with the national industrial policy and is mainly invested in the field of science and technology innovation.

In recent years, in order to enhance China's pharmaceutical innovation capability, China has promulgated a number of policies to support and encourage the research and development of innovative drugs. In March 2021, the National People's Congress promulgated the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和 2035 年遠景目標綱要》), which pointed out to comprehensively promote the development of a healthy China, improve the mechanism for the fast-track evaluation and approval of innovative drugs, vaccines and medical devices, accelerate the review and approval of drugs and medical devices urgently needed and for the treatment of rare diseases, and facilitate the marketing of urgently needed new drugs and medical devices, which have already been marketed outside China, in China as soon as possible; In May 2022, the NDRC published the 14th Five-Year Plan for the Development of the Biological Economy (《「十四五」生物經濟發展規劃》), which proposes to improve the level of clinical medical care, promote the development of antibody drugs, recombinant proteins, peptides, cellular and gene therapy products and other biopharmaceuticals, and encourage the promotion of the research and development of original medicines for major diseases and rare diseases such as chronic diseases, tumours, and neurodegenerative diseases. In addition, a series of industry support policies, such as the Guiding Opinions of the General Office of the State Council on Promoting the Healthy Development of the Pharmaceutical Industry (《國務院辦公廳關於促進醫藥產業健康發展的指導意見》), have

encouraged the research and development of innovative medicines from various aspects by reforming the management of clinical trials and accelerating review and approval.

In addition, China has promulgated incentive policies to support and encourage the research and development of biopharmaceuticals in various aspects. In October 2021, the NHC published the 14th Five-Year Plan for National Clinical Specialty Capacity Building (《「十四五」國家臨床專科能力建設規劃》), in which strengthening the capacity building of core specialties, filling the gaps in specialty resources, and promoting technological innovations in key areas are listed as the tasks at the national level, among which oncology and autoimmune diseases involve multiple therapeutic specialties; In December 2021, nine departments, including the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Commerce and the NHC issued the 14th Five-Year Plan for the Development of Pharmaceutical Industry (《「十四五」醫藥工業發展規劃》), of which Item (a) "Strengthen the key core technology research and development" of Section III “Accelerate product innovation and commercialize technological breakthroughs" stresses to vigorously promote the research and development of innovative products and improve the level of industrialization of technology, both covering biopharmaceuticals and biopharmaceutical technology.

The Company is mainly engaged in the research and development of innovative biopharmaceuticals, and its industry and its technology development trend are highly compatible with the national innovation-driven strategy. The project in which the proceeds from the issuance of shares to the specific target subscribers will be invested is a new drug research and development project, which is in line with the key development areas supported by the Decision on Accelerating the Cultivation and Development of Strategic Emerging Industries, the Outline for the Healthy China 2030 Initiative, the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035, and the 14th Five-Year Plan for the Development of Pharmaceutical Industry and other policy documents, with the main investment made into the scientific and technological innovation areas that are supported by the national industrial policies and funds.

The investment project with the proceeds serves the national strategy and aims to accelerate the Company's innovative drug R&D process, enrich the Company's product pipeline, enhance the Company's R&D and innovation capabilities and product competitiveness, meet the Company's working capital needs and enhance the Company's anti-risk ability, and continues to promote the sustainable development of the Company, which falls into the field of science and technology innovation.

(ii) The proceeds will promote the continuous improvement of the Company's scientific and technological innovation.

The innovative biopharmaceuticals industry is capital- and technology-intensive, characterized by large investment, difficult R&D, long cycle and fierce competition. The Company is facing competition from major global pharmaceutical and biotechnology companies, and maintaining a high level of investment in R&D is the key to maintaining the Company's core competitiveness.

With more than 10 years of accumulated technology and industry experience, the Company has built three core technology platforms, namely the antibody and fusion protein platform, the antibody drug conjugate (ADC) platform and the hinge-insersion bispecific antibody (HIBODY) platform. The Company has established a fully integrated, end-to-end innovative biopharmaceutical R&D and industrialization system, with a strong R&D team, successfully developed a number of products for commercialization, and built a product pipeline for sustainable development. Relying on its core technology platforms and strong R&D capabilities, the Company has always been committed to developing targeted innovative biologics with new structures and mechanisms. As at the date of the Proposal, the Company has developed more than 20 biologic candidates, of which more than 10 biologic candidates are in the stages of commercialisation (2 products are in the stage of commercialisation), clinical studies or IND preparation. All of the products are targeted innovative biologics.

The Company has formulated R&D plans of innovative drugs under development for a number of indications. Through the implementation of this investment project, the Company will further enhance its R&D capability of innovative drugs in the fields of oncology, autoimmune diseases and ophthalmology, strengthen the synergies between the Company's preclinical research and clinical

research, continue to enhance the level of scientific and technological innovation of the Company, and further increase the Company's core competitiveness and profitability in the future. Meanwhile, the successful implementation of the investment project with the proceeds will help optimize the Company's financial structure, strengthen the foundation for business development, accelerate the R&D process of the Company's new drug pipeline under development and promote the commercialization of the R&D results, so as to satisfy a large number of unsatisfied clinical needs and benefit more patients around the world.

Section III Discussion and Analysis of the Board of Directors about the Impacts of the Issuance of Shares to Specific Target Subscribers on the Company

I. The Company's Business and Asset Combination Plan, Amendments to the Articles of Association, Changes in Shareholding Structure, Senior Management Structure and Business Structure after the Issuance

(i) Impact of the Issuance of Shares to Specific Target Subscribers on the Company's Business and Assets

The proceeds from the Issuance, after deduction of issuance expenses, will be used for new drug R&D projects, which are in line with the Company's business development direction and strategy. The implementation of the investment project with the proceeds is centred around the Company's existing main business, and the Company does not have any plan to combine its business and assets as a result of the Issuance.

(ii) Impact of the Issuance of Shares to Specific Target Subscribers on the Company's Articles of Association

Upon completion of the Issuance, the registered capital and total share capital of the Company will be increased accordingly, and the Company will make corresponding adjustments to the relevant provisions of the Articles of Association relating to the share capital of the Company in accordance with the results of the Issuance in accordance with the law and apply for registration of industrial and commercial changes.

(iii) Impact of the Issuance of Shares to Specific Target Subscribers on the Company's Shareholding Structure

After the Issuance, there will be changes in the size of share capital, shareholding structure and shareholding ratio of the Company, and the Issuance will not result in any changes of the controlling shareholders and beneficiary controllers of the Company.

(iv) Impact of the Issuance of Shares to Specific Target Subscribers on the Company's Senior Management

As of the date of this Proposal, the Offering does not involve any material changes in the structure of the Company's senior management. If the Company intends to adjust the structure of its senior management for other reasons, the Company will then fulfil the necessary legal procedures and information disclosure obligations in accordance with the relevant regulations.

(v) Impact of the Issuance of Shares to Specific Target Subscribers on the Company's Business Structure

The implementation of this investment project with the proceeds is cantered around the Company's existing main activities, and will further enhance the depth and breadth of the Company's product R&D, and improve the Company's presence in the biopharmaceutical industry. Upon completion of the Issuance, there will be no material changes in the business structure of the Company.

II. Changes in the Financial Position, Profitability and Cash Flow of the Company after the Issuance of Shares to Specific Target Subscribers

(i) Impact on the Company's Financial Position

After completion of the Issuance, the capital strength of the Company will be further strengthened, the total assets and net assets will go up, the gearing ratio will fall and the working capital will further increase, which is conducive to optimising its asset-liability structure and enhancing its risk resistance capacity, thus providing a good guarantee for its subsequent development.

(ii) Impact on the Company's Profitability

Upon completion of the Issuance, the total share capital of the Company will increase. The Company's earnings per share and other indicators will be at the risk of dilution in the short term as it will take a while from the implementation of the investment project with the proceeds to the full realization of the operating benefits. In order to protect the interests of small and medium-sized investors, the Company has conducted a serious analysis of the impact of the issuance of shares to specific target subscribers on the diluted immediate return and has formulated specific measures to

compensate for the diluted immediate return. For details, please refer to the ''Announcement of RemeGen Co., Ltd. on Measures to Make up for Diluted Immediate Returns and Relevant Parties' Commitments in relation to the Issuance of A shares to Specific Target Subscribers in FY2024''.

The investment project with the proceeds is in line with the development trend of the industry and the strategic development direction of the Company, and is conducive to the advancement of the R&D process of the Company's own product pipeline, and at the same time enhances the Company's ability to research and develop new medicines and strengthens the competitiveness of its products. In the long run, the Company will see its profitability further strengthened.

(iii) Impact on the Company's Cash Flow

Upon completion of the Issuance, with the availability of the proceeds, the cash inflow generated from the Company's financing activities will increase, the Company's capital strength will be significantly enhanced, with its ability to resist risks significantly strengthened, thus laying a foundation for the realization of sustainable development. Overall, the Issuance will help improve the Company's cash flow and reduce operating risks and costs.

III. Changes in Business Relationship, Management Relationship, Connected Transactions and Competition Between the Company and Its Controlling Shareholder and Their Respective Associates

Upon completion of the Issuance, there will be no change in the controlling shareholders and beneficiary controllers of the Company, and there will be no material change in the business and management relationship between the Company and the controlling shareholders and their respective associates, nor will the Issuance result in the formation of any new connected transaction or competition between the Company and the controlling shareholders and their respective associates.

The Company will strictly follow the rules, regulations and policies of the CSRC and the SSE in relation to connected transactions of listed companies to ensure that the Listed Company operates in accordance with the law and to protect the interests of the Listed Company and other shareholders from being compromised. The Issuance will be deliberated by the board of directors and general

meeting of the Listed Company in strict accordance with the prescribed procedures, with the relevant disclosure obligations to be fulfilled.

IV. After the Completion of the Issuance of Shares to Specific Target Subscribers, will there be Any Cases in which the Company's Funds and Assets Are Occupied by the Controlling Shareholder and Any of Its Associates, or will the Listed Company Provide Guarantees for the Controlling Shareholder and Any of Its Associates

Upon completion of the Issuance, there will be no circumstances under which the Company's funds and assets will be occupied by the Controlling Shareholder and any of its associates, nor will there be circumstances under which the Company will provide guarantees for the Controlling Shareholder and any of its associates.

V. Impact of the Issuance of Shares to Specific Target Subscribers on the Company's Liabilities

With the proceeds from the Issuance, the Company's total assets and net assets will increase simultaneously, which will further reduce the Company's gearing ratio, improve its financial position and asset structure, and will be conducive to enhancing the Company's ability to withstand risks and achieving long-term sustainable development. At the same time, the Company is not in a position to increase its liabilities (including contingent liabilities) substantially through the Issuance.

VI. Risks Associated with the Issuance of Shares to Specific Target Subscribers

Investors should pay particular attention to the following risks in evaluating this issuance of shares to specific target subscribers, in addition to the other information provided in this Proposal:

(i) Risks Associated with New Drug R&D

According to the relevant provisions of China’s Measures for Administration of Drug Registration (《藥品註冊管理辦法》) and other laws and regulations, the drug registration shall be subject to pre-clinical research, clinical trial filing, clinical trial, production approval and other stages, which shall be approved by the drug regulatory department under the State Council, and the new drug certificate and drug production approval document shall be issued before the production of the drug. The overall R&D cycle of innovative drugs is prolonged with large investment and high R&D risks. The overall

process from R&D to marketing and sales can take as long as 10 years or more, being costly and uncertain at all R&D stages of innovative drugs.

The Company is currently conducting a number of preclinical studies, and drug candidates at the clinical trial stage are undergoing clinical trials for a variety of indications. Although the Company is actively promoting the R&D progress of new innovative projects under development to enhance their success rate. The R&D of pharmaceutical products is still subject to the risk of an extended R&D cycle due to less-than-anticipated results of R&D or clinical implementation, failure to obtain the approvals of the relevant competent authorities, and the time of market launch being later than the planned time.

(ii) Risk of the Confirmatory Clinical Trials of Our Core Products, Disitamab Vedotin, Failing to Fulfil the Requirements for Full Approval

As at the date of this Proposal, the Issuer's core product Disitamab Vedotin for the treatment of gastric cancer and uroepithelial cancer has been authorised for conditional marketing from the SDA in June 2021 and December 2021, respectively. Pursuant to the Drug Registration Certificate for Disitamab Vedotin, the Issuer is required to complete a Phase III confirmatory clinical trial of Disitamab Vedotin for the treatment of the relevant indication after its marketing. The issuer will have the full approval granted to its product, Disitamab Vedotin, only after the completion of the above confirmatory clinical trials with the results confirming the projected clinical benefits.

The Phase III confirmatory clinical trial of Disitamab Vedotin for the treatment of gastric cancer and uroepithelial cancer are underway as planned. As drug development is conditional upon funding support, patient enrolment and policy changes, there is some uncertainty as to whether the clinical trials will be completed on schedule, and the Company cannot guarantee that the results of the confirmatory clinical trials will substantiate the projected clinical benefits. If the Company fails to meet the relevant requirements set out by the SDA in approving the marketing of Disitamab Vedotin, the Company may not be able to apply for re-registration of the drugs after the expiry of the validity period of the drug registration approval form, or the conditional marketing approval may be withdrawn by the drug regulatory authority, both in turn affecting the sales and operation of the Company.

(iii) Competition Risk

Innovative drugs are the key R&D direction for pharmaceutical companies, but the industry in which the Company operates is highly competitive and rapidly changing. The Company's drugs and drug candidates are facing market competition from major global pharmaceutical and biopharmaceutical companies, and the pace at which the products upgrade will be even faster in the future, so the accelerated iteration and upgrade of products will make the Company's originally advantageous products face certain risks. The Company's business development prospects may be adversely affected if the Company is unable to guarantee its investment in technology in the future or guarantee that the new products will have first mover advantages, or if the new products are not sufficiently accepted by the market, or if the current products are losing market share to competing products, or if more effective alternative therapeutic regimens or medicines become available in therapeutic areas targeted by the Company’s current products. In addition, if other competitors develop similar drugs ahead of the Company, or are more successful in industrialization and marketing, the Company will fall behind in subsequent market competition, which may adversely affect its business development.

(iv) Risk of the Commercialization of Pharmaceutical Products Failing Expectations

After successful development of an innovative drug, the final product has to go through the process of market development and academic promotion before marketing and sale. Even if the Company’s products, which are available in the market with the approval for marketing, have gained market acceptance, the commercialization prospects of the Company's products are still uncertain, and such commercialization may fail expectations in terms of timing and results. Failure to achieve market acceptance of the Company's approved drugs among physicians, patients, hospitals or other parties in the healthcare sector could adversely affect the Company's ability to successfully commercialize and obtain economic benefits.

The pharmaceutical market in which the Company operates is highly competitive. Even if the Company's investigational drugs are approved for marketing and recognized by the market in the future, the emergence of new products which are more acceptable to the market than the Company's investigational drugs and which are more cost-effective may result in the slow sale of the Company's

marketed products, and thus the Company will not be able to meet the sales expectations. If the Company lags in progress of recruitment for sales team or the sales team fails the expectation in terms of their marketing capabilities, or if the Company loses a large number of its sales staff and meanwhile fails to seek cooperation with third parties who have corresponding marketing and sales capabilities, and the drugs that the Company has been or will be allowed to market fail to achieve market acceptance among physicians, patients, hospitals or other parties in the healthcare sector, the Company will see its ability to carry out commercial promotion adversely affected in the future, which will in turn adversely affect the Company's business, financial position and results of operations.

(v) Risks Associated with Industry Policies and Regulation

The pharmaceutical industry is a tightly regulated industry. The regulatory authority generally monitors the industry by formulating relevant policies and regulations in respect of drug pricing, clinical R&D, assessment and approval, and registration and production. With the deepening of the reform of the national healthcare system and the gradual improvement of the social healthcare security system, the policy environment of the industry may face significant changes. If the Company fails to adapt its operating strategies to changes in market rules and regulatory policies, it will be difficult to achieve a balance between the objectives of meeting market demand and adapting to industry policies, which may adversely affect the Company's operations.

(vi) Risk Associated with Leakage of Core Technologies and Loss of R&D and Technical Personnel

With more than a decade of accumulated technology and industry experience, the Company has set up a complete technical system, covering all key parts of innovative biologics from early discovery, target screening and validation, drug discovery, to research and development. The core technology of innovative biopharmaceuticals is one of the important pillars for the Company to maintain its market competitiveness in the industry. In the event of leakage of the core technologies, even if the Company seeks protection through judicial proceedings, the Company will still need to spend a great deal of manpower, resources and time, which will also adversely affect the Company's future operation and the R&D of new products.

Meanwhile, with the continuous development of the biopharmaceutical industry, the competition

for talents is intensifying. Maintaining the stability of the technical team and attracting more outstanding technicians to join the Company is an important basis for the Company to maintain its technological innovation advantage in the long term and to enhance its future development potential. If the Company loses a large number of its core R&D personnel, the progress of some of its R&D projects may be delayed or even halted, and the Company may not be able to further progress new products under development, which may adversely affect the long-term sustainability of the Company.

(vii) Risk Associated with Accumulated Unrecovered Losses and Continuous Losses

Up to present, the Company's revenue from the sales of its products could not cover its operating expenses and there was a relatively large amount of accumulated unrecovered losses, which was mainly due to the fact that the Company had been focusing on the development of innovative biopharmaceuticals since its establishment, which were characterized by a long R&D timeframe, a high degree of uncertainty, a large amount of capital investment and a long profitability cycle. There is a risk that the Company might continue to suffer losses in the future as the Company continues to conduct preclinical R&D of its existing drug candidates, launches clinical trials on a global basis, seeks approval from the regulatory bodies, engages in large-scale production and commercialization, and invests in its future drug pipeline.

1. Risk of Failing to Make a Profit or Profit distribution for a Certain Period in the Future

The Company expects that there will continue to be large-scale investment in R&D in the next few years, that R&D expenses will remain at a high level, and that the Company's equity incentives will result in relatively large share-based payment expenses. In the event that the Company's progress in bringing its products under development to market is delayed to a greater extent, or if the Company fails to obtain marketing approval as planned, or if the progress of commercialization after marketing approval is not as expected, the unprofitability up to present is expected to continue and the amount of accumulated unrecovered losses may keep growing. As a result, the Company's inability to make a profit or to make profit distribution for a certain period in the future will adversely affect the return on the investment of the shareholders' to a certain extent.

2. Risk of Revenue Failing Expectations

Due to the numerous links, long cycles and high uncertainties in the review and approval of

pharmaceutical products, the marketing process of the Company's products under development may be delayed to a greater extent or marketing approvals may not be able to be obtained as planned. Even after the Company's products under development have been conditionally approved for marketing, factors, such as the Company may not be able to obtain full approval subsequently, the progress of market expansion, academic promotion and medical insurance inclusion may not meet expectations, or the sales team may not be able to follow the policy direction and take advantage of the competitive market dynamics, will affect the Company's future ability of commercialization, the Company's operating revenue may not grow as expected and the Company's loss may further increase.

3. Risks Associated with Restrictions or Impacts on Capital Position, R&D Investment, Business Expansion, Talent Recruitment and Team Stability Among Others

The inability of the Company to maintain the required cash flow from its operating activities and financing activities will adversely affect the Company's R&D and commercialization of its investigational drugs, hinder the clinical trials of the Company's existing drugs under development, be detrimental to the commercialization of the Company's drugs under development, may result in the Company being unable to fulfil its obligations with its suppliers or partners in a timely manner, and will have an adverse impact on the Company's business outlook, financial condition and results of operations.

The insufficiency of the Company's working capital will lead to the Company's inability to continue to pay or raise the remuneration of its employees, which in turn will affect the Company's ability to attract core talent and stabilize its existing team in the future, may in turn hinder the achievement of the Company's R&D and commercialisation objectives and impair the Company's strategic ability to further expand its business scope.

It is likely that the Company may continue to remain unprofitable or its accumulated uncovered losses may continue to grow in the future, so the delisting conditions as stipulated in the SSE STAR Listing Rules may be triggered and according to the Measures for the Continuous Supervision and Administration of the Companies Listed on the STAR Board (Trial) (《科創板上市公司持續監管辦法（試行）》), if the Company meets the criteria for termination of its listing, the Company's shares will

be de-listed domestically.

(viii) Risks Associated with the Issuance

1. Risk Associated with Approvals and Issuance

This offering of shares to specific target subscribers is subject to the consideration and approval of a general meeting of the Company, the review and approval of the SSE and the decision of the CSRC on its agreement to the registration before its implementation. There is uncertainty as to the outcomes and timings of these approvals.

Meanwhile, specific target subscribers to whom the shares will be issued are limited to 35 (inclusive) specific investors. The willingness and ability of investors to subscribe are conditional on various internal and external factors such as the overall situation of the securities market, the trend of the Company's share price, investors' acceptance of the Offering and the availability of funds in the market, and may be subject to the risk of insufficient fund-raising or even failure of the Offering.

2. Risk Associated with Diluted Immediate Returns

Upon completion of the Issuance of shares to specific target subscribers, the total share capital and net assets of the Company will increase, and it will take some time for the proceeds to be utilised. Prior to the breakeven of the project with the proceeds, the Company's profit and shareholders' return will still be achieved mainly through its existing activities. Therefore, the issuance of shares to specific target subscribers may result in the dilution of the Company's immediate return in the short term. For details, please refer to the relevant part of “Section V. Impact of the Diluted Immediate Returns Resulting from the Issuance of Shares to Specific Target Subscribers on Key Financial Indicators of the Company and the Measures Taken by the Company” of the Proposal.

Furthermore, if the Company fails to realize the expected benefits of the investment projects financed by the issuance of shares to specific target subscribers, and as a result, fails to achieve desired growth in business scale and profit in the future, the Company's financial indicators, such as earnings per share and return on net assets, will decline to a certain degree. Investors are hereby reminded of the risk of possible dilution of the immediate returns resulting from the issuance of shares to specific target subscribers.

(ix) Risk Associated with Stock Price Fluctuation

Share prices depend not only on the Company's operating position, but also on a variety of factors such as the country's industrial and economic policies, economic cycles, the supply and demand in the stock market, the occurrence of major natural disasters, and the psychological expectations of investors. Therefore, the Company's share price is subject to a number of uncertainties and may fluctuate as a result of the risk factors described above, directly or indirectly creating uncertainty for investors as to the return on their investments.

Section IV Distribution of Dividends by the Company

I. Profit Distribution Policy

The Company's Articles of Association currently in force stipulates the profit distribution policy as follows:

Article 220 After the resolution on the profit distribution plan is made at a general meeting of the Company, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months after the date of the general meeting.

Article 221 The Company, which attaches importance to reasonable investment returns to its shareholders, implements a continuous and stable profit distribution policy, with its actual operation conditions and its long-term strategic development goals taken into account.

Article 222 The Company may distribute profits in the form of cash, shares or a combination of cash and shares. The Company shall give priority to the distribution of profits in cash whenever possible.

Article 223 The following conditions shall be met at the same time when the Company distributes cash dividends:

(i) The distributable profit (i.e., after-tax net profit after the Company has made up for losses and set aside a certain percentage of profit for surplus reserve) for the year is positive, and the Company has such a sufficient cash flow that distribution of cash dividends will not affect the Company’s subsequent continuous operations;

(ii) The audit institution has issued a standard audit report with an unqualified opinion on the financial statement for the financial year;

(iii) The capital requirements of the Company for normal production and operation can be met, without such occurrences as major investment plan or significant cash expenditure (except for fund raising projects).

Article 224 Where the foregoing conditions for cash dividends are met, the board of the Company shall take into consideration various factors, including its industry features, development

stages, its own business model and profitability as well as whether the Company has any substantial capital expenditure arrangement, and differentiate the following circumstances and propose differentiated cash dividend policies in accordance with the procedures under the Articles of Association:

(i) Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total current profit distribution when profits are distributed;

(ii) Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when profits are distributed;

(iii) Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when profits are distributed.

Where the Company's stage of development is difficult to distinguish but there is substantial capital expenditure arrangement, the profit distribution may be dealt with pursuant to the previous rules.

In principle the distributed profits in cash shall not be less than 10% of the realized distributable profits for the year, or, the distributed profits in cash accumulated in the latest three years shall not be less than 30% of the realized annual distributable profits in latest three years.

In determining the specific amount of profit to be distributed in cash, the Company shall give full consideration to the impact of future operating and investment activities and pay due attention to the cost of social capital, bank credit and debt financing environment to ensure that the distribution plan is in the interests of all shareholders as a whole.

Article 225 The Company adopts the following decision-making procedures and mechanisms for profit distribution:

(i) The profit distribution plan of the Company shall be formulated by the Board of Directors taking into account the actual operation conditions, future profitability, business development plan,

cash flow, shareholder returns, social capital cost, external financing environment, among others. When formulating the profit distribution plan, the board of directors shall carefully study and demonstrate the time , conditions and minimum proportion of cash dividends, the conditions for adjustment and the requirements for decision-making procedures and so on, and shall be passed by over half of all the directors;

(ii) The independent Directors shall, prior to the convening of a Board of Directors' meeting for profit distribution, give clear opinions on the profit distribution plan. If the profit distribution plan is agreed, it shall be approved by a majority of all independent Directors; if the profit distribution plan is not agreed, the independent Directors shall present the facts and reasons for their disagreement and request the Board of Directors to reformulate a profit distribution plan and, if necessary, propose to convene a general meeting. The independent Directors may solicit the opinions of minority shareholders and propose dividend distributions and submit them directly to the Board of Directors for review;

(iii) The Board of Supervisors shall give clear opinions on the profit distribution plan. If it agrees with the profit distribution plan, approval has to be given by a majority of all Supervisors with a resolution made to form a profit distribution plan; if it disagrees with the profit distribution plan, the Board of Supervisors shall present the facts and reasons for its disagreement and shall recommend the Board of Directors to reformulate the profit distribution plan; if necessary, it may propose to convene a general meeting;

(iv) If the profit distribution plan is agreed through the above procedures, the board of directors shall propose to convene a general meeting and report to the general meeting for approval; the profit distribution plan shall be approved by shareholders (including shareholders' proxies) with at least 1/2 of the voting rights present at the general meeting;

(v) If the Company makes an annual profit but does not prepare a cash dividend proposal, the reasons shall be disclosed in accordance with the relevant regulations. The independent Directors shall express an independent opinion on the profit distribution plan, which shall be considered and approved by the Board of Directors and submitted to the general meeting for consideration and approval. The Board of Directors shall make an explanation of the situation to the general meeting;

(vi) The Company's profit distribution policy shall not be changed at will. If there is any conflict between the existing policy and the Company's operation, investment planning and long-term development needs and it is necessary to adjust the profit distribution policy, the Board of Directors shall propose a revised profit distribution policy to the general meeting. The Board of Directors of the Company shall fully discuss with the independent Directors in the process of revising the profit distribution policy and shall take into full consideration the views of minority shareholders. At a Board of Directors' meeting that deliberates and amends the Company's profit distribution policy, it shall be approved by more than half of all the Directors and more than half of the independent Directors. The independent Directors shall express independent opinions on the formulation or revision of the profit distribution policy. The adjustment plan of profit distribution policy shall be approved by shareholders with more than 2/3 of voting rights present at the general meeting of shareholders, and the reasons for adjustment shall be disclosed in the regular report.

II. Dividend Distribution for the Last Three Years

As at the date of this Proposal, the Company's marketed products, 泰爱® (Telitacicept for injection, RC18) and 爱地希® (Disitamab Vedotin for injection, RC48), are still in the early stage of commercialization, and other products, such as RC28, are still in the R&D stage, and the Company's revenue from the sales of its products is not yet able to cover its operating expenses.

In accordance with the Company Law and other laws, regulations and normative documents, as well as the provisions of the Articles of Association of the Company and Three-Year Dividend Distribution Plan for Shareholders after the Initial Public Offering of A Shares and the Listing on the STAR Board of RemeGen Co., Ltd., and taking into account the Company's operating conditions and capital requirements, the Company has not made any cash dividends and profit distribution for FY2021-FY2023 respectively.

III. The Company's Plan on Distribution of Dividends for Shareholders for the Next Three Years (2024-2026)

In order to further improve its profit distribution policy and supervision mechanism, maintain continuity and stability of its profit distribution policy, provide Shareholders with continuous, stable and reasonable investment returns, and protect the legitimate rights and interests of investors, the

Company has formulated and considered and adopted at the twelfth meeting of the second session of the Board of Directors the Plan on Distribution of Dividends for Shareholders for the Next Three Years (2024-2026) of RemeGen Co., Ltd. in accordance with relevant laws, regulations and normative documents, such as the Company Law, the Securities Law, the CSRC's Notice on Further Implementing Matters Related to the Cash Dividend Distribution by Listed Companies, and the Regulatory Guidance for Listed Companies No. 3 – Distribution of Cash Dividends by Listed Companies, as well as the Articles of Association of the Company, and on the basis of fully considering its actual operation and future development needs.

The Company's Plan on Distribution of Dividends for Shareholders for the Next Three Years (2024-2026) is mainly as follows:

I. Principle of Profit Distribution

The Company, which attaches importance to reasonable investment returns to its shareholders, implements a continuous and stable profit distribution policy, with its actual operation conditions and its long-term strategic development goals taken into account.

II. Forms of Profit Distribution

The Company may distribute profits in the form of cash, shares or a combination of cash and shares. The Company shall give priority to the distribution of profits in cash whenever possible. Where stock dividends are used for profit distribution, real and reasonable factors, such as the growth of the Company and the dilution of net assets per share, shall be taken into account.

III. Conditions, Timing and Proportion for Cash Dividends

The following conditions shall be met at the same time when the Company distributes cash dividends:

1. The distributable profit (i.e., after-tax net profit after the Company has made up for losses and set aside a certain percentage of profit for surplus reserve) for the year is positive, and the Company has such a sufficient cash flow that distribution of cash dividends will not affect the Company's subsequent continuous operations;

2. The audit institution has issued a standard audit report with an unqualified opinion on the financial statement for the financial year;

3. The capital requirements of the Company for normal production and operation can be met, without such occurrences as major investment plan or significant cash expenditure (except for fund raising projects). Significant investment plan or significant cash expenditure refers to: the proposed external investment, acquisition of assets or purchase of equipment by the Company in the upcoming twelve months with accumulated expenses amounting to or exceeding 30% of the latest audited net assets of the Company.

IV. Differentiated Cash Dividend Policies

The Company shall take into consideration various factors, including its industry features, development stages, its own business model and profitability as well as whether the Company has any substantial capital expenditure arrangement, and differentiate the following circumstances and propose differentiated cash dividend policies in accordance with the procedures under the Articles of Association:

(1) Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when profits are distributed;

(2) Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when profits are distributed;

(3) Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when profits are distributed.

The Company's stage of development is determined by the Board of Directors based on specific circumstances. Where the Company's stage of development is difficult to distinguish but there is substantial capital expenditure arrangement, the profit distribution may be dealt with pursuant to the previous rules.

V. Conditions for Distribution of Stock Dividends

Provided that a full amount of cash dividends and reasonable scale of share capital of the Company are ensured, fully considering a range of factors including the Company's growth and the dilution of net assets per share, the Company may distribute its profits in the form of stock dividends according to its accumulated distributable profits, surplus reserve and cash flow. The specific dividend rate shall be reviewed and approved by the Board of Directors of the Company and then submitted to the general meeting for consideration and approval.

VI. Decision-making Procedures for Profit Distribution Policy

The profit distribution plan of the Company shall be formulated by the Board of Directors taking into account the actual operation conditions, future profitability, business development plan, cash flow, shareholder returns, social capital cost, external financing environment, among others. When formulating the profit distribution plan, the board of directors shall carefully study and demonstrate the time, conditions and minimum proportion of cash dividends, the conditions for adjustment and the requirements for decision-making procedures and so on, and shall be passed by over half of all the directors;

The independent Directors shall, prior to the convening of a Board of Directors' meeting for profit distribution, give clear opinions on the profit distribution plan. If the profit distribution plan is agreed, it shall be approved by a majority of all independent Directors; if the profit distribution plan is not agreed, the independent Directors shall present the facts and reasons for their disagreement and request the Board of Directors to reformulate a profit distribution plan and, if necessary, propose to convene a general meeting. The independent Directors may solicit the opinions of minority shareholders and propose dividend distributions and submit them directly to the Board of Directors for review;

The Board of Supervisors shall give clear opinions on the profit distribution plan. If it agrees with the profit distribution plan, approval has to be given by a majority of all Supervisors with a resolution made to form a profit distribution plan; if it disagrees with the profit distribution plan, the Board of Supervisors shall present the facts and reasons for its disagreement and shall recommend the Board of

Directors to reformulate the profit distribution plan; if necessary, it may propose to convene a general meeting;

If the profit distribution plan is agreed through the above procedures, the board of directors shall propose to convene a general meeting and report to the general meeting for approval; the profit distribution plan shall be approved by shareholders (including shareholders' proxies) with at least 1/2 of the voting rights present at the general meeting;

If the Company makes an annual profit but does not prepare a cash dividend proposal, the reasons shall be disclosed in accordance with the relevant regulations. The independent Directors shall express an independent opinion on the profit distribution plan, which shall be considered and approved by the Board of Directors and submitted to the general meeting for consideration and approval. The Board of Directors shall make an explanation of the situation to the general meeting;

The Company's profit distribution policy shall not be changed at will. If there is any conflict between the existing policy and the Company's operation, investment planning and long-term development needs and it is necessary to adjust the profit distribution policy, the Board of Directors shall propose a revised profit distribution policy to the general meeting. The Board of Directors of the Company shall fully discuss with the independent Directors in the process of revising the profit distribution policy and shall take into full consideration the views of minority shareholders. At a Board of Directors' meeting that deliberates and amends the Company's profit distribution policy, it shall be approved by more than half of all the Directors and more than half of the independent Directors. The independent Directors shall express independent opinions on the formulation or revision of the profit distribution policy. The adjustment plan of profit distribution policy shall be approved by shareholders with more than 2/3 of voting rights present at the general meeting of shareholders, and the reasons for adjustment shall be disclosed in the regular report.

VII. Information Disclosure on Profit Distribution Plan

The Company shall disclose in detail the implementation of the profit distribution plan and the cash dividend policy in its annual report in strict accordance with the relevant regulations, specifically stating: (1) Whether it is in compliance with the Articles of Association of the Company or the resolutions adopted at general meetings; (2) Whether the criteria and ratio of dividend payout are

clear and unambiguous; (3) Whether the relevant decision-making procedures and mechanisms are complete; (4) Whether the independent Directors have performed their duties and played their due roles; (5) Whether minority shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests are fully protected, etc.

In the event of adjustments or changes in the cash dividend policy, the conditions and procedures for adjustments or changes must be described in detail to ensure compliance and transparency.

VIII. Protection of Public Investors

In the event of a shareholder's illegal appropriation of its funds, the Company shall deduct the cash dividends distributed to the shareholder to reimburse the funds appropriated by the shareholder.

IV. Arrangements for the Utilization of Undistributed Profits for the Last Three Years

As of the end of December 2023, the Company's accumulated undistributed earnings on the consolidated statements amounted to RMB-2,853.5104 million, which is negative, without any other utilization arrangements.

Section V Impact of the Diluted Immediate Returns Resulting from the Issuance of Shares to Specific Target Subscribers on Key Financial Indicators of the Company and the Measures Taken by the Company

According to laws, regulations, rules and other normative documents, including the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Market (Guo Ban Fa [2013] No. 110), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guo Fa [2014] No. 17), and the Instructions on Matters Related to Immediate Return Dilution Arising from IPO, Refinancing and Major Asset Restructuring (the CSRC Announcement [2015] No. 31), the Company analysed the impact of the Issuance of Shares to Specific Target Subscribers on the dilution of immediate returns, and put forward specific measures to make up for the diluted immediate returns based on the actual situation, in order to protect the interests of minority investors. The relevant parties have made commitments to the effective implementation of the measures to make up for the diluted immediate returns. Specifically:

I. Impact of the Immediate Return Dilution as a Result of the Issuance of Shares to Specific Target Subscribers on Key Financial Indicators

(i) Key Assumptions and Explanations

1. It is assumed that the Issuance of Shares to Specific Target Subscribers will be completed by the end of November 2024 (the completion time is only assumed for the purpose of measuring the relevant data, and the actual completion time after the consent of the CSRC for registration shall prevail) ;

2. It is assumed that there are no material adverse changes in the macroeconomic environment and securities market, and that there are no material adverse changes in the Company's operating environment, industry policies, major costs and prices and exchange rates;

3. It is assumed that the number of shares to be issued to specific target subscribers will be 70,763,170 shares (the final number of shares to be issued shall be based on the number of shares to be issued after the consent of the CSRC for registration). This assumption is only for the purpose of measuring the impact of the Issuance of Shares to Specific Target Subscribers on the Company's key financial indicators, and does not represent the Company's judgment on the actual number of shares

to be issued. The final number of shares to be issued shall be based on the actual number of shares to be issued;

4. Excluding the issuance costs, it is assumed that the total proceeds from the Issuance of Shares to Specific Target Subscribers will amount to RMB2,550.00 million. In forecasting the total share capital, the Company, based on the number of shares to be issued, will only take into account the impact of the share issuance other than changes in share capital and dilutive potential shares resulting from conversions, repurchases, share-based payments and other factors;

5. According to its 2023 annual report, the Company achieved net profit attributable to owners of the parent company of RMB-1,511.2292 million in FY2023, and net profit attributable to owners of the parent company after deducting non-recurring gains and losses amounted to RMB-1,543.3456 million. It is assumed that the net profit attributable to owners of the parent company and the estimated net profit attributable to shareholders of the Listed Company after deducting non-recurring gains and losses for FY2024 will be calculated separately for three scenarios, i.e., an increase of 10% in loss, a flat loss, and a decrease of 10% in loss as compared with those for FY2023;

6. The measurement has not taken into account the impact on the Company's production and operation, financial position (such as financial expenses and investment returns) and so forth upon the receipt of the proceeds;

7. The above assumptions are only for measuring the impact of the diluted immediate returns resulting from the Issuance of Shares to Specific Target Subscribers on key financial indicators of the Company, and do not represent its judgment on the operating conditions and trends for FY2024, nor do they constitute profit forecasts or profit promises. Investors shall not make investment decisions based on these assumptions;

(ii) Impact of the Issuance of Shares to Specific Target Subscribers on Estimated Financial Indicators like Earnings Per Share

Based on the above assumptions and explanations, the Company measured the impact of the Issuance of Shares to Specific Target Subscribers on the Company's key financial indicators like earnings per share as follows:

Items	FY2023	FY2024	
		Before the Issuance	After the Issuance
Scenario 1: The net loss attributable to owners of the parent company and the estimated net loss attributable to shareholders of the Listed Company after deducting non-recurring gains and losses for FY2024 will increase by 10% over FY2023			
Net profit attributable to ordinary shareholders of the Company (RMB0'000)	-151,122.92	-166,235.21	-166,235.21
Net profit attributable to ordinary shareholders of the Company (after deducting non-recurring gains and losses) (RMB0'000)	-154,334.56	-169,768.02	-169,768.02
Basic earnings per share (RMB/share)	-2.80	-3.05	-3.02
Diluted earnings per share (RMB/share)	-2.80	-3.02	-2.99
Basic earnings per share (after deducting non-recurring gains and losses) (RMB/share)	-2.86	-3.12	-3.09
Diluted earnings per share (after deducting non-recurring gains and losses) (RMB/share)	-2.86	-3.09	-3.05
Scenario 2: The net loss attributable to owners of the parent company and the estimated net loss attributable to shareholders of the Listed Company after deducting non-recurring gains and losses for FY2024 will remain flat over FY2023			
Net profit attributable to ordinary shareholders of the Company (RMB0'000)	-151,122.92	-151,122.92	-151,122.92
Net profit attributable to ordinary shareholders of the Company (after deducting non-recurring gains and losses) (RMB0'000)	-154,334.56	-154,334.56	-154,334.56
Basic earnings per share (RMB/share)	-2.80	-2.78	-2.75
Diluted earnings per share (RMB/share)	-2.80	-2.75	-2.72
Basic earnings per share (after deducting non-recurring gains and losses) (RMB/share)	-2.86	-2.84	-2.80
Diluted earnings per share (after deducting non-recurring gains and losses) (RMB/share)	-2.86	-2.81	-2.78
Scenario 3: The net loss attributable to owners of the parent company and the estimated net loss attributable to shareholders of the Listed Company after deducting non-recurring gains and losses for FY2024 will drop by 10% over FY2023			
Net profit attributable to ordinary shareholders of the Company (RMB0'000)	-151,122.92	-136,010.63	-136,010.63
Net profit attributable to ordinary shareholders of the Company (after deducting non-recurring gains and losses) (RMB0'000)	-154,334.56	-138,901.11	-138,901.11
Basic earnings per share (RMB/share)	-2.80	-2.50	-2.47
Diluted earnings per share (RMB/share)	-2.80	-2.47	-2.45
Basic earnings per share (after deducting non-recurring gains and losses) (RMB/share)	-2.86	-2.55	-2.52
Diluted earnings per share (after deducting non-recurring gains and losses) (RMB/share)	-2.86	-2.53	-2.50

Note : The basic earnings per share and diluted earnings per share will be calculated in accordance with the requirements set forth in the Information Disclosure by Companies Offering Securities to the Public No. 9 - Calculation and Disclosure of Return on Equity and Earnings Per Share.

II. Special Risk Reminder on Immediate Return Dilution as a Result of Issuance of Shares to Specific Target Subscribers

Upon completion of the Issuance, the total share capital and net assets of the Company will increase, and it will take some time for the proceeds to be utilised. Based on the assumptions in the table above, the Issuance may not result in the dilution of the Company's earnings per share. However, in the event of a material change in the foregoing assumptions or in the Company's operating conditions, the possibility of the dilution of immediate returns as a result of the Issuance cannot be ruled out. The Company remains exposed to the risk of the dilution of immediate returns as a result of the Issuance.

The Company's assumptions regarding the underlying financial data for FY2024 are used solely for the purpose of calculating the underlying financial indicators and do not represent the Company's judgment on the operating conditions and trends for FY2024, nor do they constitute profit forecasts or profit promises for the Company. Investors shall not make investment decisions based on the above assumptions, and the Company will not be liable for any losses incurred by investors who make investment decisions based on these assumptions.

III. Necessity and Reasonableness of the Issuance of Shares to Specific Target Subscribers

The investment project with the proceeds to be raised is conducive to optimising the Company's R&D pipelines, enhancing its core competitiveness and consolidating the market position of its products. The investment project with the proceeds to be raised is in line with the relevant national industrial policies, industry development trends and the Company's future development strategies, which has better market prospects and is in the interests of the Company and its shareholders as a whole.

For details of the necessity and reasonableness of the Issuance of Shares to Specific Target Subscribers, please refer to “Section II - Feasibility Analysis of the Use of Proceeds by the Board of Directors” set out in the Proposal.

IV. Relationships between the Investment Project with the Proceeds and the Company's Existing Businesses

As an innovative biopharmaceutical company with a global vision, the Company is committed to the discovery, development and commercialisation of innovative and differentiated first-in-class and

best-in-class biologics to create clinical value for drugs and provide safe, effective and accessible clinical solutions for autoimmune, oncology and ophthalmic diseases to meet a large number of unmet clinical needs. The proceeds to be raised will be utilised in the new drug R&D project. Through the implementation of the investment project, the Company will step up efforts on the R&D of innovative drugs, accelerate the progress of its new drug R&D pipelines, strengthen the synergy between its preclinical studies and clinical studies, and lay a solid foundation for the commercialisation of more products.

The implementation of the investment project will be closely related to the Company's principal businesses and in line with its development strategies. The investment project is compatible with the Company's existing business scale, financial position, technical level and management capability, which is the expansion and extension of its existing principal businesses, and is also an important measure for the Company to perfect its strategic presence. It will be conducive to the enhancement of the Company's core competitiveness and its sustainable and healthy development.

V. The Company's Reserves in Personnel, Technology and Market for Carrying Out the Investment Project

(i) Personnel Reserves

The Company has a highly specialised and experienced clinical development team and an expert management team, providing an important impetus for the R&D of a wide range of innovative biologics. Members of its R&D and management teams have a forward-looking and global vision, and most of the members have more than 20 years of experience in the multinational pharmaceutical industry. As of the end of December 2023, the teams have led the establishment of a strong R&D team consisting of more than 1,300 highly-educated professionals in biochemistry, molecular biology, crystal physics, genetic engineering, protein engineering, cellular engineering, immunology, clinical medicine, pharmacology, and nursing care, etc., of which more than 40% have master's degrees or above. The majority of the R&D staff have experience in drug R&D at multinational pharmaceutical companies and renowned R&D laboratories. Moreover, Dr. Fang Jianmin, the co-founder, executive Director and chief executive officer of the Company, is a renowned scientist studying in the U.S. with over 20 years of experience in the field of innovative biologics in China and the U.S. He has made remarkable

achievements, including more than 40 patents for pharmaceutical inventions. Dr. He Ruyi, executive Director, chief medical officer and director of clinical research of the Company, has extensive leadership experience in the fields of domestic and foreign drug clinical development as well as global drug regulation. He has worked in the U.S. FDA and the NMPA for nearly two decades and held important leadership positions thereafter. Therefore, the Company's high-quality R&D and management teams have laid a profound talent foundation for the implementation of the investment project.

(ii) Technical Reserves

As a biopharmaceutical company focusing on the R&D of innovative drugs, the Company has made continuous and large-scale investment in the R&D of innovative biologics and built up a global R&D system, with three R&D centres established in Yantai, Shandong, Shanghai, and California, U.S.A., which engage in the early drug discovery, preclinical studies and clinical studies. In the meantime, the Company has established a resident expert team for clinical trials and drug registration in Beijing, China and near Washington, D.C., U.S.A., respectively, which enable the Company to carry out clinical studies and registration of its products in a scientific and efficient manner.

With more than 10 years of accumulated technology and industry experience, the Company has built three core technology platforms, namely the antibody and fusion protein platform, the antibody drug conjugate (ADC) platform and the hinge-insersion bispecific antibody (HIBODY) platform, covering all key parts of innovative biologics from early discovery, target screening and validation, drug discovery, to research and development. Relying on its core technology platforms and strong R&D capabilities, the Company has always been committed to developing targeted innovative biologics with new structures and mechanisms. Its self-developed innovative products show breakthrough therapeutic effects in clinical trials. Furthermore, the Company has established fully integrated, end-to-end R&D and industrialisation system for innovative biologics, encompassing all the key functionalities of drug R&D and industrialisation including drug discovery, preclinical pharmacology, process and quality development, clinical development, and large-scale manufacturing in compliance with good manufacturing practice (GMP).

Therefore, the Company has sufficient technical reserves to provide adequate technical support

for the implementation of the investment project.

(iii) Market Reserves

As at the date of issue of the Proposal, two products of the Company entered into the commercialisation stage, namely telitacicept (RC18, brand name: 泰爱®) and disitamab vedotin (RC48, brand name: 爱地希®). It has accordingly established a complete sales system comprising the Autoimmune Business Division and the Oncology Business Division, which are responsible for the sales of products in the fields of autoimmune diseases and oncology, respectively.

The Company has a complete sales system in place, comprising the Autoimmune Business Division and Oncology Business Division. The Autoimmune Business Division and Oncology Business Division are further divided into the medical team, the central market team and the regional market team according to their functions, of which the medical team and the central market team cover the subdivided disease areas, and the regional market team covers the sales regions, so as to realise the in-depth coverage of thousands of hospital terminals in the autoimmune disease area and the oncology area. As at the end of December 2023, the Company has assembled a sales team with thousands of people for autoimmune diseases and for oncology diseases. All members have extensive sales experience and professional backgrounds. Most of the members have professional backgrounds of healthcare in the fields of autoimmune diseases or oncology and rich academic promotion experience accumulated from working in well-known pharmaceutical companies at home and abroad.

In summary, the investment project will be carried out around the development and extension of the Company's existing principal businesses, which will lay a good foundation in personnel, technology and market. In the future, the Company will further strengthen its reserves in personnel, technology, market and other aspects to ensure the smooth implementation of the investment project.

VI. Measures to Make Up for Diluted Immediate Returns as a Result of the Issuance of Shares to Specific Target Subscribers

The Issuance may result in a decrease in immediate returns to investors. In order to protect the interests of investors, the Company will take the following measures to enhance its competitiveness to make up for the diluted returns of shareholders. Specifically:

(i) Strengthening the Management of Proceeds to Ensure Compliance with Laws and Regulations in the Use of Proceeds

In accordance with the relevant laws and regulations, such as the Regulatory Guidance for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds of Listed Companies (CSRC Announce [2022] No. 15) and STAR Board Listing Rules, and taking into account its actual situation, the Company has formulated the Management System for Proceeds Raised, which clearly specifies its requirements for the deposit, use, usage change, management and supervision of the special account for the proceeds to be raised. The proceeds to be raised from the Issuance will be deposited in a special account determined by the Board of Directors of the Company for centralised management and dedicated use, so as to ensure the reasonable and standardised use of the proceeds.

(ii) Actively Implementing the Investment Project to Facilitate the Company's Business Development

The implementation of the investment project will promote the Company's business development, further enhance the market competitiveness of its products, and bring a positive effect on its strategic development. Upon receipt of the proceeds from the Issuance, the Company will actively push forward with the investment project, so as to minimise the risk of dilution of shareholders' immediate returns as a result of the Issuance.

(iii) Continuously Improving Corporate Governance and Strengthening Operation and Management and Internal Control

In strict compliance with the Company Law, the Securities Law, STAR Board Listing Rules and other relevant laws and regulations, as well as the Articles of Association, the Company will constantly improve the corporate governance structure, establish and optimise the internal control system, promote the standardised operation and improve the quality of its operations, and protect the legitimate rights and interests of the Company and investors.

Meanwhile, the Company will endeavour to increase the capital use efficiency, rationally utilise various financing instruments and channels, control the cost of funds, enhance the efficiency of the use of funds, save its costs and expenses, and comprehensively and effectively control operation and management risks, so as to safeguard its sustainable, stable and healthy development.

(iv) Further Improving and Strictly Implementing Profit Distribution Policy and Optimising Investor Return Mechanism

In order to further improve its profit distribution policy and provide investors with continuous, stable and reasonable investment returns, the Company has formulated the Plan on Distribution of Dividends for Shareholders for the Next Three Years (2024-2026) of RemeGen Co., Ltd. in accordance with relevant laws and regulations, such as the Company Law, the Securities Law and the Regulatory Guidance for Listed Companies No. 3 – Distribution of Cash Dividends by Listed Companies (CSRC Announcement [2023] No. 61) and in light of its actual situation. In the future, the Company will implement its profit distribution policy in a scientific and standardised manner in strict compliance with the Articles of Association and the Plan on Distribution of Dividends for Shareholders for the Next Three Years (2024-2026) of RemeGen Co., Ltd., take into account the reasonable investment returns of investors and its long-term and sustainable development, and maintain continuity and stability of its profit distribution policy, so as to effectively safeguard the rights and interests of investors.

The Company reminds investors that the above measures to make up for their returns do not constitute a guarantee of its future profits. Investors shall not make investment decisions based on the above measures, and the Company will not be liable for any losses incurred by investors who make investment decisions based on these measures.

VII. Relevant Parties' Commitments to Taking Measures to Make Up for Diluted Immediate Returns as a Result of the Issuance of Shares to Specific Target Subscribers

In order to ensure the effective implementation of the measures to be taken to make up for the diluted immediate returns as a result of the Issuance of Shares to Specific Target Subscribers and protect the interests of minority investors, the relevant parties of the Company have made commitments in respect of the measures to be taken to make up for the diluted immediate returns as a result of the Issuance of Shares to Specific Target Subscribers. Specifically:

(i) Commitments by Controlling Shareholders of the Company

Commitments by all controlling shareholders of the Company are as follows:

"(1) As a controlling shareholder of the Company, I/we under any circumstances undertake not to

intervene in the operation and management activities of the Listed Company beyond my/our authority and not to encroach upon the interests of the Listed Company;

(2) In the event that from the date of issuance of this commitment letter to the completion of the Issuance of Shares to Specific Target Subscribers, the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities provide otherwise or make other requirements in respect of the measures to be taken to make up for diluted immediate returns and the commitments thereof, and the relevant contents of the commitments cannot meet the requirements of the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities, I/we undertake to make supplementary commitments in accordance with the latest requirements;

(3) I/We undertake to support the issuer in implementing its measures to make up for diluted immediate returns and fulfilling any of my/our commitments in relation to such measures to be taken to make up for diluted immediate returns. I/we are willing to bear the liability of compensating the Listed Company or investors in accordance with laws in the event of any breach of such commitments and any loss caused to the Listed Company or investors. ”

(ii) Commitments by Beneficiary Controllers of the Company

Commitments by all beneficiary controllers of the Company are as follows:

"(1) As a beneficiary controller of the Company, I under any circumstances undertake not to intervene in the operation and management activities of the Listed Company beyond my/our authority and not to encroach upon the interests of the Listed Company;

(2) In the event that from the date of issuance of this commitment letter to the completion of the Issuance of Shares to Specific Target Subscribers, the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities provide otherwise or make other requirements in respect of the measures to be taken to make up for diluted immediate returns and the commitments thereof, and the relevant contents of the commitments cannot meet the requirements of the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities, I undertake to make supplementary commitments in accordance with the latest requirements;

(3) I undertake to support the issuer in implementing its measures to make up for diluted immediate returns and fulfilling any of my/our commitments in relation to such measures to be taken to make up for diluted immediate returns. I am willing to bear the liability of compensating the Listed Company or investors in accordance with laws in the event of any breach of such commitments and any loss caused to the Listed Company or investors. ”

(iii) Commitments by Directors and Senior Managers of the Company

Commitments by all Directors and senior managers of the Company are as follows:

"(1) I undertake not to transfer benefits to other entities or individuals without compensation or on unfair terms, nor to harm the interests of the Listed Company by other means;

(2) I undertake to restrict my position-related consumption;

(3) I undertake not to use the assets of the Listed Company to engage in investment or consumption activities unrelated to the performance of my duties;

(4) I undertake that the remuneration system formulated by the Board of Directors or the Remuneration and Appraisal Committee shall be linked to the implementation of the Listed Company’s measures to make up for diluted immediate returns;

(5) In the event that the Company implements equity incentive plans in the future, I undertake that the exercise conditions of the equity incentives will be linked to the implementation of the Listed Company's measures to make up for diluted immediate returns;

(6) In the event that from the date of issuance of this commitment letter to the completion of the Issuance of Shares to Specific Target Subscribers, the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities make other new regulatory requirements in respect of the measures to be taken to make up for diluted immediate returns and the commitments thereof, and the relevant contents of the commitments cannot meet the requirements of the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities, I undertake to make supplementary commitments in accordance with the latest requirements of the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities;

(7) I undertake to implement the Listed Company’s measures to make up for diluted immediate

returns and fulfil any of my commitments in relation to such measures to be taken to make up for diluted immediate returns. I am willing to bear the liability of compensating the Listed Company or investors in accordance with laws in the event of any breach of such commitments and any loss caused to the Listed Company or investors. ”

Board of Directors of RemeGen Co., Ltd.

29 March 2024