
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in RemeGen Co., Ltd.*, you should at once hand this circular, the accompanying form of proxy to the purchaser or transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED ISSUANCE OF A SHARES
AND
NOTICE OF EGM**

A letter from the Board is set out on pages 5 to 17 of this circular. The notice convening the EGM to be held at Room 6134, Phase III Building of the Company at 58 Middle Beijing Road, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, the PRC on Monday, June 17, 2024 at 2:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. The corresponding forms of proxy for the EGM have been enclosed herewith and also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.remegen.com>).

Whether or not you are able to attend the EGM, you are reminded to complete, sign and return the corresponding form(s) of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form(s) of proxy for the EGM shall be lodged at the Company's Hong Kong H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 24 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the form(s) of proxy will not preclude you from attending the EGM and any adjournment thereof and voting in person.

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

* *For identification purposes only*

May 30, 2024

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular have the following meanings:

“2022 AGM”	the annual general meeting of the Company held on June 9, 2023, at which the Shareholders granted, among other things, the General Mandate
“2023 AGM”	the annual general meeting of the Company to be held in respect of the year ended December 31, 2023
“A Share(s)”	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in RMB and are listed on the STAR Market
“Administrative Measures” or “Registration Administrative Measures”	Measures for the Administration of Registration of Securities Offering by Listed Companies (《上市公司證券發行註冊管理辦法》)
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Company”	RemeGen Co., Ltd.* (榮昌生物製藥(煙台)股份有限公司), a joint stock limited company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the main board of the Hong Kong Stock Exchange (stock code: 9995) and the Shanghai Stock Exchange (stock code: 688331), respectively
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》)
“Concert Parties”	unless the context otherwise requires, refers to Mr. Wang Weidong (王威東), Dr. Fang Jianmin (房健民), Mr. Lin Jian (林健), Dr. Wang Liqiang (王荔強), Mr. Wang Xudong (王旭東), Mr. Deng Yong (鄧勇), Mr. Xiong Xiaobin (熊曉濱), Mr. Wen Qingkai (溫慶凱), Ms. Yang Minhua (楊敏華), Mr. Wei Jianliang (魏建良), Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)), RongChang Holding Group LTD. and I-NOVA Limited, and each of them, a “Concert Party”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Demonstration and Analysis Report regarding the Plan of the Proposed Issuance”	demonstration and analysis report in respect of the Plan of the Proposed Issuance of the Company for the year 2024 (《榮昌生物製藥(煙台)股份有限公司2024年度向特定對象發行A股股票發行方案的論證分析報告》)
“Director(s)”	the director(s) of the Company
“Dividend Distribution Plan for the Shareholders for the Next Three Years (2024 to 2026)”	dividend distribution plan for the Shareholders for the next three years (2024 to 2026) of the Company (《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》)
“EGM”	the 2024 first extraordinary general meeting of the Company to be held at 2:00 p.m. on Monday, June 17, 2024 at Room 6134, Phase III Building of the Company at 58 Middle Beijing Road, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, the PRC or any adjournment thereof
“Feasibility Report on the Use of Proceeds from the Proposed Issuance”	feasibility report on the use of proceeds to be raised from the issuance of A Shares to target subscribers in 2024 of the Company (《榮昌生物製藥(煙台)股份有限公司2024年度向特定對象發行A股股票募集資金使用的可行性分析報告》)
“General Mandate”	the general mandate granted by the Shareholders at the 2022 AGM to authorize the Board to allot, issue and deal with A Shares not exceeding 20% of the Company’s A Shares in issue on the date of the 2022 AGM (being 70,936,352 A Shares)
“Group”	the Company and its subsidiaries
“H Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on the Main Board of the Hong Kong Stock Exchange
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Minimum Issue Price”	has the meaning as ascribed to it in the section headed “II. Proposed Issuance of A Shares under General Mandate – (v) Price Determination Date, issue price and pricing principles”
“Plan of the Proposed Issuance”	the issuance plan in relation to the Proposed Issuance
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Price Determination Date”	the price determination date for the Proposed Issuance
“Proposal for the Proposed Issuance”	proposal for the issuance of A Shares by the Company to target subscribers in 2024 (《榮昌生物製藥(煙台)股份有限公司2024年度向特定對象發行A股股票預案》)
“Proposed Issuance”	the proposed issuance of no more than 70,763,170 A Shares to no more than 35 target subscribers (inclusive) within the limit of the General Mandate, and the proceeds are expected to be no more than RMB2,550 million (inclusive)
“R&D”	research and development
“Report on the Use of Proceeds Previously Raised”	report on the use of proceeds previously raised of the Company (《榮昌生物製藥(煙台)股份有限公司關於前次募集資金使用情況的報告》)
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》)
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and A Shares
“Shareholder(s)”	holder(s) of Share(s)
“STAR Market”	the STAR Market of the Shanghai Stock Exchange (上海證券交易所科創板)
“STAR Market Listing Rules”	the Rules Governing the Listing of Securities on the STAR Market of the Shanghai Stock Exchange* (《上海證券交易所科創板股票上市規則》)
“US\$”	United States dollars, the lawful currency of United States
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Weidong (*Chairman*)

Dr. Fang Jianmin

Dr. He Ruyi

Mr. Lin Jian

Registered office, headquarters and

principal place of business in the PRC:

58 Middle Beijing Road

Yantai Development Zone

Yantai Area of Shandong Pilot Free Trade Zone

PRC

Non-executive Directors:

Dr. Wang Liqiang

Dr. Su Xiaodi

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Independent Non-executive Directors:

Mr. Chen Yunjin

Mr. Hao Xianjing

Dr. Ma Lan

Wanchai

Hong Kong

March 29, 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSED ISSUANCE OF A SHARES
AND
NOTICE OF EGM**

I. INTRODUCTION

The purpose of this circular is to give you the notice of EGM enclosed herewith, and to provide you with information regarding certain resolutions to be proposed at the EGM regarding the Proposed Issuance and other relevant matters as set out below, to enable you to make informed decisions on whether to vote for or against such resolutions:

- (1) the proposal in relation to the fulfilment of the conditions for the Proposed Issuance by the Company;

LETTER FROM THE BOARD

- (2) the proposal in relation to the Plan of the Proposed Issuance;
- (3) the Proposal for the Proposed Issuance;
- (4) the proposal in relation to the Demonstration and Analysis Report regarding the Plan of the Proposed Issuance;
- (5) the proposal in relation to the Feasibility Report on the Use of Proceeds from the Proposed Issuance;
- (6) the proposal in relation to the Report on the Use of Proceeds Previously Raised;
- (7) the proposal in relation to the dilution of immediate return resulting from the Proposed Issuance and remedial measures adopted by the Company and undertakings by relevant subjects;
- (8) the proposal in relation to the Dividend Distribution Plan for the Shareholders for the Next Three Years (2024 to 2026); and
- (9) the proposal for authorizing the Board and persons authorized by the Board to deal with all matters in relation to the Proposed Issuance at the general meeting.

II. PROPOSED ISSUANCE OF A SHARES UNDER GENERAL MANDATE

(1) **The proposal in relation to the fulfilment of the conditions for the Proposed Issuance by the Company**

Pursuant to the provisions of the Company Law, the Securities Law, the Administrative Measures and other laws, regulations and regulatory documents, and with reference to the actual conditions of the Company based on internal review, the Board confirms that the Company complies with the current laws, regulations and regulatory documents in respect of the issuance of A Shares to target subscribers, and possesses the qualifications and conditions to issue A Shares to target subscribers.

The resolution will be submitted to the Shareholders for consideration and approval at the EGM as a special resolution.

(2) **The proposal in relation to the Plan of the Proposed Issuance**

The principal terms of the Proposed Issuance are as follows:

(i) Class and nominal value of Shares to be issued

The Shares to be issued under the Proposed Issuance are RMB denominated ordinary Shares (A Shares) with a nominal value of RMB1.00 each, which will be listed on the STAR Market.

LETTER FROM THE BOARD

(ii) Method and time of issuance

The Proposed Issuance shall be conducted by way of issuing A Shares to target subscribers. The Company will issue the Shares at an appropriate time within the validity period of the approval for registration document upon obtaining the approval for registration from the CSRC for the Proposed Issuance.

(iii) Target subscribers and subscription method

The target subscribers of the Proposed Issuance shall be no more than 35 target subscribers (inclusive), including securities investment fund management companies, securities firms, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors, and other domestic legal persons, natural persons and other institutional investors who/which satisfy the requirements of the relevant laws and regulations, that satisfy the requirements of the CSRC. Any securities investment fund management company, securities firm, qualified foreign institutional investor or RMB qualified foreign institutional investor subscribing for the Shares through more than two of the products under its management shall be deemed as one single target subscriber. Target subscribers that are trust companies shall only subscribe for the Shares with self-owned funds.

The final target subscribers shall be determined by the Board and its authorized persons after negotiation with the sponsor (the lead underwriter) pursuant to the authorization granted at the EGM together with the results of the price consultation after the Proposed Issuance has been reviewed and approved by the Shanghai Stock Exchange and has been approved for registration by the CSRC. If the laws, regulations or regulatory documents at the time of the Proposed Issuance have other provisions in relation to the target subscribers, such provisions shall be complied with.

All target subscribers of the Proposed Issuance shall subscribe for the Shares to be issued under the Proposed Issuance by cash in RMB at the same price.

(iv) Number of Shares to be issued

The number of Shares to be issued shall be determined by dividing the total amount of proceeds from the Proposed Issuance by the issue price of the Proposed Issuance, and the number of Shares to be issued under the Proposed Issuance shall not exceed 70,763,170 Shares (inclusive) which does not exceed 13% of the total share capital of the Company prior to completion of the Proposed Issuance. The final number of Shares to be issued is subject to the maximum number of Shares agreed to be registered by the CSRC. Within the aforesaid range, the final maximum number of Shares to be issued together with the final issue price shall be determined by the Board and its authorized persons with the sponsor (the lead underwriter) according to the authorization granted at the EGM.

LETTER FROM THE BOARD

During the period commencing from the date on which the Board approved the Proposed Issuance to the issuance date, if the Company grants bonus shares, converts capital reserve into registered capital or carries out any other ex-right activities and other events that lead to changes in the total registered capital of the Company, the maximum number of Shares to be issued under the Proposed Issuance shall be adjusted accordingly.

If the total number of Shares to be issued to target subscribers of the Proposed Issuance is adjusted 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 target subscribers of the Proposed Issuance and the total amount of proceeds from the Proposed Issuance shall be adjusted or reduced accordingly.

(v) Price Determination Date, issue price and pricing principles

The Price Determination Date shall be the first day of the issuance period of the Proposed Issuance. The issue price of the Proposed Issuance shall not be lower than 80% of the average trading price of the A Shares for the 20 trading days preceding the Price Determination Date (excluding the Price Determination Date) (the “**Minimum Issue Price**”).

The average trading price of the A Shares for the 20 trading days preceding the Price Determination Date equals to the total trading value of A Shares for the 20 trading days preceding the Price Determination Date divided by the total trading volume of A Shares for the 20 trading days preceding the Price Determination Date. In the event that there occurs any ex-right or ex-dividend activities causing adjustment to the share price during the 20-trading-day period, the trading prices for those trading days prior to such adjustment shall be adjusted by the price as adjusted by the ex-right or ex-dividend activities accordingly.

Upon obtaining the registration document of the CSRC for the application of the Proposed Issuance, the final issue price under the Proposed Issuance shall be determined by the Board and its authorized persons with the sponsor (the lead underwriter) pursuant to the authorization granted at the EGM in accordance with the results of the price consultation, the relevant laws and regulations, and the requirements of the regulatory authorities. The final issue price shall not be lower than the Minimum Issue Price.

(vi) Lock-up period

Upon completion of the Proposed Issuance, the Shares to be subscribed by the target subscribers shall be subject to a lock-up period for six months from the date of completion of the Proposed Issuance. During the period from the completion of the Proposed Issuance to the end of the lock-up period, any Shares additional to the Shares issued to the target subscribers to be acquired by target subscribers due to, among other things, bonus issue or conversion of capital reserve into registered capital of the Company, shall also be subject to the above lock-up arrangement.

LETTER FROM THE BOARD

After the expiry of the lock-up period, the transfer and trading of the Shares subscribed by the target subscribers in the Proposed Issuance shall be carried out in accordance with the Company Law, the Securities Law, the STAR Marketing Listing Rules and other relevant laws, regulations and regulatory documents.

(vii) Amount and use of proceeds

The total proceeds from the Proposed Issuance (including issuance expenses) will not exceed RMB2,550 million (inclusive), and the net proceeds after deducting issuance expenses will be used for the following project:

No.	Project	Total investment amount (RMB'0000)	Proposed investment amount from the proceeds (RMB'0000)
1	R&D of innovative drugs	294,645.99	255,000.00
	Total	294,645.99	255,000.00

Once the proceeds from the Proposed Issuance have been received, if the actual net proceeds are less than the above proposed amount to be invested, the Board and its authorized persons, subject to the compliance with relevant laws and regulations and the scope of the above investment project funded by the proceeds, may adjust and make final determination of the specific investment projects to be invested by utilizing the proceeds, the order of priority, and the specific investment amounts for each project based on the actual circumstances such as the progress of the investment project funded by the proceeds and the capital demand, and will make up for the shortfall by utilizing self-owned funds of the Company or through other financing methods.

To ensure a seamless process of the investment project to be invested by utilizing the proceeds and to protect the interests of all Shareholders as a whole, before the proceeds from the Proposed Issuance are received in full, the Company may first invest with its self-raised funds as required based on the actual circumstances of the investment project to be invested by utilizing the proceeds. Upon receipt of the proceeds, such invested funds shall be replaced by the proceeds in accordance with the requirements under relevant laws and regulations.

If the total amount of proceeds from the Proposed Issuance is adjusted due to changes in regulatory policies or the requirements of issuance registration documents, such proceeds shall be adjusted accordingly.

LETTER FROM THE BOARD

(viii) Listing venue of the Shares

The Shares to be issued under the Proposed Issuance shall be listed for trading on the STAR Market.

(ix) Distribution arrangement of accumulated profits

After completion of the Proposed Issuance, both new and existing Shareholders shall be entitled to the undistributed profits of the Company accumulated prior to the Proposed Issuance.

(x) Validity period of the resolutions in relation to the Proposed Issuance

The resolutions in relation to the Proposed Issuance shall remain valid for 12 months from the date on which these resolutions are passed at the EGM.

The total number of Shares to be issued under the Proposed Issuance shall not exceed 20% of the total number of A Shares in issue on the date of 2022 AGM. If the approval, permission or registration of regulatory authorities for the Proposed Issuance is not obtained before the expiry of the General Mandate, the Proposed Issuance may still proceed within the limit of the general mandate for the next year, provided that the total number of Shares to be issued under the Proposed Issuance shall not exceed the limit of the general mandate as approved at the 2023 AGM, and the Company is not required to convene another general meeting or class meeting in respect of the limits of the general mandate and reconsider matters in relation to the Proposed Issuance.

These resolutions will be submitted to the Shareholders for consideration and approval on an individual basis at the EGM as special resolutions.

(3) The Proposal for the Proposed Issuance

Pursuant to the provisions under the Company Law, the Securities Law, the Administrative Measures and other relevant laws, regulations and regulatory documents, the Company has prepared the Proposal for the Proposed Issuance which has been disclosed in the overseas regulatory announcement of the Company dated April 2, 2024. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The resolution will be submitted to the Shareholders for consideration and approval at the EGM as a special resolution.

LETTER FROM THE BOARD

(4) The proposal in relation to the Demonstration and Analysis Report regarding the Plan of the Proposed Issuance

Pursuant to the provisions under the Company Law, the Securities Law, the Administrative Measures and other relevant laws, regulations and regulatory documents, the Company has prepared the Demonstration and Analysis Report regarding the Plan of the Proposed Issuance. For details, please refer to Appendix I to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The resolution will be submitted to the Shareholders for consideration and approval at the EGM as a special resolution.

(5) The proposal in relation to the Feasibility Report on the Use of Proceeds from the Proposed Issuance

The Company has prepared the Feasibility Report on the Use of Proceeds from the Proposed Issuance. For details, please refer to Appendix II to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The resolution will be submitted to the Shareholders for consideration and approval at the EGM as a special resolution.

(6) The proposal in relation to the Report on the Use of Proceeds Previously Raised

Pursuant to the provisions under the China Securities Regulatory Commission's Guidelines on the Application of Regulatory Rules – Issuance Category No. 7 (《監管規則適用指引—發行類第7號》), the Provisions on the Report on Use of Previously Raised Proceeds (Zheng Jian Fa Xing Zi [2007] No. 500)* (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) and other relevant laws, regulations and regulatory documents, the Company has prepared the Report on the Use of Proceeds Previously Raised, and Ernst & Young Hua Ming LLP (Special General Partnership) (安永華明會計師事務所(特殊普通合夥)) issued the Assurance Report on the Use of Proceeds Previously Raised (Ernst & Young Hua Ming (2023) Zhuan Zi No. (61486761_J05))* (《前次募集資金使用情況鑒證報告》(安永華明(2023)專字第61486761_J05號)) after reviewing the use of previously raised proceeds of the Company. For details of the Report on the Use of Proceeds Previously Raised, please refer to Appendix III to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The resolution will be submitted to the Shareholders for consideration and approval at the EGM as a special resolution.

LETTER FROM THE BOARD

(7) The proposal in relation to the dilution of immediate return resulting from the Proposed Issuance and remedial measures adopted by the Company and undertakings by relevant subjects

In accordance with the requirements of the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legal Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110)* (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guo Fa [2014] No. 17)* (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)) and the Guiding Opinions on Matters Concerning Dilution of Immediate Return by Initial Public Offering, Refinancing, and Material Assets Reorganization (CSRC Announcement [2015] No. 31)* (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(中國證監會公告[2015]31號)) and other relevant requirements, in order to protect the interests of small and medium investors, the Company has conducted analysis of the impact of the Proposed Issuance on the dilution of immediate return and proposed specific remedial measures for return. Relevant subjects have made corresponding undertakings to ensure the effective implementation of the Company's remedial measures for return. For details, please refer to Appendix IV to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The resolution will be submitted to the Shareholders for consideration and approval at the EGM as a special resolution.

(8) The proposal in relation to the Dividend Distribution Plan for the Shareholders for the Next Three Years (2024 to 2026)

In accordance with the relevant requirements of Regulatory Guidelines for Listed Companies No. 3 – Distribution of Dividends in Cash by Listed Companies (CSRC Announcement [2022] No. 3)* (《上市公司監管指引第3號—上市公司現金分紅》(中國證監會公告[2022]3號)) and the Notice on Further Implementation of Relevant Matters on Distribution of Cash Dividends of Listed Companies (Zheng Jian Fa [2012] No. 37)* (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) promulgated by the CSRC, and the Articles of Association, the Company has prepared the Dividend Distribution Plan for the Shareholders for the Next Three Years (2024 to 2026) in order to improve the decision-making process and mechanism for profit distribution of the Company, enhance the awareness of providing return to Shareholders, increase transparency of dividend distribution, and provide continuing, stable and reasonable return to investors, while taking into account the actual situation and the need of future development of the Company. For details, please refer to Appendix V to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The resolution will be submitted to the Shareholders for consideration and approval at the EGM as a special resolution.

LETTER FROM THE BOARD

(9) The proposal for authorizing the Board and persons authorized by the Board to deal with all matters in relation to the Proposed Issuance at the general meeting

The Company intends to issue A Shares to target subscribers. In order to complete the Proposed Issuance in a legal and efficient manner, and to determine the specific matters of the Plan of the Proposed Issuance based on market conditions, the Board has resolved that it will be proposed at the general meeting of the Company to authorize the Board and persons authorized by the Board to deal with all matters in relation to the Proposed Issuance, including but not limited to the following, in accordance with relevant laws and regulations:

- (i) formulate, adjust and implement a specific plan for the Proposed Issuance in accordance with national laws and regulations, relevant provisions and opinions of regulatory authorities and taking into account the market environment and the Company's actual circumstances, including but not limited to the determination or adjustment of issuance date, number of issue, amount of proceeds, issue price, target subscribers and any other matters relating to the issuance plan;
- (ii) sign, revise, supplement, complete, submit, report, execute all agreements and documents in relation to the Proposed Issuance (including but not limited to underwriting and sponsor agreements, intermediaries engagement agreements, agreements relating to proceeds, subscription agreements and supplemental agreements entered into with investors);
- (iii) process the application for the Proposed Issuance, including but not limited to the preparation, modification, signing, submitting, supplementing, executing and announcing the materials in relation to the Proposed Issuance and listing pursuant to requirements of relevant government authorities, regulatory institutions, stock exchanges and securities depository and clearing institutions; reply to enquiries from the relevant securities regulatory authorities or relevant competent authorities; and deal with information disclosure matters relating to this issuance according to the regulatory requirements;
- (iv) precisely organizing and executing the investment project with the proceeds;
- (v) adapt and arrange the investment project with the proceeds, in accordance with the mandate granted by the general meeting, before the completion of the Proposed Issuance, in compliance with the requirements of the relevant authorities and the current state of the securities market;
- (vi) determine and engage intermediaries such as the sponsor (as lead underwriter), and deal with other related matters;
- (vii) amend the relevant provisions in the Articles of Association and complete the industry and commerce registration modification based on the actual outcomes of the Proposed Issuance;

LETTER FROM THE BOARD

- (viii) handle the application for registration, lock-up and listing of the shares proposed to be issued on the Shanghai Stock Exchange and Shanghai Branch of China Securities Depository and Clearing Corporation Limited;
- (ix) in the event that the securities regulatory authorities impose new regulations on the policy of issuing shares to specific target subscribers or market conditions change, authorize the Board of Directors to make corresponding adjustments to the plan for the Proposed Issuance in accordance with the new policy regulations of the securities regulatory authorities or the new market conditions; and
- (x) authorize the handling of other matters relating to the Proposed Issuance to issue shares to specific target subscribers, reporting and listing, within the scope permitted by laws, regulations, regulatory documents and the Articles of Association.

The validity period of the above authorization is 12 months from the date when this proposal is considered and approved at the general meeting of the Company.

The resolution will be submitted to the Shareholders for consideration and approval at the EGM as a special resolution.

III. GENERAL MANDATE

The A Shares to be issued under the Proposed Issuance shall be issued by the Company pursuant to the General Mandate. The Board was authorized to allot, issue and deal with up to 20% of the A Shares in issue on the date of the 2022 AGM (being 70,936,352 A Shares). As at the date of this circular, no A Share was issued by the Company under the General Mandate.

IV. CONDITIONS PRECEDENT OF THE PROPOSED ISSUANCE

The Proposed Issuance is subject to (i) the approval of the Shareholders at the EGM; (ii) the approval of the Shanghai Stock Exchange; and (iii) the approval of registration from the CSRC.

LETTER FROM THE BOARD

V. EFFECT OF THE PROPOSED ISSUANCE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this circular, the total number of issued Shares is 544,332,083 Shares, which comprises 189,581,239 H Shares and 354,750,844 A Shares. The shareholding structure of the Company (i) as at the date of this circular; and (ii) immediately after completion of the Proposed Issuance (assuming that (a) the maximum amount of 70,763,170 A Shares is issued; and (b) there is no change in the total number of issued Shares during the period from the date of this circular to the date of completion of the Proposed Issuance, save for the Proposed Issuance) is as follows:

	As at the date of this announcement			Immediately after completion of the Proposed Issuance		
	Number of Shares	Approximate percentage in the relevant class of Shares	Approximate percentage of the total Shares in issue	Number of Shares	Approximate percentage in the relevant class of Shares	Approximate percentage of the total Shares in issue
A SHARES						
Concert Parties	193,002,583	54.41%	35.46%	193,002,583	45.36%	31.38%
Other holders of A Shares	161,748,261	45.59%	29.71%	161,748,261	38.01%	26.30%
Target subscribers of A Shares to be issued under the Proposed Issuance	0	0.00%	0.00%	70,763,170	16.63%	11.50%
Total issued A Shares	354,750,844	100.00%	65.17%	425,514,014	100.00%	69.18%
H SHARES						
Concert Parties	25,229,041	13.31%	4.63%	25,229,041	13.31%	4.10%
Other holders of H Shares	164,352,198	86.69%	30.19%	164,352,198	86.69%	26.72%
Total issued H Shares	189,581,239	100.00%	34.83%	189,581,239	100.00%	30.82%
TOTAL ISSUED SHARES	544,332,083	-	100.00%	615,095,253	-	100.00%

Note:

- (1) Certain figures included in the above table have been rounded to two decimal places. Any discrepancies between the total shown and the sum of the amount listed are due to rounding.

It is expected there will be no change in control of the Company upon completion of the Proposed Issuance.

LETTER FROM THE BOARD

VI. FUND RAISING ACTIVITIES WITHIN THE PAST 12 MONTHS

The Company did not conduct any fund raising activities involving the issue of equity securities within 12 months immediately prior to the date of this circular.

VII. REASONS AND BENEFITS FOR THE PROPOSED ISSUANCE

As a fully-integrated biopharmaceutical company, the Company is committed to the discovery, development and commercialization of innovative and differentiated biologics for the treatment of autoimmune, oncology and ophthalmic diseases with unmet medical needs in China and globally. The projects funded by the proceeds involved in the Proposed Issuance will accelerate the Company's R&D progress for innovative drugs, increase the synergies between pre-clinical research and clinical research of the Company, expand the depth and breadth of research and development of self-developed products, lay the foundation for the commercialization of more products and through the Proposed Issuance, utilize the capital market platform to enhance capital strength and ease liquidity pressure, improve anti-risk capability.

Having taken into account the above reasons and benefits, the Directors (including independent non-executive Directors) are of the view that the Proposed Issuance is in the interests of the Company and Shareholders as a whole.

VIII. EGM

The notice convening the EGM to be held at 2:00 p.m. on Monday, June 17, 2024 at Room 6134, Phase III Building of the Company at 58 Middle Beijing Road, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, the PRC is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed herewith and also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.remegen.com>).

IX. CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of holders of the H Shares to attend and vote at the EGM, the register of members of H Shares of the Company will be closed from Wednesday, June 12, 2024 to Monday, June 17, 2024, both days inclusive, during which period no transfer of H Shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfers of H Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Tuesday, June 11, 2024, being the last share registration date.

LETTER FROM THE BOARD

X. VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of Shareholders in respect of all the resolutions put forward at the EGM must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll results will be announced by the Company by means set out in Rule 13.39(5) of the Listing Rules after the EGM.

XI. RECOMMENDATIONS

The Board considers that all resolutions set out in the notice of EGM for consideration and approval by the Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders to vote in favor of the resolutions proposed at the EGM as set out in the notice of EGM.

XII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

XIII. FURTHER INFORMATION

Your attention is drawn to the appendices to this circular.

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

RemeGen Co., Ltd. (“**RemeGen**” or the “**Company**”) is a company listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. In order to meet the capital needs for its business development and enhance its capital strength and profitability, the Company has prepared the Demonstration and Analysis Report Regarding the Plan of Issuing A Shares to Specific Target Subscribers in FY2024 (the “**Demonstration and Analysis Report**”) in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for the Registration of Issuance of Securities by Listed Companies (the “**Registration Administrative Measures**”), and other relevant laws, administrative regulations, departmental regulations or normative documents, as well as the Articles of Association of RemeGen Co., Ltd.

Unless otherwise specified, relevant terms in the Demonstration and Analysis Report have the same meanings as in the Plan of Issuing A Shares to Specific Target Subscribers by RemeGen Co., Ltd. in FY2024.

I. BACKGROUND TO ISSUANCE OF SHARES TO SPECIFIC TARGET SUBSCRIBERS

(i) 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 from 2022 to 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 from 2022 to 2026 and at a CAGR of 10.5% to RMB1,149.1 billion in 2030.

(ii) 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 Centre for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) 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, pediatric 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 catalog 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.

(iii) 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. ISSUANCE OF SECURITIES AND NECESSITY OF SELECTION OF SECURITIES TYPE**(i) Type of Securities to Be Issued**

The shares to be issued to specific target subscribers is domestically listed RMB-denominated ordinary shares (A shares) with a par value of RMB1.00 per share. The issuance method is to issue shares to specific target subscribers.

(ii) Necessity of Selection of Type of Securities to Be Issued***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 issue of the Demonstration and Analysis Report, 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. APPROPRIATENESS OF SELECTION RANGE, QUANTITY AND CRITERIA FOR TARGET SUBSCRIBERS

(i) Appropriateness of Selection Range for Target Subscribers

The target subscribers to whom shares will be issued will be no more than 35 (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 China Securities Regulatory Commission (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.

As the selection range for target subscribers is in compliance with the relevant laws and regulations like the Registration Administrative Measures, the selection range for target subscribers is appropriate.

(ii) Appropriateness of Quantity of Target Subscribers

The number of target subscribers will not exceed 35 (35 inclusive). As the number of target subscribers is in compliance with the relevant laws and regulations like the Registration Administrative Measures, the number of target subscribers is appropriate.

(iii) Appropriateness of Criteria for Target Subscribers

Target subscribers should have certain risk-identifying ability and risk-bearing capacity, and have corresponding capital strength. As the criteria for target subscribers are in compliance with the relevant laws and regulations like the Registration Administrative Measures, the criteria for target subscribers are appropriate.

IV. REASONABLENESS OF THE PRINCIPLE, BASIS, METHOD AND PROCEDURES FOR PRICING

(i) Principle and Basis of Pricing

The price of shares to be issued to specific target subscribers will be fixed via bids, and the pricing benchmark date shall be the first day of the issue period.

The issue 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 pricing benchmark date (excluding the pricing benchmark date). On the basis of the aforesaid base price, the final issue 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 pricing benchmark date = total trading value of the Company's A shares during the 20 trading days prior to the pricing benchmark date/total trading volume of the Company's A shares during the 20 trading days prior to the pricing benchmark date. In the event that the price of

the Company's shares is adjusted as a result of ex-rights and ex-dividend matters, such as dividend distribution, bonus issue, rights issue, and conversion of capital reserve into share capital, 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 the event of any ex-dividend or ex-rights matters, such as dividend payout, bonus issue or conversion of capital reserve into share capital, between the pricing benchmark date and the issue date, the base price of shares to be issued to specific target subscribers will be adjusted accordingly. The adjustment is as follows:

Cash dividend payout: $P1 = P0 - D$

Bonus issue or conversion of capital reserve into share capital: $P1 = P0/(1 + N)$

Cash dividend payout with bonus issue or conversion of capital reserve into share capital:
 $P1 = (P0 - D)/(1 + N)$

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.

(ii) Method and Procedures for Pricing

The pricing method and procedures for the Issuance of Shares to Specific Target Subscribers comply with the relevant laws and regulations like the Registration Administrative Measures. The Company convened a board meeting and disclosed the relevant announcement on the websites of stock exchanges and the designated information disclosure media, which were subject to consideration and approval by the general meeting of shareholders of the Company.

The pricing method and procedures which comply with the relevant laws and regulations like the Registration Administrative Measures are reasonable.

In summary, the principle, basis, method and procedures for pricing in compliance with the requirements of the relevant laws, regulations and normative documents like the Registration Administrative Measures are compliant and reasonable.

V. FEASIBILITY OF ISSUANCE METHOD**(i) The Issuance Complies with the Issuance Conditions Set out in the Securities Law of the People's Republic of China**

The Company will not adopt advertising, general solicitation or any disguised form in the Issuance, which is in compliance with Article 9(3) of the Securities Law of the People's Republic of China.

(ii) There Are No Circumstances under Which the Company Is Prohibited from Issuing Securities to Specific Target Subscribers under Article 11 of the Registration Administrative Measures:

1. There are unauthorised changes in the use of the proceeds previously raised, without correction, or without the approval of the general meeting of shareholders;
2. The preparation and disclosure of financial statements for the most recent year do not comply in material respects with the requirements of the Accounting Standards for Business Enterprises or the relevant information disclosure rules. An audit report on the financial and accounting report for the most recent year containing an adverse opinion and a disclaimer of opinion was issued. An audit report on the financial and accounting report for the most recent year containing a qualified opinion was issued, and the material adverse effects on the Listed Company of the matters covered by the qualified opinion have not been eliminated. The material asset restructuring involved in the Issuance is an exception;
3. The incumbent Directors, Supervisors and senior managers have been subject to administrative penalties by the CSRC in the last three years, or have been publicly reprimanded by stock exchanges in the last year;
4. The Listed Company or its incumbent Directors, Supervisors and senior managers are under investigation by judicial authorities for suspected crimes or under investigation by the CSRC for suspected violations of laws and regulations;
5. The controlling shareholders and de facto controllers have committed major illegal acts that have seriously jeopardized the interests of the Listed Company or the legitimate rights and interests of investors in the last three years;
6. There have been major illegal acts that have seriously jeopardized the legitimate rights and interests of investors or the public interests in the last three years.

(iii) The Use of the Company's Proceeds to Be Raised Shall Comply with the Provisions of Article 12 of the Registration Administrative Measures:

1. It shall comply with national industrial policies and laws and administrative regulations on environmental protection and land management;
2. With the exception of a financial enterprise, the proceeds to be raised shall not be held for financial investment, and shall not be directly or indirectly invested in any company that is primarily engaged in the trading of marketable securities;
3. After the implementation of the investment project with the proceeds, there shall be no new horizontal competition or unfair connected transactions with the controlling shareholders, the de facto controllers and other enterprises under their control that will cause material adverse effects, or the independence of a company's production and operation will not be seriously affected;
4. The proceeds to be raised from the issuance of shares by companies listed on the Science and Technology Innovation Board shall be invested in businesses in the field of science and technology innovation.

(iv) The Issuance Complies with Requirements Set out in the CSRC's Regulatory Arrangements for Balancing and Optimizing IPOs and Refinancing in the Primary and Secondary Markets in A Coordinated Manner

1. There were no instances of the stock price falling below the IPO price or the net asset value during any of the 20 trading days before the Board meeting regarding the issuance

The Board of Directors meeting regarding the issuance of shares to specific target subscribers was held on March 29, 2024. As at March 29, 2024, the closing price of the Company's A shares was RMB53.87 per share (after adjusting for stock splits and dividends). The lowest closing price over the preceding 20 trading days was RMB48.24 per share (after adjusting for stock splits and dividends). Both the closing price on the date of the Board resolution and the closing prices over the preceding 20 trading days were higher than the IPO price of Company's A shares (i.e., RMB48 per share). They were also higher than the Company's net asset value (i.e., RMB6.32 per share) at the end of the most recent period (i.e., the end of 2023).

In conclusion, the Company didn't experience the falling of stock price below the IPO price or the net asset value during any of the 20 trading days before the date of the Board meeting regarding the issuance (i.e., March 29, 2024).

2. At least 18 months have elapsed between the date of the Board resolution regarding the issuance and the date on which the previously raised proceeds were received.

The Board of Directors meeting regarding the issuance of shares to specific target subscribers was held on March 29, 2024. The proceeds previously raised from the public offering of H-shares (including an over-allotment) and the initial public offering of A shares (collectively referred to as the “Previously Raised Proceeds”) were received on December 7, 2020 and March 28, 2022.

In conclusion, at least 18 months have elapsed between the date of the Board resolution regarding the issuance and the date on which the Previously Raised Proceeds were received.

3. There were no instances where the proportion of financial investments was high

- (1) The Company didn’t have financial investments with large amount at the end of the most recent period

As at the end of 2023, the Company was not engaged in any quasi-financial business. The following accounting items may involve financial investments:

Unit: RMB10,000

No.	Item in the Statement	Carrying Amount	Accounting Focus	Whether Financial Investment Is Involved
1	Advances to suppliers	27,029.48	Advances to suppliers for purchasing raw materials and services	No
2	Other receivables	2,901.15	Equity incentive payments and advance payments on behalf of employees	No
3	Other current assets	2,425.51	Value-added tax credit refund expected to be received within one year	No

No.	Item in the Statement	Carrying Amount	Accounting Focus	Whether Financial Investment Is Involved
4	Long-term equity investments Yantai Yeda Caisheng Venture Capital Partnership (Limited Partnership)	270.54	Equity investments made with the primary purpose of obtaining investment income and over which the Company does not have actual management or control	Yes
5	Other equity instrument investments Yantai Heyuan Addis Biomedical Technology, Ltd. Biocytogen Pharmaceuticals (Beijing) Co., Ltd. Wuhan YZY Biopharma Co., Ltd. ImmuneOnco Biopharmaceuticals (Shanghai) Inc.	284.47 3,374.21 2,758.93 2,934.56	Industrial investments made around the upstream and downstream of the industrial chain to obtain technology, etc., which are in line with the Company's main business and strategic development direction and do not fall under the classification of financial investments	No
6	Other non-current financial assets Hainan Renze Zhenji Equity Investment Fund Partnership (Limited Partnership)	200.00	Equity investments made with the primary purpose of obtaining investment income and over which the Company does not have actual management or control	Yes
7	Other non-current assets	9,119.41	Prepayments for engineering equipment	No

As at the end of 2023, the total book value of the Company's financial investments in Yantai Yeda Caisheng Venture Capital Partnership (Limited Partnership) (the "Yantai Yeda Caisheng") and Hainan Renze Zhenji Equity Investment Fund Partnership (Limited Partnership) (the "Hainan Renze Zhenji") was RMB4.7054 million, accounting for 0.14% of the Company's consolidated net assets attributable to parent company, which is significantly lower than 30%. In conclusion, the Company didn't have financial investments with large amount at the end of the most recent period.

- (2) The financial investments newly made or proposed to be made until now from six months prior to the Board resolution regarding the issuance

(i) Yantai Yeda Caisheng

According to the Partnership Agreement, the Company is required to pay up Yantai Yeda Caisheng its subscribed capital contribution of RMB10 million by the agreed date in installments based on the actual progress of the projects invested in by Yantai Yeda Caisheng. Until January 2023, the Company has cumulatively paid RMB2.75 million to Yantai Yeda Caisheng (which is regarded as contribution made earlier than six months prior to the date of the Board resolution regarding the issuance). As at the issuance date of this demonstration and analysis report, the remaining subscribed capital contribution of RMB7.25 million has not yet been paid up.

(ii) Hainan Renze Zhenji

According to the Partnership Agreement, the Company is required to pay up Hainan Renze Zhenji its subscribed capital contribution of RMB10 million in installments. In December 2023, the Company paid up RMB2 million to Hainan Renze Zhenji (which is regarded as contribution made within six months prior to the date of the Board resolution regarding the issuance). As at the issuance date of this demonstration and analysis report, the remaining subscribed capital contribution of RMB8 million has not yet been paid up.

As the investments of the Company in Yantai Yeda Caisheng and Hainan Renze Zhenji are for the primary purpose of obtaining investment income, and the Company as a limited partnership does not have actual management or control over it, the Company classifies such investments as financial investments in accordance with the provisions of the Guidelines for Application of Regulatory Rules–Listing (No. 1).

Save as disclosed above, the Company had no other financial investments newly made or proposed to be made until the issuance to specific target subscribers from six months prior to the Board resolution regarding the issuance.

- (3) The amount of financial investments until now from six months prior to the date of the Board resolution regarding the issuance has been deducted from the total proceeds from this issuance.

In accordance with the requirements of Applicability Opinion on Relevant Provisions of Articles 9, 10, 11, 13, 40, 57, and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies – Securities and Futures Law Applicability Opinion No. 18 (《<上市公司證券發行註冊管理辦法>第

九條、第十條、第十一條、第十三條、第四十條、第五十七條、第六十條有關規定的適用意見—證券期貨法律適用意見第18號》) and other laws and regulations, the financial investments newly made or proposed to be made until now from six months prior to the Board resolution regarding the issuance, with a total amount of RMB17.25 million, have been deducted from the proceeds from the issuance.

In conclusion, the Company didn't have financial investments (including quasi-financial business) with large amount at the end of the most recent period, and funds in relation to the financial investments have been deducted from the proceeds from the issuance.

4. Use of Previously Raised Proceeds

(1) At the time of the Board meeting for the issuance, the Previously Raised Proceeds had been almost entirely used.

The Previously Raised Proceeds were derived from the public offering of H-shares (including an over-allotment) and the initial public offering of A shares. (i) The proceeds from the public offering of H-shares (including an over-allotment) were received as at December 7, 2020. The net proceeds after deduction of underwriting commissions and other issuance expenses amounted to HK\$4,444,221,000 (equivalent to RMB3,784,520,300). Taking into account the interest income of HK\$2,140.86 (equivalent to RMB1,801.84) received by the Company, the net proceeds available to the Company amounted to RMB3,784,522,100 in total. RMB3,741,301,200 out of the proceeds had been used cumulatively as at the end of December 2023, leaving an unused balance of RMB43,220,900. This represents a utilization rate of 98.86%; (ii) the proceeds from the initial public offering of A shares had been fully received as at March 28, 2022, and the net proceeds amounted to RMB2,505,945,550. RMB2,368,160,900 out of the proceeds had been used cumulatively as at the end of December 2023, including the net interest income from the proceeds after deducting handling fees, leaving an unused balance of RMB195,813,600, including the net interest income from the proceeds after deducting handling fees and the cumulative returns from cash management products. This represents a utilization rate of 94.50%.

As the Board of Directors meeting regarding the issuance of shares to specific target subscribers was held on March 29, 2024, the Previously Raised Proceeds had been almost entirely used at the time of the Board meeting for the issuance. The Previously Raised Proceeds have not been fully utilised as the relevant investment projects are still in progress, and the remaining proceeds will continue to be invested in the investment project as planned.

- (2) The Company has made full disclosures regarding any delays, changes, or cancellations in investment projects with Previously Raised Proceeds.

The sixth meeting of the second Board of Directors, which was held on October 30, 2023, reviewed and approved the Proposal on Changes and Amount Adjustments for Certain Sub-projects under Investment Projects, agreeing upon the proposed adjustment for some clinical trial sub-projects within the “R&D project of anti-tumour antibodies” funded by proceeds from the Company’s initial public offering of A shares, and for the investment amounts from the proceeds. After the adjustments, the total amount of proceeds to be used for the investment projects with the proceeds from the A-share IPO remains unchanged. For specific details, please refer to the Announcement on Changes and Amount Adjustments for Certain Sub-projects under Investment Projects (No.: 2023-028) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on October 31, 2023.

- (3) The Company made no commitment regarding the benefits from the use of the proceeds during its initial public offering of its A shares. Accordingly, there are no discrepancies between the actual and expected benefits of the investment projects with Previously Raised Proceeds.

The Company has not made any commitment to the benefits from the use of proceeds raised in the prospectus for the A-share IPO and the listing on the Sci-Tech Innovation Board. Accordingly, there are no discrepancies between the cumulative returns from the investment projects and any promised expected returns.

5. The proceeds from the issuance will be invested in the Company’s core business. The implementation of the investment projects will help enhance the Company’s independent research and development capabilities, asset quality, and operational capability and profitability.

The total amount of the proceeds to be raised from the issuance of shares to specific target subscribers will not exceed RMB2.55 billion (inclusive). The net proceeds after deducting relevant issuance expenses will be used to invest in the following project:

			<i>Unit: RMB10,000</i>
No.	Project Name	Investment Amount	Proceeds Proposed to Be Used
1	R&D of new drugs	294,645.99	255,000.00
Total		294,645.99	255,000.00

Note 1: In accordance with the requirements of Applicability Opinion on Relevant Provisions of Articles 9, 10, 11, 13, 40, 57, and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies – Securities and Futures Law Applicability Opinion No. 18 (《<上市公司證券發行註冊管理辦法>第九條、第十條、第十一條、第十三條、第四十條、第五十七條、第六十條有關規定的適用意見—證券期貨法律適用意見第18號》) and other

laws and regulations, the financial investments newly made or proposed to be made until now from six months prior to the Board resolution regarding the issuance, with a total amount of RMB17.25 million, have been deducted from the proceeds from the issuance;

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.

All of the proceeds to be raised from the issuance will be dedicated to new drug research and development projects, closely aligning with the Company's existing core business. The investment project serves national strategy. Through its implementation, the Company will further enhance its R&D capabilities for innovative biologics in the fields of oncology, autoimmune diseases, and ophthalmology, strengthen the synergy between the Company's pre-clinical research and clinical research, continuously elevate its technological innovation, and further bolster its core competitiveness and future profitability. Moreover, the successful implementation of the investment project will optimize the Company's financial structure, solidify the foundation for business development, accelerate the research and development process of its new drug pipeline, and propel the commercialization of research findings.

In conclusion, the investment project fall within the realm of scientific and technological innovation and will contribute to the Company's sustainable development. The implementation of the project will enhance the Company's asset quality, operational capabilities, and profitability.

(v) The Issuance Procedures Are Legal and Compliant

The issuance plan has been reviewed and approved by the Board of Directors of the Company and disclosed on the websites of stock exchanges and the designated information disclosure media, fulfilling the necessary review procedures and information disclosure procedures. The issuance plan is subject to the approval of the general meeting of the Company, the examination and approval by the Shanghai Stock Exchange and the consent of the CSRC for registration before implementation.

To sum up, there are no circumstances under which the Company is prohibited from issuing securities. The Issuance is in compliance with the relevant laws and regulations, including the Securities Law of the People's Republic of China and the Registration Administrative Measures, so is the issuance method. The review procedures and issuance method are legal, compliant and feasible.

VI. FAIRNESS AND REASONABLENESS OF ISSUANCE PLAN

The issuance plan has been reviewed and approved by the Board of Directors after prudent study. The implementation of the issuance plan will fully satisfy the capital needs for business development, further increase the Company's product strength and R&D capability, enhance its comprehensive competition superiority, realise the sustainable business development, and is in the interests of its shareholders as a whole.

The plan of issuing shares to specific target subscribers and the relevant documents were disclosed on the websites of stock exchanges and the designated information disclosure media to ensure all shareholders' right to know.

The Company will convene a general meeting of shareholders to review the issuance plan, at which all shareholders will vote fairly on the issuance plan on a one-share-one-vote basis. Resolutions to be made at the general meeting of shareholders in respect of matters relating to the Issuance of Shares to Specific Target Subscribers must be approved by more than two-thirds of the valid voting rights held by shareholders present at the meeting, and the votes of minority investors shall be counted separately. Meanwhile, the shareholders of the Company may exercise their rights through in-person or online voting.

Upon receiving the approval from the CSRC for registration of the Issuance, the Company will announce the prospectus in a timely manner. Upon completion of the Issuance, the Company will publish a timely report on the Issuance of Shares to Specific Target Subscribers to give a clear explanation of the final results of the Issuance, in a bid to ensure all shareholders' right to know and participate, and guarantee the fairness and reasonableness of the Issuance.

In summary, the plan of issuing shares to specific target subscribers has been carefully studied and the Board of Directors of the Company is of the view that the Issuance is in the interests of its shareholders as a whole. The plan of issuing shares to specific target subscribers and the relevant documents have gone through the relevant disclosure procedures to protect the shareholders' right to know. In the meantime, the plan of issuing shares to specific target subscribers will be subject to fair votes by shareholders present at the general meeting, which is fair and reasonable.

VII. IMPACT OF THE ISSUANCE ON THE EXISTING SHAREHOLDERS' EQUITY OR IMMEDIATE RETURN DILUTION AND SPECIFIC MEASURES TO MAKE UP FOR DILUTED IMMEDIATE RETURNS

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 of the Company***1. 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 standing (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 immediate return dilution as a result of 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.

2. 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:

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

Item	FY2023	FY2024	
		Before the Issuance	After the Issuance
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

Item	FY2023	FY2024	
		Before the Issuance	After the Issuance
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

Item	FY2023	FY2024	
		Before the Issuance	After the Issuance
Net profit attributable to ordinary shareholders of the Company (RMB'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) (RMB'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 the Issuance

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**

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

As at the date of issue of the Demonstration and Analysis Report, 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. Among them, telitacicept (RC18, brand name: 泰愛®), 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: 愛地希®) 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 China, 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 catalog of encouraged industries, which actively respond to various policies, including the Outline for the Healthy China 2030 Initiative, the 14th Five-Year Plan 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.

(iv) *Relationships between the Investment Project with the Proceeds and the Company's Existing Businesses, and the Company's Reserves in Personnel, Technology and Market for Carrying out the Investment Project*

1. *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 standing, 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.

2. *The Company's Reserves in Personnel, Technology and Market for Carrying out the Investment Project*

(1) *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.

(2) *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-insertion 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.

(3) *Market Reserves*

As at the date of issue of the Demonstration and Analysis Report, two products of the Company entered into the commercialisation stage, namely telitacept (RC18, brand name: 泰愛[®]) and disitamab vedotin (RC48, brand name: 愛地希[®]). 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 more than one thousand 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 more than one thousand people for autoimmune diseases and 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.

(v) **Measures to Be Taken by the Company to Make up for Diluted Immediate Returns as a Result of the Issuance**

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:

1. 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, and the Rules Governing the Listing of Stocks on the Science and Innovation Board of the Shanghai Stock Exchange, and taking into account its actual situation, the Company has formulated the Management System for Proceeds Raised by RemeGen Co., Ltd., 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.

2. 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.

3. Continuously Improving Corporate Governance and Strengthening Operation and Management and Internal Control

In strict compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on the Science and Innovation Board of the Shanghai Stock Exchange and other relevant laws and regulations, as well as the Articles of Association of RemeGen Co., Ltd., 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, save its costs and expenses, and comprehensively and effectively control operation and management risks, so as to safeguard its sustainable, stable and healthy development.

4. *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 of the People’s Republic of China, the Securities Law of the People’s Republic of China 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 of RemeGen Co., Ltd. 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.

(vi) *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:

1. *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.”

2. *Commitments by De Facto Controllers of the Company*

Commitments by all de facto controllers of the Company are as follows:

- “(1) As a de facto 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.”

3. *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.”

VIII. CONCLUSION

In summary, the Issuance of the Company is necessary and feasible, and the issuance plan is fair and reasonable and complies with the relevant laws and regulations. The implementation of the plan of issuing shares to specific target subscribers will be conducive to further strengthening the Company's independent innovation capability and R&D strength, enriching its product pipelines and enhancing the competitiveness of its products, which is in line with its development strategies and is in the interests of the Company and its shareholders as a whole.

Board of Directors of RemeGen Co., Ltd.

March 29, 2024

I. PLAN FOR USE OF PROCEEDS

RemeGen Co., Ltd. (“RemeGen” or the “Company”), aiming to further enhance its comprehensive competitiveness, proposes to issue shares to specific target subscribers to raise gross proceeds of up to RMB2,550.0000 million (RMB2,550.0000 million inclusive) in accordance with its business development needs. The net proceeds after deducting relevant issuance expenses will be used to invest in the following project:

Unit: RMB0'000

No.	Project Name	Investment Amount	Proceeds Proposed to Be Used
1	New drug R&D project	294,645.99	255,000.00
	Total	294,645.99	255,000.00

Note 1: In accordance with the requirements of Article 9, Article 10, Article 11, Article 13, Article 40, Article 57, and Article 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies in relation to the Opinions on the Applicable Laws for Securities and Futures No. 18 (《<上市公司證券發行註冊管理辦法>第九條、第十條、第十一條、第十三條、第四十條、第五十七條、第六十條有關規定的適用意見-證券期貨法律適用意見第18號》) and other laws and regulations, the financial investments newly made or proposed to be made within six months prior to the resolution of the board of directors for this issuance, with a total amount of RMB17.25 million, have been deducted from the proceeds for this issuance;

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 above-mentioned investment projects of proceeds, the Company may make appropriate adjustments to the investment sequence and specific amount of the corresponding investment projects of proceeds according to the actual situation such as the progress of the project and capital needs. Before the proceeds are in place, the Company may invest with self-raised funds in advance according to the actual situation of the investment project of proceeds, and replace them after the proceeds are in place. After the proceeds are in place, if the actual net proceeds after deducting the issuance expenses are less than the total amount of proceeds to be invested, the shortfall will be resolved by the Company with self-raised 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. NECESSITY AND FEASIBILITY ANALYSIS OF THE INVESTMENT PROJECT WITH THE PROCEEDS**(i) New Drug R&D Project****1. General Information on the Project**

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 RMB2,550.0000 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. Necessity of Project Implementation**(1) Quickening the Company's New Drug R&D Progress, and Satisfying More Clinical Needs for Drugs**

As at the date of issue of the Report, 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 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 catalog of encouraged industries, which actively respond to various policies, including the Outline for the Healthy China 2030 Initiative, the 14th Five-Year Plan 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.

3. *Feasibility of Project Implementation*

(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 Centre for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) 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, pediatric 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. That same year, the National Healthcare Security Administration unveiled the Rules for Renewal of Negotiated Drugs, which clarified the rules for regular catalog 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 from 2022 to 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 from 2022 to 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 Articles of Association of RemeGen Co., Ltd., 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.

4. Project Implementers and Investment

The implementers of the project are the Company and its wholly-owned subsidiary Shanghai Rongchang Biotechnology Co., Ltd. The total investment is RMB2,946.4599 million, and the proceeds proposed to be used is RMB2,550.0000 million.

5. Project Examination, Approval or Filing in Application, Land, Environmental Protection and Other Issues

As at the announcement date of the analysis report, the project is all about drug R&D. There is no need to go through the formalities for filing and environmental impact assessment for the time being. The project involves no land use.

III. IMPACT OF THE ISSUANCE ON THE COMPANY'S OPERATION AND MANAGEMENT AND FINANCIAL STANDING

(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. CONCLUSION OF FEASIBILITY ANALYSIS

The investment project with the proceeds to be raised from the issuance of A shares to specific target subscribers responds to the national industrial policies, meets the needs of industrial development, fits the Company's development strategies and produces strong economic and social benefits. The implementation of the investment project can help the Company enhance its core competitiveness and comprehensive competition superiority in the field of innovative drugs, and achieve its long-term, sustainable development. In the meantime, the Issuance of Shares to Specific Target Subscribers can optimise the capital structure of the Company and guarantee the subsequent business development.

In summary, the investment project with the proceeds is feasible and necessary, which is in the interests of the Company and its shareholders as a whole and is conducive to its sustainable development.

Board of Directors of RemeGen Co., Ltd.

March 29, 2024

Ernst & Young Hua Ming (2024) Zhuan Zi No. 70051338_J05
RemeGen Co., Ltd.

To the Board of Directors of RemeGen Co., Ltd.,

We have been engaged to perform an assurance engagement on the attached report on the use of proceeds previously raised by RemeGen Co., Ltd. as at December 31, 2023 (the “**Report on the Use of Previously Raised Proceeds**”). It is the responsibility of the Board of Directors of RemeGen Co., Ltd. to prepare the aforesaid Report on the Use of Previously Raised Proceeds pursuant to the Guideline No. 7 on the Application of Regulatory Rules on Offerings of the China Securities Regulatory Commission (CSRC) and to warrant that the content thereof is true, accurate and complete, and that there are no false representations or misleading statements contained in, or material omissions therefrom. Our responsibility is to express an independent assurance conclusion on the Report on the Use of Previously Raised Proceeds based on the assurance work we have performed.

We performed the assurance engagement in accordance with the Chinese Standards on Other Assurance Engagements for CPAs No. 3101 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. The standard requires us to plan and perform the engagement to obtain reasonable assurance about whether the aforesaid Report on the Use of Previously Raised Proceeds is free from material misstatement. The procedures we have implemented in the assurance engagement included understanding, spot check, verification and other procedures that we deem necessary. We believe that our work provides a reasonable basis to express a conclusion.

We concluded that the aforesaid Report on the Use of Previously Raised Proceeds of RemeGen Co., Ltd. has been prepared, in all material respects, in accordance with the CSRC’s Guideline No. 7 on the Application of Regulatory Rules on Offerings, and faithfully reflects the use of proceeds previously raised by RemeGen Co., Ltd. as at December 31, 2023.

This report has been prepared solely for RemeGen Co., Ltd. to apply to the CSRC and the Shanghai Stock Exchange for the issuance of A shares to specific target subscribers and is not intended for any other purposes.

Ernst & Young Hua Ming LLP
(Special General Partnership)

Certified public accountant in China:
Wood Zhang

Certified public accountant in China:
Li Huihua

Beijing, PRC, March 29, 2024

REMEGEN CO., LTD.
REPORT ON THE USE OF PREVIOUSLY RAISED PROCEEDS

As approved by the CSRC (Zheng Jian Xu Ke [2020] No. 2127), RemeGen Co., Ltd. (the “Company” or “Company”) issued H shares to the public outside China on November 9, 2020, after which it completed the listing of H shares on the Main Board of The Stock Exchange of Hong Kong Limited.

On March 31, 2022, upon approval by the Shanghai Stock Exchange (Zheng Jian Xu Ke [2022] No. 62), the Company initially issued RMB-denominated ordinary shares to the public in China, which were listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange upon completion of the IPO.

The following is the Report on the Use of Previously Raised Proceeds as at December 31, 2023 (the “Closing Date”) that has been prepared in accordance with the CSRC’s Guideline No. 7 on the Application of Regulatory Rules on Offerings:

I. COLLECTION AND DEPOSIT OF PREVIOUSLY RAISED PROCEEDS

(1) Proceeds Raised from H-Share IPO and Exercise of Over-allotment Option

The Company issued 88,017,500 overseas listed foreign shares (H shares), including shares issued in an over-allotment, to the public in November 2020 and December 2020 at an issue price of HK\$52.10 per share. The gross proceeds raised amounted to HK\$4,585,711,750.00 (equivalent to RMB3,905,012,706.93). The net proceeds after deduction of underwriting commissions and other issuance expenses amounted to HK\$4,444,221,018.96 (equivalent to RMB3,784,520,317.24). Taking into account the interest income of HK\$2,140.86 (equivalent to RMB1,801.84) received by the Company, the net proceeds available to the Company amounted to RMB3,784,522,119.08 in total.

The Company received the proceeds raised from the IPO of H shares and the exercise of the over-allotment option on November 9, 2020 and December 7, 2020, respectively, and deposited them in its account for proceeds (account number 012-875-2-049702-0) opened at Bank of China Hong Kong Branch, with an initial deposit of HK\$4,444,221,018.96 (equivalent to RMB3,784,520,317.24). As at December 31, 2023, a total amount of RMB3,741,299,439.96 out of the proceeds raised from the IPO of H shares has been utilised.

As at December 31, 2023, the balance of the Company's previously raised proceeds was deposited as follows:

No.	Bank account holder	Bank	Bank account number	Balance of proceeds (RMB)
1	RemeGen Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd. Yantai Development Zone Sub-branch	14620078801800000746	43,135,804.57
2	RemeGen Co., Ltd.	Yantai Bank Co., Ltd. Development Sub-Branch	81601060301421013360	77,188.30
3	RemeGen Co., Ltd.	China Everbright Bank Co., Ltd. Yantai Economic and Technological Development Zone Sub-branch	38081388000000152	5,005.37
4	RemeGen Co., Ltd.	China Everbright Bank Co., Ltd. Yantai Economic and Technological Development Zone Sub-branch	38080180803667066	2,727.36
5	RemeGen Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd. Yantai Development Zone Sub-branch	14620078813000000745	151.68
6	RemeGen Co., Ltd.	Yantai Bank Co., Ltd. Development Sub-Branch	81601060301411005807	—
			Total	<u>43,220,877.28</u>

(2) Proceeds Raised from A-Share IPO

1. Amount and Arrival Time of Previously Raised Proceeds

On January 11, 2022, upon approval by the CSRC for the registration of the initial public offering of RemeGen Co., Ltd. (Zheng Jian Xu Ke [2022] No. 62), the Company initially issued 54,426,301 RMB-denominated ordinary shares (A shares) to the public at an issue price of RMB48 per share. The gross proceeds raised amounted to RMB2,612,462,448.00, and the net proceeds after deduction of the actual issuance expenses of RMB106,516,951.24 (tax exclusive) amounted to RMB2,505,945,496.76.

The previously raised proceeds had been fully available as at March 28, 2022. Ernst & Young Hua Ming LLP (Special General Partnership) verified the proceeds raised from the IPO of the Company and issued the Capital Verification Report (Ernst & Young Hua Ming (2022) Yan Zi No. 61486761_J03).

2. Utilisation and Balance of Previously Raised Proceeds

As at December 31, 2023, the utilisation and balance of the Company's previously raised proceeds were as follows:

Item	Amount (RMB)
Gross proceeds	2,612,462,448.00
Less: Underwriting commissions and other issuance expenses	106,516,951.24
Net proceeds	2,505,945,496.76
Less: Expenditure on investment projects with the proceeds raised (the "Investment Projects")	2,182,105,672.18
Less: Proceeds used to replace pre-invested funds for the Investment Projects	186,055,194.43
Add: Cumulative income from cash management products invested with proceeds	19,126,021.87
Add: Accumulated interest income net of handling fees	38,902,949.01
Balance of previously raised proceeds as at December 31, 2023	195,813,601.03

Note: The expenditure on investment projects with the proceeds raised includes the net amount of interest income from the use of proceeds raised net of handling fees.

3. Deposit of Previously Raised Proceeds in the Special Account

As at December 31, 2023, the Company's previously raised proceeds were deposited as follows:

No.	Bank account		Bank account number	Initial deposit (RMB)	Balance of
	holder	Bank			proceeds as at December 31, 2023 (RMB)
1	RemeGen Co., Ltd.	Yantai Bank Co., Ltd. Development Sub-Branch	81601060301421015786	430,000,000.00	176,581,500.48
2	RemeGen Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd. Yantai Development Zone Sub-branch	14620078801100001150	947,763,116.67	11,647,979.01
3	RemeGen Co., Ltd.	China Construction Bank Corporation Yantai Development Sub-branch	37050166666000002293	220,000,000.00	7,579,778.13
4	RemeGen Co., Ltd.	Business Department of China Merchants Bank Co., Ltd. Yantai Branch	999013473010909	30,000,000.00	4,343.41
5	RemeGen Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd. Yantai Development Zone Sub-branch	14620078801000001151	900,000,000.00	–
Total				<u>2,527,763,116.67</u>	<u>195,813,601.03</u>

Note: All the aforementioned banks at which the Company opened an account are the banks as agreed in the supervision agreement on the proceeds raised.

II. ACTUAL USE OF PREVIOUSLY RAISED PROCEEDS

The actual use of the previously raised proceeds as at December 31, 2023 is detailed in Annex Table 1: Comparison Table of Use of Previously Raised Proceeds.

III. REPURPOSING OF PREVIOUSLY RAISED PROCEEDS

At the Sixth Meeting of the Second Session of the Board of Directors and the Third Meeting of the Second of the Board of Supervisors on October 30, 2023, the Company considered and approved the Resolution on the Change and Amount Adjustment of Some of the Company's Proceed Raising Projects, and agreed to adjust some of the clinical trial sub-projects and investment amount of the raised proceeds in the R&D of anti-tumour antibodies of the IPO of A shares of the Company. After this adjustment, the total amount of proceeds raised by the Company's proceed raising projects will remain unchanged. For details, please refer to the Announcement on Changes and Amount Adjustments of Some Proceed Raising Projects (Announcement No. 2023-028) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on October 31, 2023.

IV. UP-FRONT INVESTMENT AND REPLACEMENT OF PREVIOUSLY RAISED PROCEEDS**(1) Proceeds Raised from A-Share IPO**

At the Twenty-third Meeting of the First Session of the Board of Directors held on September 26, 2022, the Company considered and approved the Resolution on Replacement of Pre-invested Self-raised Funds with Proceeds Raised. It was agreed that the proceeds of RMB186,055,194.43 would be used to replace the pre-invested self-raised funds for the Investment Projects, and the proceeds of RMB18,739,107.34 would be used to replace the issuance expenses paid. Ernst & Young Hua Ming LLP (Special General Partnership) conducted an assurance engagement on the matter and issued the Assurance Report (Ernst & Young Hua Ming (2022) Zhuan Zi No. 61486761_J02). The sponsor expressed a special review opinion on the replacement of the proceeds. The independent Directors and the Board of Supervisors of the Company have respectively expressed their concurring opinions in this regard. As at September 30, 2022, the foregoing replacement of pre-invested self-raised funds for the Investment Projects with the proceeds and the replacement of the issuance expenses paid with the proceeds were implemented and completed.

For details, please refer to the Announcement of RemeGen Co., Ltd. on Replacement of Pre-invested Self-raised Funds with Proceeds Raised (Announcement No. 2022-022) disclosed by the Company on the website of the Shanghai Stock Exchange on September 27, 2022.

V. REALISATION OF BENEFITS FROM THE INVESTMENT PROJECTS WITH PREVIOUSLY RAISED PROCEEDS IN THE LAST THREE YEARS

The Company has not made any commitment to the benefits from the use of proceeds raised in the prospectus for the H-share IPO and the over-allotment. Accordingly, the comparison table of benefits realised from the investment project with proceeds raised from the H-share IPO and the over-allotment is not applicable.

The Company has not made any commitment to the benefits from the use of proceeds raised in the prospectus for the A-share IPO and the listing on the Sci-Tech Innovation Board. Accordingly, the comparison table of benefits realised from the investment project with proceeds raised from the A-share IPO is not applicable.

VI. OPERATION OF ASSETS USED FOR SUBSCRIPTION OF SHARES INVOLVED IN PREVIOUS OFFERINGS

As at 31 December 2023, the Company's previous offerings involved no subscription of shares with assets.

VII. USE OF IDLE PROCEEDS

(1) Proceeds Raised from H-Share IPO and Exercise of Over-allotment Option

As at 31 December 2023, there was no use of idle proceeds from the H-share IPO and the exercise of the over-allotment option.

(2) Proceeds Raised from A-Share IPO

At the 19th Meeting of the First Session of the Board of Directors and the 6th Meeting of the First Session of the Board of Supervisors held on 16 April 2022, the Company considered and approved the Resolution on the Use of Idle Proceeds to Purchase Wealth Management Products. It was agreed that the Company would use the idle proceeds of up to RMB700 million (RMB700 million inclusive) to carry out cash management for the purchase of wealth management products with high security and good liquidity from financial institutions, including but not limited to banks and securities firms, provided that the progress of the investment projects and the plan for the use of proceeds are not affected. This matter does not need to be submitted to the general meeting of the Company for consideration. The above quota can be used on a rolling basis within the validity period. The quota shall be valid for one year from the date of consideration and approval by the Board of Directors of the Company. The idle proceeds for cash management will be returned to the special account for the proceeds raised upon expiry. The Company's independent Directors, the Board of Supervisors and the sponsor have respectively expressed their concurring opinions in this regard.

For details, please refer to the Announcement of RemeGen Co., Ltd. on Use of Idle Proceeds for Cash Management (Announcement No. 2022-003) disclosed by the Company on the website of the Shanghai Stock Exchange on 19 April 2022.

At the 28th Meeting of the First Session of the Board of Directors and the 14th Meeting of the First Session of the Board of Supervisors held on 29 March 2023, the Company considered and approved the Resolution on the Use of Idle Proceeds to Purchase Wealth Management Products. It was agreed that the Company would use the idle proceeds of up to

RMB500 million to carry out cash management for the purchase of wealth management products with high security and good liquidity from financial institutions, including but not limited to banks and securities firms. This matter does not need to be submitted to the general meeting of the Company for consideration. The above quota can be used on a rolling basis within the validity period. The quota shall be valid for one year from the date of consideration and approval by the Board of Directors of the Company. The idle proceeds for cash management will be returned to the special account for the proceeds raised upon expiry. The Company's independent Directors, the Board of Supervisors and the sponsor have respectively expressed their concurring opinions in this regard.

For details, please refer to the Announcement of RemeGen Co., Ltd. on Use of Idle Proceeds for Cash Management (Announcement No. 2023-011) disclosed by the Company on the website of the Shanghai Stock Exchange on 30 March 2023.

At the Eleventh Meeting of the Second Session of the Board of Directors and the Eighth Meeting of the Second Session of the Supervisory Committee of the Company held on March 27, 2024, the Company considered and approved the Resolution Regarding the Use of Idle Raised Proceeds for Cash Management, and agreed that the Company would use not more than RMB200 million of its idle proceeds to purchase financial products with high security, good liquidity, and with the purchasing institutions not limited to banks, securities and other financial institutions for cash management. This matter does not need to be submitted to the Company's general meeting of shareholders for consideration. The above amount of proceeds can be used on a rolling basis within the validity period, and it is valid within one year from the date of approval by the Board of Directors of the Company. After the cash management of idle raised proceeds expires, they will be returned to the special account of raised proceeds. The Board of Supervisors and the sponsor of the Company have respectively expressed their opinions in agreement on this.

For details, please refer to the Announcement of RemeGen Co., Ltd. on Use of Idle Proceeds for Cash Management (Announcement No. 2024-013) disclosed by the Company on the website of the Shanghai Stock Exchange on 28 March 2024.

VIII. BALANCE OF PREVIOUSLY RAISED PROCEEDS AND USE OF BALANCE

As at 31 December 2023, the Company had utilised the proceeds from the IPO of H shares (including over-allotment) of RMB3,741,301,241.80. The balance of the previously raised proceeds amounted to RMB43,220,877.28, accounting for 1.14% of the net proceeds. The aforesaid previously raised proceeds have not been fully utilised as the relevant investment project is still in progress, and the remaining proceeds will continue to be invested in the construction of new production facilities in the subsequent periods.

As at 31 December 2023, the Company had utilised the proceeds from the IPO of A shares of RMB2,368,160,866.61 (including the net amount of interest income from the use of proceeds raised net of handling fees). The balance of the previously raised proceeds amounted to RMB195,813,601.03, accounting for 7.81% of the net proceeds. The aforesaid previously raised proceeds have not been fully utilised as the relevant investment project is still in progress, and the remaining proceeds will continue to be invested in the R&D of anti-tumour antibodies and the R&D of antibodies against autoimmune and ophthalmic diseases in the subsequent periods.

**IX. EXPLANATION ON COMPARISON OF ACTUAL USE OF PREVIOUSLY RAISED
PROCEEDS WITH PUBLICLY DISCLOSED INFORMATION**

The Company has faithfully fulfilled its disclosure obligations in respect of the investment and progress of the previously raised proceeds in accordance with the CSRC's Guideline No. 7 on the Application of Regulatory Rules on Offerings. The Company compared the actual use of the aforesaid proceeds with the relevant contents disclosed in its other information disclosure documents on an item-by-item basis, and found that the actual use of the proceeds is consistent with the relevant contents disclosed.

The Board of Directors and all Directors of the Company undertake that there are no false representations or misleading statements contained in, or material omissions from, this Report, and accept responsibilities for the truthfulness, accuracy and completeness in accordance with laws.

Annex Table 1

Comparison Table of Use of Previously Raised Proceeds –
Proceeds from H-share IPO and Over-allotment

Unit: RMB0'000

Gross proceeds:	378,452.21	Total proceeds utilised:	374,130.12
		Total proceeds utilised in each year:	
Total repurposed proceeds:	–	2020:	102,406.05
Proportion of total repurposed proceeds:	–	2021:	180,666.00
		2022:	31,808.09
		2023:	59,249.98

No.	Investment project		Total proceeds invested			Cumulative proceeds invested as at the Closing Date			Difference between actual investment amount and committed investment amount after IPO	The date on which the project is ready for its intended use (or the degree of project completion as at the Closing Date)
	Committed investment project	Actual investment project	Committed investment amount before IPO	Committed investment amount after IPO	Actual investment amount	Committed investment amount before IPO	Committed investment amount after IPO	Actual investment amount		
1	Clinical development and commercialisation of drug candidates	Clinical development and commercialisation of drug candidates	158,221.44	189,226.11	189,226.11	158,221.44	189,226.11	189,226.11	–	N/A
2	Construction of new production facilities	Construction of new production facilities	79,110.29	94,613.05	90,290.96	79,110.29	94,613.05	90,290.96	(4,322.09)	N/A
3	Repayment of borrowings from RC Pharma (note)	Repayment of borrowings from RC Pharma (note)	47,466.52	56,767.83	48,585.32	47,466.52	56,767.83	48,585.32	(8,182.51)	N/A
4	General corporate and working capital (note)	General corporate and working capital (note)	31,644.63	37,845.22	46,027.73	31,644.63	37,845.22	46,027.73	8,182.51	N/A
		Total	<u>316,442.88</u>	<u>378,452.21</u>	<u>374,130.12</u>	<u>316,442.88</u>	<u>378,452.21</u>	<u>374,130.12</u>	<u>(4,322.09)</u>	

Note: As the Company had used RMB485.8532 million to fully repay the borrowings from RC Pharma, it utilised the remaining proceeds of RMB81.8250 million from the IPO of H shares originally planned to be used to repay the borrowings from RC Pharma as general corporate and working capital according to the market conditions and its business needs, with a view to enhancing the efficiency and effectiveness of the use of capital.

Annex Table 1

Comparison Table of Use of Previously Raised Proceeds –
Proceeds from A-share IPO

Unit: RMB0'000

Net proceeds:	250,594.55	Total proceeds utilised:	236,816.09
		Total proceeds utilised in each year:	
Total repurposed proceeds:	6,508.09	2022:	136,888.85
Proportion of total repurposed proceeds:	2.60%	2023:	99,927.24

No.	Investment project		Total proceeds invested			Cumulative proceeds invested as at the Closing Date			Difference between actual investment amount and committed investment amount after IPO ^{(3) = (1)-(2)}	The date on which the project is ready for its intended use (or the degree of project completion as at the Closing Date)
	Committed investment project	Actual investment project	Committed investment amount before IPO	Committed investment amount after IPO	Actual investment amount	Committed investment amount before IPO	Committed investment amount after IPO ⁽¹⁾	Actual investment amount ⁽²⁾		
1	Industrialisation of new biologics	Industrialisation of new biologics	160,000.00	97,776.31	98,734.34	160,000.00	97,776.31	98,734.34	(958.03)	Partial completion
2	R&D of anti-tumour antibodies	R&D of anti-tumour antibodies	85,330.00	43,000.00	26,906.47	85,330.00	43,000.00	26,906.47	16,093.53	N/A
3	R&D of antibodies against autoimmune and ophthalmic diseases	R&D of antibodies against autoimmune and ophthalmic diseases	34,670.00	22,000.00	21,876.48	34,670.00	22,000.00	21,876.48	123.52	N/A
4	Replenishment of working capital	Replenishment of working capital	120,000.00	87,818.24	89,298.80	120,000.00	87,818.24	89,298.80	(1,480.56)	N/A
		Total	400,000.00	250,594.55	236,816.09	400,000.00	250,594.55	236,816.09	13,778.46	

Note 1: The “committed investment amount after IPO” is determined on the basis of the most recently disclosed investment plan of raised proceeds. The “actual investment amount” and “total proceeds utilised” include the net amount of interest income from the use of proceeds raised net of handling fees.

The Board of Directors and all Directors of the Company undertake that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and accept responsibilities for the truthfulness, accuracy and completeness of its contents.

RemeGen Co., Ltd. (the “**Company**”, the “**Listed Company**” or “**RemeGen**”) proposes to issue A shares to specific target subscribers (the “**Issuance of Shares to Specific Target Subscribers**”, or the “**Issuance**”). 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 standing (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 immediate return dilution as a result of 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:

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

Item	FY2023	FY2024	
		Before the Issuance	After the Issuance
Net profit attributable to ordinary shareholders of the Company (<i>RMB0'000</i>)	(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) (<i>RMB0'000</i>)	(154,334.56)	(169,768.02)	(169,768.02)
Basic earnings per share (<i>RMB/share</i>)	(2.80)	(3.05)	(3.02)
Diluted earnings per share (<i>RMB/share</i>)	(2.80)	(3.02)	(2.99)
Basic earnings per share (after deducting non-recurring gains and losses) (<i>RMB/share</i>)	(2.86)	(3.12)	(3.09)
Diluted earnings per share (after deducting non-recurring gains and losses) (<i>RMB/share</i>)	(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

Item	FY2023	FY2024	
		Before the Issuance	After the Issuance
Net profit attributable to ordinary shareholders of the Company (<i>RMB0'000</i>)	(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) (<i>RMB0'000</i>)	(154,334.56)	(154,334.56)	(154,334.56)
Basic earnings per share (<i>RMB/share</i>)	(2.80)	(2.78)	(2.75)
Diluted earnings per share (<i>RMB/share</i>)	(2.80)	(2.75)	(2.72)
Basic earnings per share (after deducting non-recurring gains and losses) (<i>RMB/share</i>)	(2.86)	(2.84)	(2.80)
Diluted earnings per share (after deducting non-recurring gains and losses) (<i>RMB/share</i>)	(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

Item	FY2023	FY2024	
		Before the Issuance	After the Issuance
Net profit attributable to ordinary shareholders of the Company (<i>RMB0'000</i>)	(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) (<i>RMB0'000</i>)	(154,334.56)	(138,901.11)	(138,901.11)
Basic earnings per share (<i>RMB/share</i>)	(2.80)	(2.50)	(2.47)
Diluted earnings per share (<i>RMB/share</i>)	(2.80)	(2.47)	(2.45)
Basic earnings per share (after deducting non-recurring gains and losses) (<i>RMB/share</i>)	(2.86)	(2.55)	(2.52)
Diluted earnings per share (after deducting non-recurring gains and losses) (<i>RMB/share</i>)	(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 Scheme of Issuing A Shares to Specific Target Subscribers by RemeGen Co., Ltd. in FY2024.

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 standing, 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 Scheme of Issuing A Shares to Specific Target Subscribers by RemeGen Co., Ltd. in FY2024, 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 more than one thousand 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 more than one thousand people for autoimmune diseases and 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 Announcement [2022] No. 15), and the Rules Governing the Listing of Stocks on the Science and Innovation Board of the Shanghai Stock Exchange, 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 of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on the Science and Innovation Board of the Shanghai Stock Exchange 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, 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 of the People’s Republic of China, the Securities Law of the People’s Republic of China 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 De Facto Controllers of the Company

Commitments by all de facto controllers of the Company are as follows:

“(1) As a de facto 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."

VIII. PROCEDURES FOR REVIEW OF MEASURES TO BE TAKEN TO MAKE UP FOR DILUTED IMMEDIATE RETURNS AS A RESULT OF THE ISSUANCE AND COMMITMENTS THEREOF

Matters related to the dilution of immediate returns as a result of the Issuance, measures to make up for diluted immediate returns and commitments by relevant parties will be submitted to a general meeting of the Company for review.

It is hereby notified.

Board of Directors of RemeGen Co., Ltd.

March 29, 2024

APPENDIX V DIVIDEND DISTRIBUTION PLAN FOR THE SHAREHOLDERS FOR THE NEXT THREE YEARS (2024 TO 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, RemeGen Co., Ltd. (“**RemeGen**” or the “**Company**”) has formulated the Plan on Distribution of Dividends for Shareholders for the Next Three Years (2024–2026) (the “**Plan**”) in accordance with relevant laws, regulations and normative documents, such as the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, 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. Specifically:

I. CONSIDERATIONS FOR FORMULATION OF PLAN ON DISTRIBUTION OF DIVIDENDS FOR SHAREHOLDERS

The Company shall formulate the Plan with a view to promoting its long-term and sustainable development. In light of its actual operation conditions and strategic development objectives, shareholders’ requirements and wishes, social capital cost, external financing environment and other factors, the Company took into full consideration current and future profitability, cash flow, development stage, project investment capital requirements, bank credit and debt financing environment, etc., and established a plan and mechanism for continuous, stable and scientific returns to investors, so as to make systemic arrangements for the distribution of profits.

II. PRINCIPLE FOR FORMULATION OF PLAN ON DISTRIBUTION OF DIVIDENDS FOR SHAREHOLDERS

The Company shall comply with relevant laws, regulations and normative documents, such as the Company Law of the People’s Republic of China, as well as the Articles of Association of the Company, uphold the principle of providing the reasonable returns to investors and promoting its sustainable and sound development, and at the same time fully consider, listen to and adopt the opinions and demands of the Company’s independent Directors, Supervisors and shareholders (especially minority shareholders) to formulate a reasonable plan on shareholders’ dividend returns, and deal with the relationships between its short-term interests and long-term development, in order to ensure the reasonableness, continuity and stability of the profit distribution policy.

III. DECISION-MAKING AND OVERSIGHT MECHANISMS FOR PLAN ON DISTRIBUTION OF DIVIDENDS FOR SHAREHOLDERS

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 timing, conditions and minimum proportion of cash dividends, the conditions for adjustment and the requirements for decision-making procedures and so on. The plan shall be approved by more than half of all Directors;

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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 oversee the implementation of the Company's profit distribution policy and Plan on Distribution of Dividends for Shareholders and the decision-making procedures by the Board of Directors and management. 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.

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IV. CYCLE AND MECHANISM OF ADJUSTMENTS TO PLAN ON DISTRIBUTION OF DIVIDENDS FOR SHAREHOLDERS

1. The Company shall at least once every three years evaluate the implementation of the Plan on Distribution of Dividends for Shareholders for the Next Three Years that has come into force to ensure that the contents of the plan on distribution of dividends for shareholders do not contravene the profit distribution policy as determined in the Articles of Association of the Company. Based on the Company's operation conditions and the views of shareholders (especially minority investors) and independent Directors, the Company formulated a new Plan on Distribution of Dividends for Shareholders for the Next Three Years, which shall be submitted to a general meeting for review and voting.
2. The Company may make adjustments to the plan on distribution of dividends for shareholders in the event of force majeure such as war and natural disaster that has a significant impact on its production and operation environment, or in the event of new regulations on profit distribution released by the competent authorities, as well as in accordance with its production and operation situation, investment planning and long-term development needs. Adjustments to the plan on distribution of dividends for shareholders shall be reviewed by the Board of Directors of the Company, the opinions of the independent Directors, and approval by a majority of all Directors before being submitted to a general meeting for approval by a special resolution. The Company shall at the same time allow online voting to enable minority shareholders to participate in the voting at the general meeting.
3. The Company's Plan on Distribution of Dividends for Shareholders for the Next Three Years was proposed by the Board of Directors and submitted to a general meeting for review. The independent Directors of the Company shall review and express their explicit opinions on the Plan on Distribution of Dividends for Shareholders for the Next Three Years, and the Board of Supervisors shall review and express its review opinion on the Plan on Distribution of Dividends for Shareholders for the Next Three Years.

V. DETAILS OF PLAN ON DISTRIBUTION OF DIVIDENDS FOR SHAREHOLDERS FOR THE NEXT THREE YEARS

1. 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.

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2. 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.

3. Conditions 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 significant investment plan or significant cash expenditure (except for fundraising 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.

4. Differentiated Cash Dividend Policies

The Company shall take into consideration various factors, including industry features, development stage, its business model and profitability as well as whether the Company has any substantial capital expenditure arrangement, 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;

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- (3) Where the Company is in a growing 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.

5. 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.

6. Decision-making Procedures and Mechanism for Profit Distribution

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 timing, conditions and minimum proportion of cash dividends, the conditions for adjustment and the requirements for decision-making procedures and so on. The plan shall be approved by more than half of all 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;

APPENDIX V DIVIDEND DISTRIBUTION PLAN FOR THE SHAREHOLDERS FOR THE NEXT THREE YEARS (2024 TO 2026)

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.

7. 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.

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8. 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.

VI. OTHER MATTERS REGARDING THE PLAN

The matters not covered in the Plan shall be executed in accordance with relevant laws, regulations, normative documents and the Articles of Association. The interpretation of the Company's Plan on Distribution of Dividends for Shareholders for the Next Three Years is in the sole discretion of the Board of Directors. The Plan shall take effect from the date of consideration and approval at a general meeting, and the same applies in case of modification.

Board of Directors of RemeGen Co., Ltd.

March 29, 2024

NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 first extraordinary general meeting (the “**EGM**”) of RemeGen Co., Ltd.* (榮昌生物製藥(煙台)股份有限公司) (the “**Company**”) will be held at Room 6134, Phase III Building of the Company at 58 Middle Beijing Road, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, the PRC on June 17, 2024 at 2:00 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the proposal in relation to the fulfilment of the conditions for the Proposed Issuance by the Company.
2. To consider and approve the proposal in relation to the Plan of the Proposed Issuance (each and every item as a separate resolution).
 - (1) Class and nominal value of Shares to be issued
 - (2) Method and time of issuance
 - (3) Target subscribers and subscription method
 - (4) Number of Shares to be issued
 - (5) Price Determination Date, issue price and pricing principles
 - (6) Lock-up period
 - (7) Amount and use of proceeds
 - (8) Listing venue of the Shares
 - (9) Distribution arrangement of accumulated profits
 - (10) Validity period of the resolutions in relation to the Proposed Issuance

NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING

3. To consider and approve the Proposal for the Proposed Issuance.
4. To consider and approve the proposal in relation to the Demonstration and Analysis Report regarding the Plan of the Proposed Issuance.
5. To consider and approve the proposal in relation to the Feasibility Report on the Use of Proceeds from the Proposed Issuance.
6. To consider and approve the proposal in relation to the Report on the Use of Proceeds Previously Raised.
7. To consider and approve the proposal in relation to the dilution of immediate return resulting from the Proposed Issuance and remedial measures adopted by the Company and undertakings by relevant subjects.
8. To consider and approve the proposal in relation to the Dividend Distribution Plan for the Shareholders for the Next Three Years (2024 to 2026).
9. To consider and approve the proposal for authorizing the Board and persons authorized by the Board to deal with all matters in relation to the Proposed Issuance at the general meeting.

By order of the Board
RemeGen Co., Ltd.*
榮昌生物製藥(煙台)股份有限公司
Mr. Wang Weidong
Chairman and executive Director

Yantai, the PRC
May 30, 2024

* *For identification purposes only*

NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

1. All resolutions at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The results of the poll will be published on the websites of the Company at www.remegen.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the EGM.
2. Any shareholder entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
3. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and returned to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), at least 24 hours before the EGM (i.e. before 2:00 p.m. on June 16, 2024) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude a shareholder from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish.
4. For the purpose of determining the list of holders of H Shares who are entitled to attend the EGM, the H share register of members of the Company will be closed from Wednesday, June 12, 2024 to Monday, June 17, 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of the shares shall ensure all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, June 11, 2024 for registration.
5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
6. The EGM is expected to take less than half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses. Shareholders may contact the Company at +86-0535-6113681 or rcsw@remegen.cn for any enquiries in respect of the EGM.

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