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# Innovent

信達生物製藥

**INNOVENT BIOLOGICS, INC.**

*(Incorporated in the Cayman Islands with Limited Liability)*

**(Stock Code: 1801)**

**GRANT OF SHARE OPTIONS  
AND  
NON-EXEMPT CONNECTED TRANSACTION –  
PROPOSED GRANT OF RESTRICTED SHARES TO  
AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

This announcement is made pursuant to Rule 17.06A, 17.06B and 17.06C of the Listing Rules.

**GRANT OF SHARE OPTIONS TO AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board announces that on May 3, 2024, the Company granted 3,371 Options to Mr. Chen, an INED, in accordance with the terms of the Post-IPO ESOP (the “**Option Grant**”), subject to acceptance by Mr. Chen.

**Details of the Option Grant**

The details of the Options granted to Mr. Chen are as follows:

Grant Date:	May 3, 2024
Total number of new Shares to be subscribed upon exercise of the Options granted:	3,371
Consideration for the Option Grant:	HK\$1.00 to be paid by Mr. Chen upon acceptance of the Options granted
Exercise price of the Options granted:	HK\$40.90 per Share
	The exercise price of the Options of HK\$40.90 per Share represents the highest of (i) the closing price of the Shares of HK\$40.90 as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date, (ii) the average closing price of the Shares of HK\$39.51 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Grant Date, or (iii) the nominal value of each Share, which is US\$0.00001.

Validity period of the Options: The validity period of the Options shall be ten years from the Grant Date and the Options shall lapse at the expiry of the validity period.

Vesting period: The Options granted to Mr. Chen shall vest in him as follows:

- 33.33% shall vest on May 3, 2025;
- 33.33% shall vest on May 3, 2026; and
- 33.33% shall vest on May 3, 2027.

Performance targets: There are no performance targets attached to the Options granted to Mr. Chen as an INED. Having considered that the main duties of the INEDs to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the INEDs and to preserve their objectivity and independence, the grant of Options to INEDs without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the Post-IPO ESOP.

Clawback mechanism: If Mr. Chen resigns from his position, all unvested Options granted to him shall automatically lapse.

Pursuant to the terms of the Post-IPO ESOP (which entrenched rule 17.04(1) under the previous Chapter 17 of the Listing Rules (before the current Chapter 17 of the Listing Rules took effect on 1 January 2023)), such grant of Options to Mr. Chen had (1) been approved by the independent non-executive Directors (excluding Mr. Chen) and (2) would not result in the shares issued and to be issued upon exercise of all options already granted and to be granted to Mr. Chen in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million.

The Option Grant to Mr. Chen is not subject to approval by the Independent Shareholders.

### **Reasons for and Benefits of the Option Grant**

The purposes of the aforesaid Option Grant are to (i) attract, remunerate, incentivize and reward Mr. Chen and (ii) encourage Mr. Chen to work towards enhancing the value of the Company and its Shares.

## **PROPOSED GRANT OF RESTRICTED SHARES TO AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board announces that on May 3, 2024, the Company granted 9,551 Restricted Shares to Mr. Chen under the 2020 RS Plan (the “**Proposed RS Grant**”), subject to acceptance by Mr. Chen and the Independent Shareholders’ approval at the AGM.

Details of the Proposed RS Grant to Mr. Chen are as follows:

Grant Date:	May 3, 2024
Name of grantee, the position held in the Company and the number of Restricted Shares granted:	9,551 Restricted Shares to Mr. Chen, an INED. Each of the Restricted Shares granted to Mr. Chen represents the right to receive one Share on the date it vests.
Consideration:	Nil
Market price of the Shares on the Grant Date:	HK\$40.90 per Share
Vesting period:	The Restricted Shares shall vest as follows: <ul style="list-style-type: none"><li>• 33.33% shall vest on May 3, 2025;</li><li>• 33.33% shall vest on May 3, 2026; and</li><li>• 33.33% shall vest on May 3, 2027.</li></ul>
Performance targets:	There are no performance targets attached to the Restricted Shares granted to Mr. Chen as an INED. Having considered that the main duties of the INEDs to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the INEDs and to preserve their objectivity and independence, the grant of Restricted Shares to INEDs without performance targets is market competitive, consistent with the Company’s remuneration policy and aligns with the purpose of the 2020 RS Plan.
Clawback mechanisms:	If Mr. Chen resigns from his position, all unvested Restricted Shares granted to him shall automatically lapse.

Subject to the Independent Shareholders' approval of the Proposed RS Grant at the AGM, the maximum number of Shares that may be issued to Mr. Chen under the Proposed RS Grant would be 9,551, representing approximately 0.00% of the total number of issued Shares and 0.00% of the enlarged total issued Shares (excluding the Option Grant) as at the date of this announcement; and Mr. Chen's total interests in the Shares or underlying Shares after the Proposed RS Grant would be 20,551 Shares, representing approximately 0.00% of the total issued Shares and 0.00% of the enlarged total issued Shares (excluding the Option Grant) as at the date of this announcement pursuant to Divisions 7 and 8 of Part XV of the SFO.

### **Market Value**

Based on the closing price of HK\$40.90 per Share as quoted on the Stock Exchange on the date of this announcement, the market value of the Restricted Shares under the Proposed RS Grant amounts to approximately HK\$390,635.90.

### **Reasons for and Benefits of the Proposed RS Grant**

The Proposed RS Grant form part of the remuneration to Mr. Chen and has been approved by the Remuneration Committee. The Proposed RS Grant aims to attract, incentivize, motivate, reward and remunerate Mr. Chen, and encourages him to work towards enhancing the value of the Company and the Shares for the benefits of the Company and Shareholders as a whole by providing his independent opinion and judgment to the Board in building the strategy and long-term development of the Company given that Mr. Chen has rich experience in finance and investment fields working at the Capital Group Companies, one of the world's largest and most successful investment organizations from 2005 to January 2024.

In this regard, the Directors (including independent non-executive Directors but excluding Mr. Chen) consider that the terms of the Proposed RS Grant are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Listing Rules Implications**

Mr. Chen is an independent non-executive Director, and is therefore a connected person of the Company. The Proposed RS Grant and transactions contemplated therein constitute non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and the Independent Shareholders' approval requirements.

Pursuant to Chapter 14A of the Listing Rules, each of Mr. Chen and his associates is required to abstain from voting on the resolutions at the AGM to approve the Proposed RS Grant and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Mr. Chen and his associates is not interested in any Shares or underlying Shares; and (ii) there are no other Shareholders having any material interest in the Proposed RS Grant and transactions contemplated therein.

Mr. Chen did not vote on the Board resolution approving the Proposed RS Grant. No other Director is considered to be interested in this grant and therefore none of them other than Mr. Chen abstained from voting on the relevant Board resolution.

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed RS Grant and any transactions contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed RS Grant and any transactions contemplated thereunder.

The Board does not consider that the Proposed RS Grant would affect or hinder the independence of Mr. Chen pursuant to Rule 3.13(1) of the Listing Rules.

## **SHARES AVAILABLE FOR FUTURE GRANT UNDER THE SHARE SCHEMES**

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO ESOP and any other schemes is 111,815,071, being no more than 10% of the Shares in issue on the date the Shares commenced trading on the Stock Exchange. As of the date of this announcement (after taking into account of the Option Grant), 52,563,342 Shares are available for future grant under the aforementioned scheme mandate limit.

The total number of Shares issued and may be issued by the Company within five years of June 12, 2020 for distribution of Shares corresponding to the restricted shares granted under the 2020 RS Plan shall not exceed 67,152,410 Shares. As of the date of this announcement (after taking into account of the above Proposed RS Grant), 7,913,208 Shares are available for future grant under the aforementioned scheme mandate limit.

The Option Grant and the Proposed RS Grant would not result in the options and awards granted and to be granted to Mr. Chen in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the Shares in issue.

## **ARRANGEMENTS FOR ORDINARY RESOLUTION**

Ordinary resolutions will be proposed at the AGM to approve the Proposed RS Grant and any transactions contemplated thereunder (including the allotment and issue of any new Shares thereunder). A circular containing, among other things, details of the Proposed RS Grant, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser together with the notice convening the AGM will be despatched to the Shareholders in due course.

The Post-IPO ESOP and the 2020 RS Plan were adopted before the effective date of the new Chapter 17 of the Listing Rules. The Company will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

## DEFINITIONS

“AGM”	the annual general meeting of the Company to be held on June 21, 2024
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China”	the People’s Republic of China
“Company”	Innovent Biologics, Inc. 信達生物製藥, an exempted company with limited liability incorporated under the laws of the Cayman Islands on April 28, 2011, the Shares on which are listed on the main board of the Stock Exchange (stock code: 1801)
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Grant Date”	May 3, 2024
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INED(s)”	the independent non-executive Director(s) of the Company
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors except Mr. Chen (being Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu, Dr. Kaixian Chen, Mr. Gary Zieziula and Dr. Shun Lu) established to advise the Independent Shareholders in respect of the non-exempt connected transaction relating to the Proposed RS Grant
“Independent Financial Adviser”	the independent financial adviser acceptable to the Stock Exchange appointed by the Company pursuant to Rule 14A.44 of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders on whether the Independent Shareholders should vote in favour of the non-exempt connected transaction relating to the Proposed RS Grant

“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the general meeting to approve the non-exempt connected transaction relating to the Proposed RS Grant
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Chen”	Mr. Shuyun Chen, an INED
“Option(s)”	option(s) to subscribe for or acquire Shares which are granted under the Post-IPO ESOP
“Remuneration Committee”	the remuneration committee of the Board
“Restricted Share(s)”	restricted share(s), being a contingent right to receive Shares awarded under the 2020 RS Plan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of US\$0.00001
“Shareholder(s)”	holder(s) of Shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2020 RS Plan”	the restricted share plan adopted by the Company on June 12, 2020

By Order of the Board  
**Innovent Biologics, Inc.**  
**Dr. De-Chao Michael Yu**  
*Chairman and Executive Director*

Hong Kong, China, May 3, 2024

*As at the date of this announcement, the Board comprises Dr. De-Chao Michael Yu as Chairman and Executive Director and Mr. Ronald Hao Xi Ede and Ms. Qian Zhang as Executive Directors, and Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu, Dr. Kaixian Chen, Mr. Gary Zieziula, Dr. Shun Lu and Mr. Shuyun Chen as Independent Non-executive Directors.*