
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 stockbroker or licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Innovent Biologics, Inc.**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker, 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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Innovent
信達生物製藥
INNOVENT BIOLOGICS, INC.
(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 1801)

**(1) PROPOSED GRANTS OF RESTRICTED SHARES TO DIRECTORS
UNDER THE 2020 RS PLAN,
(2) PROPOSED ADOPTION OF THE 2024 SHARE SCHEME, AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committees and the
Independent Shareholders**

ALTUS CAPITAL LIMITED

A notice convening the Extraordinary General Meeting of Innovent Biologics, Inc. to be held on Friday, June 21, 2024 at 10 a.m. (or immediately after the conclusion of the annual general meeting of the Company held on the same day) at Yale meeting room, 5F, Administration Building, Innovent Biologics, 168 Dongping Street, Suzhou Industrial Park, China is set out on pages 91 to 96 of this circular. A form of proxy for use at the Extraordinary General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://innoventbio.com/>) respectively.

Whether or not you intend to attend the Extraordinary General Meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting (i.e. not later than 10 a.m. on Wednesday, June 19, 2024) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Extraordinary General Meeting if you so wish and in such event the form of proxy shall be deemed to be revoked. Treasury Shares, if any, and registered under the name of the Company shall have no voting rights at the Company's general meetings. For the avoidance of doubt and for the purpose of the Listing Rules, treasury Shares held under the name of CCASS shall abstain from voting at the Company's general meetings.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation. References to dates and time in this circular are to Hong Kong dates and time.

June 4, 2024

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DEFINITIONS

In this circular, unless otherwise defined or the context otherwise requires, the following terms or expressions shall have the following meanings:

“2018 RS Plan”	the restricted share plan adopted by the Company on October 15, 2018
“2020 Plan Adoption Date”	June 12, 2020
“2020 RS Plan”	the restricted share plan adopted by the Company on June 12, 2020
“2024 Scheme” or “2024 Share Scheme”	the share incentive scheme of the Company proposed to be approved at the EGM, a summary of the principal terms of which is set out in the Appendix II to this circular
“Adoption Date”	the date on which the 2024 Scheme is approved by the Shareholders at the EGM
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Award(s)”	an award granted under the 2024 Scheme by the Board to a Grantee, which may take the form of a Share Option or a Share Award and which shall be funded by Award Shares
“Award Letter”	a letter issued by the Company on the Grant Date in respect of each grant of Awards in such form as the Scheme Administrator may from time to time determine setting out the terms and conditions of the Award
“Award Shares”	new Shares (including treasury Shares) underlying an Award
“Board”	the board of Directors of the Company
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CMC”	chemistry, manufacturing and controls

DEFINITIONS

“Companies Act”	the Companies Act (As Revised) of the Cayman Islands
“Company”	Innovent Biologics, Inc., an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1801)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Chen”	Dr. Kaixian Chen, an independent non-executive Director
“Dr. Cooney”	Dr. Charles Leland Cooney, an independent non-executive Director
“Dr. Lu”	Dr. Shun Lu, an independent non-executive Director
“Dr. Yu”	Dr. De-Chao Michael Yu, an executive Director, the chairman of the Board, the chief executive officer and a substantial shareholder of the Company
“ED(s)”	executive Director(s)
“Eligible Participant(s)”	an Employee Participant, Related Entity Participant or Service Provider Participant
“Employee Participant(s)”	any person who is an employee (whether full-time or part-time), director or officer of any member of the Group, including persons who are granted Awards under the 2024 Scheme as an inducement to enter into employment contracts with any member of the Group. For the avoidance of doubt, “any member of the Group” refers to the Company or any one of its subsidiaries
“Exercise Period”	in respect of any Award, the period during which the Grantee may exercise the Award
“Exercise Price”	in respect of the Share Option, the price per Share at which the Grantee may subscribe for Shares upon the exercise of a Share Option awarded under the 2024 Scheme
“Existing Plans”	the 2020 RS Plan and the Post-IPO ESOP

DEFINITIONS

“Extraordinary General Meeting” or “EGM”	an extraordinary general meeting of the Company to be held to approve the resolutions contained in the notice of the meeting which is set out on pages 91 to 96 of this circular, or any adjournment thereof
“Grant Date”	the date on which the grant of an Award is made to a Grantee, being the date of the Award Letter in respect of such Award
“Grantee”	any Eligible Participant approved for participation in the 2024 Scheme and who has been granted any Award
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee A”	an independent committee of the Board comprising Dr. Cooney, Ms. Hsu, Dr. Chen, Mr. Zieziula and Dr. Lu established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed Grants to EDs
“Independent Board Committee B”	an independent committee of the Board comprising Dr. Cooney, Dr. Chen, Mr. Zieziula and Dr. Lu established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed Grant to Ms. Hsu
“Independent Board Committee C”	an independent committee of the Board comprising Ms. Hsu, Dr. Chen, Mr. Zieziula and Dr. Lu established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed Grant to Dr. Cooney
“Independent Board Committee D”	an independent committee of the Board comprising Dr. Cooney, Ms. Hsu, Mr. Zieziula and Dr. Lu established to advise the Independent Shareholders in respect of the non-exempt connected transaction(s) relating to the Proposed Grant to Dr. Chen

DEFINITIONS

“Independent Board Committee E”	an independent committee of the Board comprising Dr. Cooney, Ms. Hsu, Dr. Chen and Dr. Lu, established to advise the Independent Shareholders in respect of the non-exempt connected transactions relating to the Proposed Grant to Mr. Zieziula
“Independent Board Committee F”	an independent committee of the Board comprising Dr. Cooney, Ms. Hsu, Dr. Chen, Mr. Zieziula and Dr. Lu established to advise the Independent Shareholders in respect of the non-exempt connected transactions relating to the Proposed Grant to Mr. Nick Chen
“Independent Board Committees”	Independent Board Committee A, Independent Board Committee B, Independent Board Committee C, Independent Board Committee D, Independent Board Committee E and Independent Board Committee F
“Independent Financial Adviser” or “ALTUS”	Altus Capital Limited is a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committees and the Independent Shareholders on the terms of the non-exempt connected transaction(s) relating to the Proposed Grants
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the Extraordinary General Meeting to approve the Proposed Grants
“INEDs”	Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula
“Issue Price”	in respect of a Share Award, is the price per share a Grantee is required to pay to subscribe for the Shares comprising the Share Award
“Latest Practicable Date”	May 21, 2024, being the latest practicable date prior to the publication of this circular for ascertaining certain information of this circular
“Listing”	the listing of Shares on the Main Board of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“March Grant Announcement”	the announcement of the Company dated March 24, 2024 in relation to, among others, the Proposed Grants to EDs and the Proposed Grants to INEDs
“May Grant Announcement”	the announcement of the Company dated May 3, 2024 in relation to, among others, the Proposed Grant to Mr. Nick Chen
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. Ede”	Mr. Ronald Hao Xi Ede, an executive Director
“Mr. Nick Chen”	Mr. Shuyun Chen, an independent non-executive Director
“Mr. Zieziula”	Mr. Gary Zieziula, an independent non-executive Director
“Ms. Hsu”	Ms. Joyce I-Yin Hsu, an independent non-executive Director
“Ms. Zhang”	Ms. Qian Zhang, an executive Director
“Nomination Committee”	the nomination committee of the Board
“NSCLC”	non-small cell lung cancer
“Post-IPO ESOP”	the post-IPO share option scheme adopted by the Company on June 12, 2018
“PRC” or “China”	the People’s Republic of China
“Proposed Grant to Dr. Chen”	the proposed grant of 5,730 Restricted Shares to Dr. Chen on March 22, 2024
“Proposed Grant to Dr. Cooney”	the proposed grant of 14,326 Restricted Shares to Dr. Cooney on March 22, 2024
“Proposed Grant to Dr. Yu”	the proposed grant of 2,754,000 Restricted Shares to Dr. Yu on March 22, 2024

DEFINITIONS

“Proposed Grant to Mr. Ede”	the proposed grant of 756,500 Restricted Shares to Mr. Ede on March 22, 2024
“Proposed Grant to Mr. Nick Chen”	the proposed grant of 9,551 Restricted Shares to Mr. Nick Chen on May 3, 2024
“Proposed Grant to Mr. Zieziula”	the proposed grant of 62,079 Restricted Shares to Mr. Zieziula on March 22, 2024
“Proposed Grant to Ms. Hsu”	the proposed grant of 14,326 Restricted Shares to Ms. Hsu on March 22, 2024
“Proposed Grants”	the Proposed Grants to EDs, the Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen
“Proposed Grants to EDs”	the Proposed Grant to Dr. Yu and the Proposed Grant to Mr. Ede
“Proposed Grants to INEDs”	the Proposed Grant to Dr. Cooney, the Proposed Grant to Ms. Hsu, the Proposed Grant to Dr. Chen and the Proposed Grant to Mr. Zieziula
“Remuneration Committee”	the remuneration committee of the Board
“Related Entity Participant(s)”	any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of a holding company of the Company, a subsidiary of that holding company, or an associated company of the Company, as further detailed in the Appendix II to this circular
“Restricted Share(s)”	restricted share(s), each representing a contingent right to receive one Share, which is awarded under the 2018 RS Plan or 2020 RS Plan (as the case may be)
“RMB”	Renminbi, the lawful currency of China
“Scheme Administrator”	the Board and/or any committee of the Board or other person to whom the Board has delegated its authority to administer the 2024 Scheme in accordance with the Scheme Rules
“Scheme Rules” or “2024 Scheme Rules”	the rules relating to the 2024 Scheme as amended from time to time

DEFINITIONS

“Service Provider Participant(s)”	persons (including entities) providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Scheme Administrator pursuant to criteria set out in the 2024 Scheme Rules, as further detailed in the Appendix II to this circular
“Service Provider Sublimit”	shall have the meaning as set out on pages 79 and 80 of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each (save for any treasury Shares, the holders of which shall abstain from voting at the Company’s general meetings)
“Share Award”	an award which vests in the form of the right to subscribe for and/or to be issued such number of Award Shares (including any transfer of Shares out of treasury that are held as treasury Shares) as the Scheme Administrator may determine at the Issue Price in accordance with the terms of the 2024 Scheme Rules
“Share Option”	an award which vests in the form of the right to subscribe for such number of Award Shares (including any transfer of Shares out of treasury that are held as treasury Shares) as the Scheme Administrator may determine during the Exercise Period at the Exercise Price in accordance with the terms of the 2024 Scheme Rules
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“substantial shareholder”	has the meaning ascribed to it by the Listing Rules

DEFINITIONS

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-Backs issued by the Securities and Futures Commission in Hong Kong, as amended from time to time
“treasury Shares”	has the meaning ascribed to it under the Listing Rules which will come into effect on June 11, 2024 and as amended from time to time
“US\$”	United States dollars, the lawful currency of the USA
“USA”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Vesting Date(s)”	the date or dates, as determined from time to time by the Scheme Administrator, on which an Award (or part thereof) is to vest in the relevant Grantee and upon which the Grantee may exercise the Award as determined by the Scheme Administrator pursuant to the 2024 Scheme Rules, unless a different Vesting Date is deemed to occur in accordance with the 2024 Scheme Rules
“%”	per cent

LETTER FROM THE BOARD

Innovent

信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

Executive Directors:

Dr. De-Chao Michael Yu
*(Chairman of the Board and
chief executive officer)*

Mr. Ronald Hao Xi Ede

Ms. Qian Zhang

Independent non-executive Directors:

Dr. Charles Leland Cooney

Ms. Joyce I-Yin Hsu

Dr. Kaixian Chen

Mr. Gary Zieziula

Dr. Shun Lu

Mr. Shuyun Chen

Registered office:

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

*Head office and principal place of
business in China:*

168 Dongping Street
Suzhou Industrial Park
China 215123

Principal place of business in

Hong Kong:
Room 1901, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

June 4, 2024

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED GRANTS OF RESTRICTED SHARES TO DIRECTORS
UNDER THE 2020 RS PLAN,
(2) PROPOSED ADOPTION OF THE 2024 SHARE SCHEME, AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with the notice of Extraordinary General Meeting and further information in relation to, amongst others, the resolutions to be proposed at the Extraordinary General Meeting relating to the Proposed Grants, the recommendations of the Independent Board Committees in relation to the Proposed Grants, the recommendation of Independent Financial Adviser in relation to the Proposed Grants, and the proposed adoption of the 2024 Share Scheme, and to seek your approval of the resolutions relating to these matters at the EGM.

LETTER FROM THE BOARD

2. THE PROPOSED GRANTS

Reference is made to the March Grant Announcement and the May Grant Announcement. The 2020 RS Plan was adopted before the effective date of the amended Chapter 17 of the Listing Rules (effective on January 1, 2023). The Company has complied with the amended Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

As disclosed in the March Grant Announcement, subject to the acceptance of the grantees and the Independent Shareholders' approval at the EGM, on March 22, 2024, the Board resolved to grant under the 2020 RS Plan:

- 2,754,000 Restricted Shares to Dr. Yu, entitling Dr. Yu to receive 2,754,000 Shares upon full vesting, representing approximately 0.17% of the total number of issued Shares as at the Latest Practicable Date;
- 756,500 Restricted Shares to Mr. Ede, entitling Mr. Ede to receive 756,500 Shares upon full vesting, representing approximately 0.05% of the total number of issued Shares as at the Latest Practicable Date;
- 14,326 Restricted Shares to Dr. Cooney, entitling Dr. Cooney to receive 14,326 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date;
- 14,326 Restricted Shares to Ms. Hsu, entitling Ms. Hsu to receive 14,326 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date;
- 5,730 Restricted Shares to Dr. Chen, entitling Dr. Chen to receive 5,730 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date; and
- 62,079 Restricted Shares to Mr. Zieziula, entitling Mr. Zieziula to receive 62,079 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date.

As disclosed in the May Grant Announcement, subject to the acceptance of Mr. Nick Chen and the Independent Shareholders' approval at the EGM, on May 3, 2024, the Board resolved to grant under the 2020 RS Plan 9,551 Restricted Shares to Mr. Nick Chen, entitling Mr. Nick Chen to receive 9,551 Shares upon full vesting, representing approximately 0.00% of the total number of issued Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

The Proposed Grants to EDs

Details of the Proposed Grants to EDs are as follows:

Date of grant:	March 22, 2024
Name of grantee, the position held in the Company and the number of Restricted Shares granted under the 2020 RS Plan:	<ul style="list-style-type: none">• 2,754,000 Restricted Shares to Dr. Yu, executive Director, Chairman of the Board and chief executive officer of the Company• 756,500 Restricted Shares to Mr. Ede, executive Director

Each of the Restricted Shares granted to Dr. Yu and Mr. Ede represents the right to receive one Share on the date it vests.

Consideration:	Nil
Market price of the Shares on the date of grant:	HK\$36.00 per Share
Vesting period:	The Restricted Shares shall vest in Dr. Yu and Mr. Ede as follows: <ul style="list-style-type: none">• 75% shall vest on March 22, 2027; and• 25% shall vest on March 22, 2028.

Performance targets:	Each vesting of the Proposed Grants to EDs is subject to the individual annual performance targets as stipulated in the award letters entered into by the Company and each of Dr. Yu and Mr. Ede. The vesting percentage of the Restricted Shares at each vesting date (i.e. March 22, 2027 and March 22, 2028) may be adjusted based on Dr. Yu's or Mr. Ede's annual performance appraisal.
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LETTER FROM THE BOARD

Specifically, the Group will conduct an annual performance appraisal of Dr. Yu and Mr. Ede, respectively, based on performance appraisal criteria which shall be determined at the discretion of the Board (excluding Dr. Yu and Mr. Ede) with reference to their contribution to the Company and the overall pipeline progress, financial position and operating conditions of the Group and upon the meeting the performance targets, the final vesting percentage of the Proposed Grants to EDs would be dependent on each of Dr. Yu and Mr. Ede achieving a stipulated grade in their respective annual performance appraisal for the years 2024 to 2027. If the final vesting percentage is reduced, such portion of the Restricted Shares would be cancelled.

For the Proposed Grant to Dr. Yu, these performance result requirements relate to and include the overall performance of the Company, marketing and sales of commercialized products, progress of the Group's portfolio development plans and achievement of the business plans of the Group.

For the Proposed Grant to Mr. Ede, these performance result requirements relate to and include the overall performance of the Company, and achievement of targets in areas in fund management.

Clawback mechanisms:

If Dr. Yu or Mr. Ede (i) fails to meet the performance targets, the Company may cancel the Restricted Shares granted; and/or (ii) terminates his employment with the Group, the Restricted Shares granted shall automatically lapse according to the relevant schedule of the Company.

Based on the closing price of HK\$36.00 per Share as quoted on the Stock Exchange on the date of grant (i.e. March 22, 2024), the market value of the Restricted Shares under the Proposed Grant to Dr. Yu and the Proposed Grant to Mr. Ede amounts to approximately HK\$99,144,000.00 and HK\$27,234,000.00, respectively.

LETTER FROM THE BOARD

The Proposed Grants to INEDs

Details of the Proposed Grants to INEDs are as follows:

Date of grant:	March 22, 2024
Name of grantee, the position held in the Company and the number of Restricted Shares granted under the 2020 RS Plan:	<ul style="list-style-type: none">• 14,326 Restricted Shares to Ms. Hsu, independent non-executive Director• 14,326 Restricted Shares to Dr. Cooney, independent non-executive Director• 5,730 Restricted Shares to Dr. Chen, independent non-executive Director• 62,079 Restricted Shares to Mr. Zieziula, independent non-executive Director

Each of the Restricted Shares granted to the INEDs represents the right to receive one Share on the date it vests.

Consideration:	Nil
Market price of the Shares on the date of grant:	HK\$36.00 per Share
Vesting period:	<p>The Restricted Shares shall vest in the INEDs as follows:</p> <ul style="list-style-type: none">• 33.33% shall vest on March 22, 2025;• 33.33% shall vest on March 22, 2026; and• 33.33% shall vest on March 22, 2027.

LETTER FROM THE BOARD

Performance targets: There are no performance targets attached to the Restricted Shares granted to INEDs. Having considered that the main duties of the INEDs to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the INEDs and to preserve their objectivity and independence, the grant of Restricted Shares to INEDs without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the 2020 RS Plan.

Clawback mechanisms: If any of the INEDs resigns from his/her position, all unvested Restricted Shares granted to him/her shall automatically lapse.

Based on the closing price of HK\$36.00 per Share as quoted on the Stock Exchange on the date of grant (i.e. March 22, 2024), the market value of the Restricted Shares under the Proposed RS Grants to INEDs amounts to approximately HK\$3,472,596.00.

The Proposed Grant to Mr. Nick Chen

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

Date of grant:	May 3, 2024
Name of grantee, the position held in the Company and the number of Restricted Shares granted:	9,551 Restricted Shares to Mr. Nick Chen, an independent non-executive Director. Each of the Restricted Shares granted to Mr. Nick Chen represents the right to receive one Share on the date it vests.
Consideration:	Nil
Market price of the Shares on the date of grant:	HK\$40.90 per Share
Vesting period:	The Restricted Shares shall vest as follows: <ul style="list-style-type: none">• 33.33% shall vest on May 3, 2025;• 33.33% shall vest on May 3, 2026; and• 33.33% shall vest on May 3, 2027.

LETTER FROM THE BOARD

Performance targets:

There are no performance targets attached to the Restricted Shares granted to Mr. Nick Chen as an independent non-executive Director. Having considered that the main duties of the independent non-executive Directors to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the independent non-executive Directors and to preserve their objectivity and independence, the grant of Restricted Shares to independent non-executive Directors without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the 2020 RS Plan.

Clawback mechanisms:

If Mr. Nick Chen resigns from his position, all unvested Restricted Shares shall automatically lapse.

Based on the closing price of HK\$40.90 per Share as quoted on the Stock Exchange on the date of grant (i.e. May 3, 2024), the market value of the Restricted Shares under the Proposed Grant to Mr. Nick Chen amounts to approximately HK\$390,635.90.

LISTING RULES IMPLICATIONS

Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu, Dr. Chen, Mr. Zieziula and Mr. Nick Chen are the Directors. Therefore, they are connected persons of the Company, and each of the Proposed Grants and transactions contemplated therein constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

Dr. Yu

Pursuant to Chapter 14A of the Listing Rules, each of Dr. Yu and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Dr. Yu and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Yu and his associates is not interested in any Shares except Dr. Yu's interest in a total of 129,219,998⁽¹⁾ Shares or underlying Shares (and 371,747 short position Shares), representing approximately 7.94% (and 0.02% short position) of the total number of issued Shares as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the Proposed Grant to Dr. Yu and transactions contemplated therein. Accordingly, save for Dr. Yu, Gloria Bingqinzi Yu and Catherine Tong Yu (as cotrustees of the Yu Tong Family Irrevocable Trust, and respective beneficiary of Madrone Grove Dynasty Trust and Jenelope Dynasty Trust), no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Grant to Dr. Yu and transactions contemplated therein.

LETTER FROM THE BOARD

Save for Dr. Yu, no other Director is considered to have a material interest in the Proposed Grant to Dr. Yu and therefore none of them other than Dr. Yu abstained from voting on the relevant Board resolutions.

Mr. Ede

Pursuant to Chapter 14A of the Listing Rules, each of Mr. Ede and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Mr. Ede and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Mr. Ede and his associates is not interested in any Shares except Mr. Ede's interest in a total of 9,294,475⁽²⁾ Shares or underlying Shares, representing approximately 0.57% of the total number of issued Shares as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the Proposed Grant to Mr. Ede and transactions contemplated therein. Accordingly, save for Mr. Ede, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Grant to Mr. Ede and transactions contemplated therein.

Save for Mr. Ede, no other Director is considered to have a material interest in the Proposed Grant to Mr. Ede and therefore none of them other than Mr. Ede abstained from voting on the relevant Board resolutions.

Ms. Hsu

Pursuant to Chapter 14A of the Listing Rules, each of Ms. Hsu and her associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Ms. Hsu and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Ms. Hsu and her associates is not interested in any Shares or underlying Shares except Ms. Hsu's interest in a total of 108,002⁽³⁾ Shares or underlying Shares, representing approximately 0.01% of the total issued Shares as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the Proposed Grant to Ms. Hsu and transactions contemplated therein.

Save for Ms. Hsu, no other Director is considered to have a material interest in the Proposed Grant to Ms. Hsu and therefore none of them other than Ms. Hsu abstained from voting on the relevant Board resolutions.

Dr. Cooney

Pursuant to Chapter 14A of the Listing Rules, each of Dr. Cooney and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Dr. Cooney and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Cooney and his associates is not interested in any Shares except Dr. Cooney's interest in a total of 147,092⁽⁴⁾ Shares or underlying Shares, representing

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approximately 0.01% of the total issued Shares as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the Proposed Grant to Dr. Cooney and transactions contemplated therein.

Save for Dr. Cooney, no other Director is considered to have a material interest in the Proposed Grant to Dr. Cooney and therefore none of them other than Dr. Cooney abstained from voting on the relevant Board resolutions.

Dr. Chen

Pursuant to Chapter 14A of the Listing Rules, each of Dr. Chen and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Dr. Chen and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Dr. Chen and his associates is not interested in any Shares or underlying Shares except Dr. Chen's interest in a total of 46,020⁽⁵⁾ Shares or underlying Shares, representing approximately 0.00% of the total issued Shares as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the Proposed Grant to Dr. Chen and transactions contemplated therein.

Save for Dr. Chen, no other Director is considered to have a material interest in the Proposed Grant to Dr. Chen and therefore none of them other than Dr. Chen abstained from voting on the relevant Board resolutions.

Mr. Zieziula

Pursuant to Chapter 14A of the Listing Rules, each of Mr. Zieziula and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Mr. Zieziula and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Mr. Zieziula and his associates is not interested in any Shares or underlying Shares except Mr. Zieziula's interest in a total of 391,001⁽⁶⁾ Shares or underlying Shares, representing approximately 0.02% of the total issued Shares as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the Proposed Grant to Mr. Zieziula and transactions contemplated therein.

Save for Mr. Zieziula, no other Director is considered to have a material interest in the Proposed Grant to Mr. Zieziula and therefore none of them other than Mr. Zieziula abstained from voting on the relevant Board resolutions.

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Mr. Nick Chen

Pursuant to Chapter 14A of the Listing Rules, each of Mr. Nick Chen and his associates is required to abstain from voting on the resolutions at the EGM to approve the Proposed Grant to Mr. Nick Chen and transactions contemplated therein. To the best of the Directors' knowledge, information and belief: (i) each of Mr. Nick Chen and his associates is not interested in any Shares or underlying Shares except Mr. Nick Chen's interest in a total of 23,922⁽⁷⁾ Shares or underlying Shares, representing approximately 0.00% of the total issued Shares of the Company as at the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; and (ii) there are no other Shareholders having any material interest in the Proposed Grant to Mr. Nick Chen and transactions contemplated therein.

Save for Mr. Nick Chen, no other Director is considered to have a material interest in the Proposed Grant to Mr. Nick Chen and therefore none of them other than Mr. Nick Chen abstained from voting on the relevant Board resolutions.

Notes:

- (1) Among which, 2,754,000 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 22, 2024. The aforementioned grant remains subject to Independent Shareholders' approval at the EGM.
- (2) Among which, 756,500 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 22, 2024. The aforementioned grant remains subject to Independent Shareholders' approval at the EGM.
- (3) Among which, 14,326 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 22, 2024. The aforementioned grant remains subject to Independent Shareholders' approval at the EGM.
- (4) Among which, 14,326 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 22, 2024. The aforementioned grant remains subject to Independent Shareholders' approval at the EGM.
- (5) Among which, 5,730 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 22, 2024. The aforementioned grant remains subject to Independent Shareholders' approval at the EGM.
- (6) Among which, 62,079 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on March 22, 2024. The aforementioned grant remains subject to Independent Shareholders' approval at the EGM.
- (7) Among which, 9,551 Shares represent Shares to be issued upon full vesting of the Restricted Shares proposed to be granted under the 2020 RS Plan on May 3, 2024. The aforementioned grant remains subject to Independent Shareholders' approval at the EGM.

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Reasons and Rationale for the Proposed Grants

Purpose of the 2020 RS Plan and the Proposed Grants

The purpose of the 2020 RS Plan is to enable the Directors, officers, and other key contributors and employees of the Group to share the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf. For further details of the 2020 RS Plan, please refer to the section headed "Adoption of the 2020 RS Plan and the 2020 RS Plan Specific Mandate" in the circular of the Company dated May 28, 2020.

The Proposed Grants to EDs are part of the Company's remuneration policy. The purpose of such grants is to closely align the interests and benefits of the Company and its employees in order to maximize the motivation of the executive Directors. Dr. Yu and Mr. Ede have been invaluable to and instrumental in the Group's continued success and development. The number of Restricted Shares proposed to be granted to each of Dr. Yu and Mr. Ede was determined by the Remuneration Committee and the Directors having taken into account (i) where possible, the level of remuneration paid by comparable companies to their directors (in particular where such directors are also chief executive officers or chief financial officers, fund partner); (ii) the time commitment and contribution of each of Dr. Yu and Mr. Ede; (iii) the market practice regarding executive remuneration package structures of comparable companies; and (iv) based on their experience and knowledge of the industry, the importance of a biopharmaceutical company like the Group, which depends significantly highly educated and skilled individuals with the requisite business and industry knowledge, to retain, motivate and incentivize the Directors and senior management to run the Company successfully for the long term benefit of the Group. The Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognize their contribution to the growth of the Company.

In this regard, the Directors (including the independent non-executive Directors but excluding Dr. Yu (for the Proposed Grant to Dr. Yu) and Mr. Ede (for the Proposed Grant to Mr. Ede)) and the Remuneration Committee (excluding Dr. Yu (for the Proposed Grant to Dr. Yu)) consider that the terms of each of the Proposed Grants to EDs are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen form part of the remuneration to the independent non-executive Directors and have been approved by the Directors (excluding the Directors who were required to abstain from voting in the relevant resolutions in which he/she has a material interest in) and the Remuneration Committee (excluding Ms. Hsu (for the Proposed Grant to Ms. Hsu) and Dr. Chen (for the Proposed Grant to Dr. Chen)). The Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen were granted in light of the continued progress and performance of the Company and aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company. The number of Restricted Shares proposed to be granted to each of Ms. Hsu, Dr.

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Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen was determined by the Remuneration Committee and the Directors having taken into account (i) where possible, the level of remuneration paid by comparable companies to their independent non-executive directors; (ii) the time commitment and contribution of independent opinion and judgment to the Board of each of the independent non-executive Directors; (iii) the market practice regarding non-executive remuneration package structures of comparable companies; and (iv) based on their experience and knowledge of the industry, the importance of a biopharmaceutical company like the Group, which depends significantly on highly educated and skilled individuals with the requisite business and industry knowledge, to retain, motivate and incentivize the Directors.

In this regard, the Directors (including the independent non-executive Directors but excluding Ms. Hsu (for the Proposed Grant to Ms. Hsu), Dr. Cooney (for the Proposed Grant to Dr. Cooney), Dr. Chen (for the Proposed Grant to Dr. Chen), Mr. Zieziula (for the Proposed Grant to Mr. Zieziula) and Mr. Nick Chen (for the Proposed Grant to Mr. Nick Chen)) and the Remuneration Committee (excluding Ms. Hsu (for the Proposed Grant to Ms. Hsu) and Dr. Chen (for the Proposed Grant to Dr. Chen)) consider that the terms of each of the Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Shares available for grant under the 2020 RS Plan

Pursuant to the 2020 RS Plan, the number of Restricted Shares which may be granted pursuant to the 2020 RS Plan during the 12 months following the 2020 Plan Adoption Date, being June 12, 2020, shall not exceed 2% of the total number of issued Shares as of the 2020 Plan Adoption Date, and the number of Restricted Shares which may be granted during the 12 months following each anniversary date after the 2020 Plan Adoption Date shall not exceed 2% of the total number of issued Shares as of such corresponding anniversary date. The Proposed Grants are subject to this 2% annual limit.

The total number of Shares issued and may be issued by the Company within five years of June 12, 2020 for distribution of Shares corresponding to the Restricted Shares granted under the 2020 RS Plan shall not exceed 67,152,410 Shares. As of the Latest Practicable Date (after taking into account of the above Proposed Grants), 8,173,403 Shares are available for future grant under the 2020 RS Plan.

The above said, the Board has resolved that immediately upon the 2024 Scheme taking effect, the 2020 RS Plan shall terminate and the Company shall not grant any further awards under the 2020 RS Plan thereafter, provided that any awards granted under the 2020 RS Plan which remained unvested immediately before the termination shall continue to be valid and available for vesting in accordance with the terms of the grant and scheme rules of the 2020 RS Plan. As at the Latest Practicable Date, an aggregate of 53,989,625 Restricted Shares (including the Proposed Grants, and pursuant to which a maximum of 53,989,625 Shares may be issued by the Company if fully vested) remain unvested under the 2020 RS Plan. The Company has no specific intention to grant any further Restricted Shares under the 2020 RS Plan between the Latest Practicable Date and the effective date of the 2024 Scheme (if adopted).

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Rationale of the Proposed Grants

The Proposed Grants to EDs

Background and contribution of Dr. Yu

The Board proposed to remunerate Dr. Yu with the Proposed Grant to Dr. Yu after considering Dr. Yu's integral role as founder and chief executive officer of the Company, his extensive background and experience in the biopharmaceutical industry, his unparalleled contributions to the growth of the Group and the continued development of the Group since the Listing.

Dr. Yu is the founder, an executive Director, the chairman of the Board, the chief executive officer of the Company, the chairman of each of the Nomination Committee and Strategy Committee and a member of the Remuneration Committee. He founded the Group on April 28, 2011 and is responsible for the overall strategic planning and business direction of our Group and management of the Company. Dr. Yu received his doctoral degree in Molecular Genetics from the Chinese Academy of Sciences (Shanghai, China) and completed his postdoctoral training at the University of California San Francisco (San Francisco, USA). Prior to founding the Company, Dr. Yu was the President, the chief executive officer and a director of Chengdu Kanghong Biotech Co. Ltd. from 2006 to 2010. Previously, Dr. Yu was the vice president of research and development at Applied Genetic Technology Corporation (a company subsequently listed on the NASDAQ with ticker symbol: AGTC) in 2005. Between 1997 and 2001, Dr. Yu was the vice president of Calydon, Inc. which was later acquired by Cell Genesys, Inc. (a company subsequently listed on the NASDAQ with ticker symbol: CEGE), and worked there till 2005 mainly responsible for a significant part of the company's early research and development.

Dr. Yu has always aspired to develop and commercialize high-quality biopharmaceuticals that are affordable for all patients regardless of socioeconomic status or background. With over 20 years of experience engaged in innovative research on biopharmaceuticals, he has invented 4 Class I new drugs and been key to their success. Dr. Yu invented the world's first commercialized oncolytic virus-based immunotherapeutic product, Oncorine[®] (recombinant human type-5 adenovirus injection), setting a precedent for the use of viruses to treat tumors. Dr. Yu co-invented and led the development of Langmu[®] (Conbercept eye injection), and TYVYT[®] (sintilimab injection), an innovative PD-1 inhibitor for relapsed or refractory classical Hodgkin's lymphoma (r/r cHL), 1L nsq NSCLC, 1L sq NSCLC and 1L HCC, etc.. Dr. Yu has also co-invented and led the development of SINTBILO[®] (tafolecimab injection), the first domestic fully human anti-PCSK9 monoclonal antibody approved in China.

Dr. Yu is an inventor of over 60 issued patents and patent applications, and has published more than 50 SCI scientific articles and book chapters. Dr. Yu has been an independent non-executive director of Dian Diagnostics Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code: 300244) since November 2023. Dr. Yu was an independent non-executive director of Cheerwin Group Limited (a company listed on the Main Board of the

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Stock Exchange with stock code: 6601) from February 2021 to October 2022 and an independent non-executive director of BabyTree Group (a company listed on Main Board of the Stock Exchange with stock code: 1761) from June 2018 to May 2023.

In addition to Dr. Yu's numerous achievements, he has also been indispensable to the growth of the Group. A highly accomplished scientist, innovator and entrepreneur, Dr. Yu has spearheaded the Group's mission to create a premier global biopharmaceutical company that develops, manufactures and commercializes high quality drugs that are affordable to ordinary people. The Group's success in the past years serve as testament to Dr. Yu's contribution and leadership. For further details in relation to Dr. Yu's background, please refer to the section headed "Directors and Senior Management" in the 2023 annual report of the Company.

Background and contribution of Mr. Ede

The Board proposed to remunerate Mr. Ede with the Proposed Grant to Mr. Ede after considering Mr. Ede's contribution to the Group in terms of strategy development, financial matters and investor relations etc., and his background and experience as chief financial officer of companies in the biotechnology and biopharmaceutical industry.

Mr. Ede is an executive Director and a member of the Strategy Committee and partner of the Company's funds. Mr. Ede served as the chief financial officer of the Company from August 2017 to February 2024 and has made significant contributions to the Company's strategy planning, corporate governance, financial management and business development. Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Ltd. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited. Mr. Ede is a fellow member of the Institute of Singapore Chartered Accountants and an A-Share independent director certified by the Shenzhen Stock Exchange. Mr. Ede received his bachelor of business administration degree from the University of Hawaii in December 1984 and a master of business administration degree from the University of Washington in December 1988. Mr. Ede has held directorships in the following listed companies outside of the Group:

- Mindray Medical International Limited (a company previously listed on the New York Stock Exchange (the "NYSE") and is currently listed on the Shenzhen Stock Exchange with stock code: 300760) as an independent non-executive director since 2006; and resigned as an independent non-executive director in 2016 after the company was privatized from the NYSE. In 2017, he rejoined the board as an independent non-executive director for Mindray and resigned on May 2023; and
- Dawnrays Pharmaceutical (Holding) Ltd. (a company listed on the Stock Exchange with stock code: 2348) as a non-executive director since 2015. In 2017, Mr. Ede was re-designated as an independent non-executive director.

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Mr. Ede has been instrumental to the Group's development and success, bringing his extensive experience to managing the overall financial matters and investor relations of the Group. For further details in relation to Mr. Ede's background, please refer to the section headed "Directors and Senior Management" in the 2023 annual report of the Company.

Retention and recognition of Dr. Yu and Mr. Ede

The Board considered the retention and motivation of Dr. Yu and Mr. Ede as an indispensable part of the senior management of the Group and in light of the Group's progress since the Listing is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of leadership. The Proposed Grants to EDs form part of the remuneration to executive Directors and has been approved by the Remuneration Committee (excluding Dr. Yu (for the Proposed Grant to Dr. Yu)). The Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formulation of strategy and long-term development of the Company and to recognize their contribution to the growth of the Company.

The Board proposed to remunerate Dr. Yu and Mr. Ede with the Proposed Grants to EDs after considering the benefits of granting Restricted Shares. The grant of the Restricted Shares will provide Dr. Yu and Mr. Ede with certainty of monetary benefits. Such grant that can be realized and is readily available at the end of the vesting period is akin to payment of a deferred bonus and hence an effective incentive. In addition, the Proposed Grants to EDs will further align the interests of Dr. Yu and Mr. Ede and the long-term interests of the Shareholders, ensuring a better linkage between the Company's long-term strategic and financial goals and executive compensation.

The numbers of the Restricted Shares to be granted to Dr. Yu and Mr. Ede were determined by the Company and each of Dr. Yu and Mr. Ede upon arm's length negotiations with each of them taking into account all of the aforementioned factors and the average monetary values of the Restricted Shares granted to directors and/or senior management of other companies in the industry with comparable size.

The Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen

Background and contribution of Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen

The Board proposed to remunerate the INEDs with the Proposed Grants to INEDs and Mr. Nick Chen with the Proposed Grant to Mr. Nick Chen in light of the continued progress of the Company and after considering each of Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen's contribution to the Group via providing their independent opinion and judgment to the Board, as well as the background and experience of each of the independent non-executive Directors, and the guidance and supervise on the Company's development strategy making and implementation. In particular, the Board proposed to remunerate Mr. Nick

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Chen with the Proposed Grant to Mr. Nick Chen to attract, incentivize and remunerate Mr. Nick Chen in re-joining the Group after Mr. Nick Chen's resignation from his position as non-executive Director in February 2022, and aims to encourage Mr. Nick Chen to work towards enhancing the value of the Company and the Shares for the benefits of the Company and Shareholders as a whole and in providing guidance and supervision on the Company's development strategy making and implementation. Dr. Cooney, Dr. Chen, Mr. Zieziula, Ms. Hsu and Mr. Nick Chen are highly esteemed in their respective fields.

Dr. Cooney joined the faculty of the Massachusetts Institute of Technology as an assistant professor in 1970, becoming full professor in 1982. His teaching focuses on the bioprocess development and manufacturing and technological innovation, and his research interests include biochemical engineering and pharmaceutical manufacturing. From 2002 to 2014, Dr. Cooney was the founding faculty director of the Deshpande Center for Technological Innovation. Dr. Cooney is also a consultant to multiple biotech and pharmaceutical companies.

Dr. Chen has been a professor of the Shanghai Institute of Materia Medica, Chinese Academy of Sciences, since 1990, served as its director between 1996 and 2004, and has served as director of its degree committee between 2014 and May 2019. Dr. Chen has also been a professor of the Shanghai University of Traditional Chinese Medicine since 2005, served as its president from 2005 to 2014, and has served as chairman of its academic committee since 2014. Dr. Chen holds professional memberships and qualifications in different capacities in numerous organizations in the PRC in the field of biotechnology and biopharmaceuticals.

Mr. Zieziula has over 40 years of sales and operations experience in the pharmaceutical industry and had worked for industry leaders across Europe and North America. He has been the president of Kyowa Kirin USA Holdings, Inc. since from April 2020 to April 2023 and the non-executive director from June 2019 to April 2020. Mr. Zieziula previously was the chief commercial officer of EMD Serono from January 2014 to January 2016, and the president and managing director from January 2016 to January 2019. He has been an independent provider of executive advisory services to pharmaceutical and biotech companies from December 2012 to January 2014. Mr. Zieziula served as the chief commercial officer and the executive vice president of AMAG Pharmaceuticals, Inc. from April 2010 to December 2012. Prior to that, he worked for Roche Laboratories Inc. from October 2001 to June 2008. From June 1998 to October 2001, he served as the vice president in managed healthcare sales and marketing for Bristol Myers Squibb. Prior to that, Mr. Zieziula spent 16 years at Merck & Co. where he had positions of increasing responsibility in sales and marketing.

Ms. Hsu has extensive experience in finance and investment fields, being a senior advisor of Cornell Capital and has been involved in since its founding in 2013 towards the sourcing, evaluation, execution and ownership of investments, including strategies for cross-border expansion. Ms. Hsu was a partner at Zoyi Capital from 2013 to 2015, being mainly responsible for investments and portfolio company monitoring. Prior to this, Ms. Hsu served as chief financial officer and director at Mindray between 2006 and 2009, leading Mindray through its NYSE IPO in 2006 and subsequently two overseas acquisitions in 2008 and 2013. She subsequently acted as the sole adviser of Mindray on its delisting and private placement in

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2016. Before that, Ms. Hsu was an executive director at Goldman Sachs Asia between 1998 and 2006, where she led the investment efforts in a number of successful deals in China including Focus Media Holding Limited, China Yurun Food Group Limited, and Mindray Medical International Limited, she was also heavily involved in the investments of C&M Communications in Korea and Japan Telecom in Japan.

Mr. Nick Chen spent over 18 years with the Capital Group Companies (“**Capital Group**”), one of the world’s largest and most successful professional investment organizations, in Hong Kong and Singapore. In 2024, he retired from Capital Group as Partner in charge of Capital Group Private Markets (“**CGPM**”) in the Greater China region and a member of CGPM’s global Portfolio Management Committee. During his tenure, he successfully invested in, advised, and served as a board director of many leading companies in the healthcare, technology, and financial industries. Prior to joining Capital Group in 2005, Mr. Chen worked at J.P. Morgan in investment banking roles in New York and Hong Kong from 1999, leaving as Vice President of the Asia mergers and acquisitions group.

For further details in relation to the biography and background of the INEDs, please refer to the section headed “Directors and Senior Management” in the 2023 annual report of the Company and for Mr. Nick Chen’s background, please refer to the announcement of the Company dated May 3, 2024, in respect of his appointment as independent non-executive Director.

Rationale of the Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen

The Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen form part of the remuneration to the independent non-executive Directors and has been approved by the Remuneration Committee (excluding Ms. Hsu (for the Proposed Grant to Ms. Hsu) and Dr. Chen (for the Proposed Grant to Dr. Chen)). The Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen are granted in light of the continued progress and performance of the Company and aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

The Board proposed to remunerate the INEDs with the Proposed Grants to INEDs and Mr. Nick Chen with the Proposed Grant to Mr. Nick Chen after considering the benefits of granting the Restricted Shares. The Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen were determined by the Company and each of Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen upon arm’s length negotiations with each of them taking into account all of the aforementioned factors and the value of stocks granted to independent non-executive directors of other companies in the industry with comparable size.

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The historical grants of Restricted Shares under the 2018 RS Plan and the 2020 RS Plan to each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen

Details of the movements of the Restricted Shares granted under the 2018 RS Plan (which was terminated in its entirety on June 12, 2020) to each of Dr. Yu and Mr. Ede are as follows:

Name of director	Date of grant	Unvested as at January 1, 2023	Vested during	Unvested as at the Latest Practicable Date	Vesting Period
			the year ended December 31, 2023 up to the Latest Practicable Date		
Dr. Yu	May 2, 2019	2,760,719	2,760,719	Nil	5 years from the date of grant, 20% shall vest each year
	Apr 15, 2020	1,450,000	1,450,000	Nil	75% shall vest on April 15, 2023; 25% shall vest on April 15, 2024
Mr. Ede	Apr 15, 2020	320,000	320,000	Nil	75% shall vest on April 15, 2023; 25% shall vest on April 15, 2024

Note: There were no unvested grants of Restricted Shares under the 2018 RS Plan to Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen as at January 1, 2023 and the Latest Practicable Date.

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Details of the movements of the Restricted Shares granted under the 2020 RS Plan to each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Nick Chen are as follows:

Name of director	Date of grant	Unvested as at January 1, 2023	Vested during the year ended December 31, 2023 up to the Latest Practicable Date	Unvested as at the Latest Practicable Date	Vesting Period
Dr. Yu	Mar 30, 2021	725,000	543,750	181,250	75% shall vest on March 30, 2024; 25% shall vest on March 30, 2025
	Mar 30, 2022	2,032,334	–	2,032,334	75% shall vest on March 30, 2025; 25% shall vest on March 30, 2026
	Mar 30, 2023	2,430,000	–	2,430,000	75% shall vest on March 30, 2026; 25% shall vest on March 30, 2027
Mr. Ede	Mar 30, 2021	160,000	120,000	40,000	75% shall vest on March 30, 2024; 25% shall vest on March 30, 2025
	Mar 30, 2022	560,644	–	560,644	75% shall vest on March 30, 2025; 25% shall vest on March 30, 2026
	Mar 30, 2023	670,000	–	670,000	75% shall vest on March 30, 2026; 25% shall vest on March 30, 2027
Ms. Hsu	Mar 30, 2022	4,828	3,218	1,610	33.33% shall vest on March 30, 2023; 33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025
	Mar 30, 2023	4,496	1,499	2,997	33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025; and 33.33% shall vest on March 30, 2026

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Name of director	Date of grant	Unvested as at January 1, 2023	Vested during the year ended December 31, 2023 up to the Latest Practicable Date	Unvested as at the Latest Practicable Date	Vesting Period
Dr. Cooney	Mar 30, 2022	4,828	3,218	1,610	33.33% shall vest on March 30, 2023; 33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025
	Mar 30, 2023	4,496	1,499	2,997	33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025; and 33.33% shall vest on March 30, 2026
Dr. Chen	Mar 30, 2022	1,931	1,288	643	33.33% shall vest on March 30, 2023; 33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025.
	Mar 30, 2023	1,798	599	1,199	33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025; and 33.33% shall vest on March 30, 2026
Mr. Zieziula	Jun 1, 2022	14,631	4,877	9,754	33.33% shall vest on June 1, 2023; 33.33% shall vest on June 1, 2024; and 33.33% shall vest on June 1, 2025
	Mar 30, 2023	19,482	6,494	12,988	33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025; and 33.33% shall vest on March 30, 2026

Note: There were no unvested grants of Restricted Shares under the 2020 RS Plan to Mr. Nick Chen as at January 1, 2023 and the Latest Practicable Date.

LETTER FROM THE BOARD

Dilution effect

Assuming Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen become fully entitled to all Shares underlying the Restricted Shares granted under the Proposed Grants, the total number of such underlying Shares would amount to 3,616,512 Shares, or approximately 0.22% of the total number of issued Shares as at the Latest Practicable Date. Assuming such underlying Shares will be newly issued, such Shares will represent 0.22% of the total number of issued Shares upon completion of issue.

The shareholding structure of the Company before and after Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen become fully entitled to all Shares underlying the Restricted Shares granted under the Proposed Grants is summarized as follows:

	As at the Latest Practicable Date ⁽¹⁾		As at the Latest Practicable Date and excluding the Proposed Grants <i>No. of Shares and underlying Shares as notified pursuant to the SFO⁽²⁾</i>		Assuming full vesting and issuance of the Proposed Grants <i>No. of Shares and underlying Shares as notified pursuant to the SFO⁽³⁾</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Dr. Yu	110,625,525 ⁽⁴⁾	6.80	126,465,998	7.77	129,219,998	7.92
Mr. Ede	4,255,616 ⁽⁵⁾	0.26	8,537,975	0.52	9,294,475	0.57
Ms. Zhang	334,494 ⁽⁶⁾	0.02	6,388,829	0.39	6,388,829	0.39
Ms. Hsu	6,311 ⁽⁷⁾	0.00	93,676	0.01	108,002	0.01
Dr. Cooney	45,401 ⁽⁸⁾	0.00	132,766	0.01	147,092	0.01
Dr. Chen	5,346 ⁽⁹⁾	0.00	40,290	0.00	46,020	0.00
Mr. Zieziula	4,877 ⁽¹⁰⁾	0.00	328,922	0.02	391,001	0.02
Mr. Nick Chen	11,000 ⁽¹¹⁾	0.00	14,371	0.00	23,922	0.00
Other Shareholders⁽¹²⁾	1,512,414,120	92.92	1,485,699,863	91.28	1,485,699,863	91.07
Total	1,627,702,690	100.00	1,627,702,690 ⁽¹³⁾	100.00	1,631,319,202 ⁽¹⁴⁾	100.00

Notes:

- Assuming that no Shares are issued pursuant to the Proposed Grants and excluding (i) any options granted pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted pursuant to the 2018 RS Plan and the 2020 RS Plan.
- As notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, which would include holding in Shares and underlying Shares of (i) any options granted to the Directors pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted to the Directors pursuant to the 2018 RS Plan and the 2020 RS Plan and assuming full vesting of these grants. This column excludes the underlying Shares of the Proposed Grants.

LETTER FROM THE BOARD

3. As notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, which would include holding in Shares and underlying Shares of (i) any options granted to the Directors pursuant to the Post-IPO ESOP and (ii) other Restricted Shares previously granted to the Directors pursuant to the 2018 RS Plan and the 2020 RS Plan, and assuming full vesting of these grants. This column includes the underlying Shares of the Proposed Grants.
4. Includes (i) 89,202,930 Shares held directly by Dr. Yu, (ii) 9,000,000 Shares held by Gloria Bingqinzi Yu and Catherine Tong Yu as co-trustees of Yu Tong Family Irrevocable Trust, of which Dr. Yu and his spouse are the grantors, and (iii) 12,422,595 Shares held by The Bryn Mawr Trust Company of Delaware as trustee of (a) Madrone Grove Dynasty Trust, and (b) Jenelope Dynasty Trust, of which Dr. Yu and his spouse are the grantors.
5. These Shares are held directly by Mr. Ede.
6. These Shares are directly held by Ms. Zhang.
7. These Shares are directly held by Ms. Hsu.
8. These Shares are held directly by Dr. Cooney.
9. These Shares are directly held by Dr. Chen.
10. These Shares are directly held by Mr. Zieziula.
11. These Shares are directly held by Mr. Nick Chen.
12. None of the other Shareholders are core connected persons of the Company.
13. This figure is calculated based on the total number of issued Shares of the Company as at the Latest Practicable Date, being 1,627,702,690 Shares, and is not the arithmetic total of the figures in this column.
14. This figure is based on the total number of issued Shares as at the Latest Practicable Date and assuming full issuance of all Shares underlying the Restricted Shares granted under the Proposed Grants, and without taking into account Shares which may be repurchased or issued by the Company (except for the Proposed Grants). It is not the arithmetic total of the figures in this column.

For further details on the interests and short positions of Dr. Yu, Mr. Ede, Ms. Zhang, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, please refer to the Appendix I to this circular.

Directors' views

Given that the Directors believe that the Proposed Grants will retain, motivate and incentivize Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen and will benefit the long term development of the Group, the Directors consider that the terms of the Proposed Grants are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

Independent Board Committees and Independent Financial Adviser

Independent Board Committee A, comprising Dr. Cooney, Ms. Hsu, Dr. Chen, Mr. Zieziula and Dr. Lu all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grants to EDs.

Independent Board Committee B, comprising Dr. Cooney, Dr. Chen, Mr. Zieziula and Dr. Lu all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Ms. Hsu.

Independent Board Committee C, comprising Ms. Hsu, Dr. Chen, Mr. Zieziula and Dr. Lu all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Dr. Cooney.

Independent Board Committee D, comprising Dr. Cooney, Ms. Hsu, Mr. Zieziula and Dr. Lu all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Dr. Chen.

Independent Board Committee E, comprising Dr. Cooney, Ms. Hsu, Dr. Chen and Dr. Lu all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Mr. Zieziula.

Independent Board Committee F, comprising Dr. Cooney, Ms. Hsu, Dr. Chen, Dr. Lu and Mr. Zieziula all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Mr. Nick Chen.

ALTUS has been appointed as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in relation to the above.

Listing Approval

The Stock Exchange has previously granted its approval of the listing of, and permission to deal in, new Shares which may be issued pursuant to the vesting of Restricted Shares which may be granted pursuant to the 2020 RS Plan on July 21, 2020. The Proposed Grants, if approved by the Shareholder at the EGM, will be issued and allotted from the Shares held on trust.

Information about the Company

The Company is a biopharmaceutical company committed to developing and commercializing high-quality innovative therapeutics that are affordable to ordinary people. Founded in 2011 by Dr. Yu, the Company has instituted global quality standards in every aspect of our business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of research, CMC, clinical development and commercialization capabilities.

LETTER FROM THE BOARD

3. PROPOSED ADOPTION OF THE 2024 SHARE SCHEME

On March 20, 2024, the Board has resolved to propose the adoption of the 2024 Scheme to be approved and adopted by the Shareholders. In proposing the adoption of the 2024 Scheme, the Board has considered that the respective scheme mandate under the Post-IPO ESOP and 2020 RS Plan will be fully utilized soon and the remaining shares available for grant under the Post-IPO ESOP and the 2020 RS Plan will not be sufficient to meet the Company's need for grant of share options and awards (as the case may be) in the near future, the Board proposes to adopt the 2024 Scheme to broaden the types of equity incentives that the Company can utilise as part of its incentive strategy and also to ensure that the new scheme adopted shall be in compliance with the requirements of Chapter 17 of the Listing Rules.

Purpose of the 2024 Scheme

The purpose of the 2024 Scheme is to provide the Company with a flexible means of, attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to Eligible Participants through aligning the interests of Eligible Participants with those of the Company and Shareholders by providing them with an opportunity to acquire proprietary interests in the Company and become Shareholders, and thereby, encouraging Eligible Participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

Scheme mandate of the 2024 Scheme

As at the Latest Practicable Date, there were 1,627,702,690 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, the maximum number of Shares issuable pursuant to the 2024 Scheme and any other schemes of the Company (if any) in aggregate will be 162,770,269 Shares, being 10% of the total number of Shares in issue on the date of approval of the 2024 Scheme.

Condition of the adoption of the 2024 Scheme

As at the Latest Practicable Date, no trustee has been appointed to administer and implement the 2024 Scheme.

Adoption of the 2024 Scheme is conditional upon:

- (a) the passing of the ordinary resolutions by the Shareholders at the EGM to approve and adopt the 2024 Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in the Shares to be allotted and issued pursuant to the Awards.

LETTER FROM THE BOARD

The Existing Plans

Conditional upon the adoption of the 2024 Scheme, the Existing Plans shall terminate, and the Company shall not:

- (a) grant any further awards under the 2020 RS Plan thereafter, provided that any awards granted under the 2020 RS Plan which remained unvested immediately before the termination shall continue to be valid and available for vesting in accordance with the terms of the grant and original scheme rules of the 2020 RS Plan. For details, please refer to the section headed “Shares available for grant under the 2020 RS Plan” on page 20 of this circular.
- (b) grant any further options under the Post-IPO ESOP thereafter, provided that any options granted under the Post-IPO ESOP which remained outstanding immediately before the termination shall continue to be valid and exercisable in accordance with the terms of the grant and original scheme rules of the Post-IPO ESOP. As at the Latest Practicable Date, an aggregate of 59,251,729 options (pursuant to which a maximum of 59,251,729 Shares may be issued by the Company if fully exercised) remain outstanding under the Post-IPO ESOP.

Explanation of the terms of the 2024 Scheme

Please see Appendix II to this circular for:

- (a) a summary of the principal terms of the 2024 Scheme. This summary serves as an overview of these terms and does not constitute the full reproduction of the terms or a comprehensive list of all the rules under the 2024 Scheme; and
- (b) *in italics and as notes to the summary*, the views of the Directors and Remuneration Committee as to the appropriateness and reasonableness of particular terms and how they align with the purpose of the 2024 Scheme.

Value of Share Options

It is not practicable to state the value of all the Share Options that can be granted pursuant to the 2024 Scheme as if they had been granted on the Latest Practicable Date as a number of factors crucial for the calculation of the value of Share Options cannot be determined. Such factors include the exercise price, exercise period, any vesting period, any performance targets set and any other terms and conditions that the Board may impose with respect to the Share Options. Therefore, at this stage, any calculation of the value of the Share Options as at the Latest Practicable Date based on the large number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

LETTER FROM THE BOARD

Documents on display

Copy of the rules of each of the 2024 Scheme and the 2020 RS Plan will be published for 14 days from the date of this circular on the websites of the Stock Exchange and the Company, and the 2024 Scheme Rules will be made available for inspection at the EGM.

4. EXTRAORDINARY GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

Approval from the Independent Shareholders will be sought at the EGM for the Proposed Grants. The notice of the Extraordinary General Meeting is set out on pages 91 to 96 of this circular.

For determining the eligibility to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Tuesday, June 18, 2024 to Friday, June 21, 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 Extraordinary General Meeting, unregistered holders of Shares are required to lodge all transfer documents accompanied by the relevant share certificates and properly completed transfer forms with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, June 17, 2024.

5. PROXY ARRANGEMENT

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://innoventbio.com/>). Whether or not you intend to attend the Extraordinary General Meeting, you are required to complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Extraordinary General Meeting (i.e. not later than 10 a.m. on Wednesday, June 19, 2024) or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude you from attending and voting in person at the Extraordinary General Meeting if you so wish and in such event the form of proxy shall be deemed to be revoked.

6. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the Extraordinary General 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. An announcement on the poll results will be published by the Company after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

Treasury Shares, if any, and registered under the name of the Company shall have no voting rights at the Company's general meetings. For the avoidance of doubt and for the purpose of the Listing Rules, treasury Shares held under the name of CCASS shall abstain from voting at the Company's general meetings.

7. RECOMMENDATION

The Directors consider that the proposed resolutions including the granting of the Proposed Grants and the adoption of the 2024 Scheme are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Extraordinary General Meeting.

ALTUS has been appointed as the independent financial adviser to advise the Independent Board Committees and the Independent Shareholders with regard to the Proposed Grants and consider that each of the Proposed Grants are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Your attention is drawn to the letter of advice from ALTUS included in this circular containing its recommendation and the principal factors it has taken into account.

Independent Board Committee A, having taken the advice of ALTUS into account, considers the terms of the Proposed Grants to EDs fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee A recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grants to EDs. The full text of the letter from Independent Board Committee A is set out in this circular.

Independent Board Committee B, having taken the advice of ALTUS into account, considers the terms of the Proposed Grant to Ms. Hsu fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee B recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grant to Ms. Hsu. The full text of the letter from Independent Board Committee B is set out in this circular.

Independent Board Committee C, having taken the advice of ALTUS into account, considers the terms of the Proposed Grant to Dr. Cooney fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee C recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grant to Dr. Cooney. The full text of the letter from Independent Board Committee C is set out in this circular.

Independent Board Committee D, having taken the advice of ALTUS into account, considers the terms of the Proposed Grant to Dr. Chen fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee D recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grant to Dr. Chen. The full text of the letter from Independent Board Committee D is set out in this circular.

LETTER FROM THE BOARD

Independent Board Committee E, having taken the advice of ALTUS into account, considers the terms of the Proposed Grant to Mr. Zieziula fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee E recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grant to Mr. Zieziula. The full text of the letter from Independent Board Committee E is set out in this circular.

Independent Board Committee F, having taken the advice of ALTUS into account, considers the terms of the Proposed Grant to Mr. Nick Chen fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, Independent Board Committee F recommends the Independent Shareholders to vote in favor of the resolution relating to the Proposed Grant to Mr. Nick Chen. The full text of the letter from Independent Board Committee F is set out in this circular.

The Directors are of the opinion that the Proposed Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend that all Shareholders should vote in favor of the relevant resolutions in relation to the Proposed Grants to be proposed at the EGM.

RESPONSIBILITY STATEMENT

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

Yours faithfully,

By order of the Board

Innovent Biologics, Inc.

Dr. De-Chao Michael Yu

Chairman of the Board and Executive Director

Innovent

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 4, 2024

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grants to EDs, details of which are set out in the circular of the Company to the Shareholders dated June 4, 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of ALTUS, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Yu and Mr. Ede’s respective contributions to the Group and the terms of the Proposed Grants to EDs, we are of the view that the terms of the Proposed Grants to EDs are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grants to EDs are made on normal commercial terms and in the ordinary and usual course of the Group’s business, and are in the interests of the Company and the Shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grants to EDs.

Yours faithfully,

Charles Leland Cooney
*Independent
non-executive
Director*

Joyce I-Yin Hsu
*Independent
non-executive
Director*

Kaixian Chen
*Independent
non-executive
Director*

Gary Zieziula
*Independent
non-executive
Director*

Shun Lu
*Independent
non-executive
Director*

Innovent

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 4, 2024

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grant to Ms. Hsu, details of which are set out in the circular of the Company to the Shareholders dated June 4, 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of ALTUS, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Ms. Hsu’s contributions to the Group and the terms of the Proposed Grant to Ms. Hsu, we are of the view that the terms of the Proposed Grant to Ms. Hsu are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grant to Ms. Hsu is made on normal commercial terms and in the ordinary and usual course of the Group’s business, and is in the interests of the Company and the Shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grant to Ms. Hsu.

Yours faithfully,

Charles Leland Cooney

*Independent
non-executive
Director*

Kaixian Chen

*Independent
non-executive
Director*

Gary Zieziula

*Independent
non-executive
Director*

Shun Lu

*Independent
non-executive
Director*

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 4, 2024

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grant to Dr. Cooney, details of which are set out in the circular of the Company to the Shareholders dated June 4, 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of ALTUS, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Cooney’s contributions to the Group and the terms of the Proposed Grant to Dr. Cooney, we are of the view that the terms of the Proposed Grant to Dr. Cooney are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grant to Dr. Cooney is made on normal commercial terms and in the ordinary and usual course of the Group’s business, and is in the interests of the Company and the Shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grant to Dr. Cooney.

Yours faithfully,

Joyce I-Yin Hsu

*Independent
non-executive
Director*

Kaixian Chen

*Independent
non-executive
Director*

Gary Zieziula

*Independent
non-executive
Director*

Shun Lu

*Independent
non-executive
Director*

Innovent

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 4, 2024

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grant to Dr. Chen, details of which are set out in the circular of the Company to the Shareholders dated June 4, 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of ALTUS, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Dr. Chen’s contributions to the Group and the terms of the Proposed Grant to Dr. Chen, we are of the view that the terms of the Proposed Grant to Dr. Chen are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grant to Dr. Chen is made on normal commercial terms and in the ordinary and usual course of the Group’s business, and is in the interests of the Company and the Shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grant to Dr. Chen.

Yours faithfully,

Charles Leland Cooney

*Independent
non-executive
Director*

Joyce I-Yin Hsu

*Independent
non-executive
Director*

Gary Zieziula

*Independent
non-executive
Director*

Shun Lu

*Independent
non-executive
Director*

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 4, 2024

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grant to Mr. Zieziula, details of which are set out in the circular of the Company to the Shareholders dated June 4, 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of ALTUS, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Mr. Zieziula’s respective contributions to the Group and the terms of the Proposed Grant to Mr. Zieziula, we are of the view that the terms of the Proposed Grant to Mr. Zieziula are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grant to Mr. Zieziula are made on normal commercial terms and in the ordinary and usual course of the Group’s business, and are in the interests of the Company and the Shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grant to Mr. Zieziula.

Yours faithfully,

Charles Leland Cooney

*Independent
non-executive
Director*

Joyce I-Yin Hsu

*Independent
non-executive
Director*

Kaixian Chen

*Independent
non-executive
Director*

Shun Lu

*Independent
non-executive
Director*

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INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

June 4, 2024

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as an independent board committee of the Company to advise Independent Shareholders in connection with the Proposed Grant to Mr. Nick Chen, details of which are set out in the circular of the Company to the Shareholders dated June 4, 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of ALTUS, the independent financial adviser of the Company, in relation thereto as set out in the Circular, Mr. Nick Chen’s contributions to the Group and the terms of the Proposed Grant to Mr. Nick Chen, we are of the view that the terms of the Proposed Grant to Mr. Nick Chen are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that that the Proposed Grant to Mr. Nick Chen is made on normal commercial terms and in the ordinary and usual course of the Group’s business, and is in the interests of the Company and the Shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Proposed Grant to Mr. Nick Chen.

Yours faithfully,

Charles Leland Cooney

*Independent
non-executive
Director*

Joyce I-Yin Hsu

*Independent
non-executive
Director*

Kaixian Chen

*Independent
non-executive
Director*

Gary Zieziula

*Independent
non-executive
Director*

Shun Lu

*Independent
non-executive
Director*

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders in respect of the Proposed Grants, which have been prepared for the purpose of incorporation in this circular.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

June 4, 2024

To Independent Board Committees and the Independent Shareholders

Innovent Biologics, Inc.

Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Dear Sirs,

PROPOSED GRANTS OF RESTRICTED SHARES TO DIRECTORS UNDER THE 2020 RS PLAN

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in respect of the Proposed Grants, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated June 4, 2024 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the March Grant Announcement and the May Grant Announcement in relation to, among others, the Proposed Grants. On March 22, 2024 and May 3, 2024, the Board resolved to grant under the 2020 RS Plan (i) 2,754,000 Restricted Shares to Dr. Yu; (ii) 756,500 Restricted Shares to Mr. Ede; (iii) 14,326 Restricted Shares to Dr. Cooney; (iv) 14,326 Restricted Shares to Ms. Hsu; (v) 5,730 Restricted Shares to Dr. Chen; (vi) 62,079 Restricted Shares to Mr. Zieziula; and (vii) 9,551 Restricted Shares to Mr. Nick Chen, subject to the acceptance of the Grantees and the Independent Shareholders’ approval at the EGM.

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LISTING RULES IMPLICATIONS

Dr. Yu, Mr. Ede, Dr. Cooney, Ms. Hsu, Dr. Chen, Mr. Zieziula and Mr. Nick Chen are the Directors. Therefore, they are connected persons of the Company, and each of the Proposed Grants and transactions contemplated therein constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

THE INDEPENDENT BOARD COMMITTEES

Independent Board Committee A, comprising Dr. Cooney, Ms. Hsu, Dr. Chen, Mr. Zieziula and Dr. Lu, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grants to EDs.

Independent Board Committee B, comprising Dr. Cooney, Dr. Chen, Mr. Zieziula and Dr. Lu, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Ms. Hsu.

Independent Board Committee C, comprising Ms. Hsu, Dr. Chen, Mr. Zieziula and Dr. Lu, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Dr. Cooney.

Independent Board Committee D, comprising Dr. Cooney, Ms. Hsu, Mr. Zieziula and Dr. Lu, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Dr. Chen.

Independent Board Committee E, comprising Dr. Cooney, Ms. Hsu, Dr. Chen and Dr. Lu, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Mr. Zieziula.

Independent Board Committee F, comprising Dr. Cooney, Ms. Hsu, Dr. Chen, Dr. Lu and Mr. Zieziula, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Grant to Mr. Nick Chen.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committees and the Independent Shareholders as to (i) whether the terms of the Proposed Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the Proposed Grants are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the EGM in relation to the Proposed Grants.

We have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Proposed Grants is at market level and not conditional upon successful passing of the relevant resolutions to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the terms and conditions of the 2020 RS Plan; (ii) the annual report of the Company for the year ended December 31, 2023 (the “**2023 Annual Report**”); and (iii) other information set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Group, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Group, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any such statements, information, opinions or representations we relied on in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

1.1 Principal business of the Group

The Company is a leading biopharmaceutical company founded in 2011 by Dr. Yu with the mission to provide high-quality biologics that are affordable to all. The Company discovers, develops, manufactures and commercializes innovative medicines that treat some of the most intractable diseases. Its pioneering therapies treat cancer, cardiovascular and metabolic, autoimmune and eye diseases. Guided by the motto, “Start with Integrity, Succeed through Action,” the Company maintains the highest standard of industry practices and works collaboratively to advance the biopharmaceutical industry so that first-rate pharmaceutical drugs can become widely accessible. The Company has built a fully-integrated multi-functional biopharmaceutical platform consisting of research, CMC, clinical development and commercialisation capabilities.

According to the 2023 Annual Report, the Group’s total revenue amounted to approximately RMB6,206.1 million for the year ended December 31, 2023 (“FY2023”), representing a year-over-year increase of approximately 36.2%. In addition, the Group also grew its commercial product portfolio into ten products in 2023, with approval of two innovative products FUCASO[®] (Equecabtagene Autoleucel injection) and SINTBILO[®] (tafolecimab injection) in China. Additionally, the Company has 3 new drug applications under the China National Medical Products Administration’s review, 5 assets in Phase III or pivotal clinical trials and 18 more molecules in early clinical stage.

1.2 Previous grants

Subsequent to the Company’s listing on the Stock Exchange on October 31, 2018, the Company has granted Restricted Shares to Directors on (i) May 2, 2019 and April 15, 2020 under the 2018 RS Plan; and (ii) March 30, 2021, March 30, 2022, June 1, 2022 and March 30, 2023 under the 2020 RS Plan. For details of the historical grants of Restricted Shares under the 2018 RS Plan and the 2020 RS Plan, please refer to the paragraph headed “The historical grants of Restricted Shares under the 2018 RS Plan and the 2020 RS Plan to each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen” in the “Letter from the Board” of the Circular.

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We note that it is the Group's normal practice to utilise its restricted share plans to recognise the contributions of its Directors and employees and to incentivise them to further promote the development of the Group. As such, we are of the view that the Proposed Grants are in the ordinary and usual course of business of the Group.

1.3 Outlook of the Group

According to the 2023 Annual Report, the Group has positioned itself as a leading biopharmaceutical company in China and has outlined sustainable growth and global innovation as its long-term strategic goals. Moving forward, the Group will (i) solidify its leadership in the oncology field with continuous uptake of existing products, launch of late-stage products and a new wave of innovations in early stages; and (ii) build robust franchise and commercialisation capabilities in the cardiovascular and metabolic (CVM) field.

2. Reasons for and benefits of the Proposed Grants

Pursuant to the 2020 RS Plan, the purpose of the 2020 RS Plan is to enable the Directors, officers, and other key contributors and employees of the Group to share the success of the Company, in order to align the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

Proposed Grants to EDs

According to the paragraph headed "Reasons and Rationale of the Proposed Grants" in the "Letter from the Board" of the Circular, the Proposed Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Yu and Mr. Ede to participate in the formation of strategy and long-term development of the Company and to recognise their contribution to the growth of the Company. In this regard, the Board believes that Dr. Yu and Mr. Ede are indispensable parts of the senior management of the Group and are highly beneficial for the Group's development and expansion. In addition, the Proposed Grants to EDs can further align the interests of Dr. Yu and Mr. Ede and the long-term interests of the Company and the Shareholders through ownership of Shares.

Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen

According to the paragraph headed "Reasons and Rationale of the Proposed Grants" in the "Letter from the Board" of the Circular, the Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen aim to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgement to the Board in building the strategy and long-term development of the Company. The Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen form part of the remuneration to the independent non-executive Directors and are granted in light of the continued progress and performance of the Company.

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We understand from the Management that the Proposed Grants are in line with the Company's remuneration policy, which includes basic salary, performance-related bonus and long-term incentives (such as the 2020 RS Plan). The Proposed Grants align the interests of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen directly with the interests of the Shareholders through ownership of the Shares and help to further encourage them to devote their efforts to the Group's development.

Considering the importance of overall strategic formulation and innovation to the continued development of the Group's business, the Management believes, and we concur, that talent recruitment and retention is critical to the Group's growth going forward. As such, we are of the view that the Proposed Grants are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Proposed Grants

On March 22, 2024 and May 3, 2024, the Board resolved to grant under the 2020 RS Plan (i) 2,754,000 Restricted Shares to Dr. Yu; (ii) 756,500 Restricted Shares to Mr. Ede; (iii) 14,326 Restricted Shares to Dr. Cooney; (iv) 14,326 Restricted Shares to Ms. Hsu; (v) 5,730 Restricted Shares to Dr. Chen; (vi) 62,079 Restricted Shares to Mr. Zieziula; and (vii) 9,551 Restricted Shares to Mr. Nick Chen, subject to the acceptance of the grantees and the Independent Shareholders' approval at the EGM.

Set out below are summaries of the Proposed Grants. For details, please refer to the paragraph headed "2. The Proposed Grants" in the "Letter from the Board" of the Circular.

(i) *The Proposed Grants to EDs*

Name of grantee, the position held in the Company and the number of Restricted Shares granted under the 2020 RS Plan:	<ul style="list-style-type: none">• 2,754,000 Restricted Shares to Dr. Yu, executive Director, Chairman of the Board and chief executive officer of the Company.• 756,500 Restricted Shares to Mr. Ede, executive Director.
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Each of the Restricted Shares granted to Dr. Yu and Mr. Ede represents the right to receive one Share on the date it vests.

Consideration: Nil

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- Vesting period: The Restricted Shares shall vest in Dr. Yu and Mr. Ede as follows:
- 75% shall vest on March 22, 2027; and
 - 25% shall vest on March 22, 2028.
- Performance targets: Each vesting of the Proposed Grants to EDs is subject to the individual annual performance targets as stipulated in the award letters entered into by the Company and each of Dr. Yu and Mr. Ede. The vesting percentage of the Restricted Shares at each vesting date (i.e. March 22, 2027 and March 22, 2028) may be adjusted based on Dr. Yu's or Mr. Ede's annual performance appraisal.
- Specifically, the Group will conduct an annual performance appraisal of Dr. Yu and Mr. Ede respectively, based on performance appraisal criteria which shall be determined at the discretion of the Board (excluding Dr. Yu and Mr. Ede) with reference to their contribution to the Company and the overall pipeline progress, financial position and operating conditions of the Group and upon the meeting the performance targets, the final vesting percentage of the Proposed Grants to EDs would be dependent on each of Dr. Yu and Mr. Ede achieving a stipulated grade in their respective annual performance appraisal for the years 2024 to 2027. If the final vesting percentage is reduced, such portion of the Restricted Shares would be cancelled.
- For the Proposed Grant to Dr. Yu, these performance result requirements relate to and include the overall performance of the Company, marketing and sales of commercialised products, progress of the Group's portfolio development plans and achievement of the business plans of the Group.
- For the Proposed Grant to Mr. Ede, these performance result requirements relate to and include the overall performance of the Company, and achievement of targets in areas in fund management.
- Clawback mechanisms: If Dr. Yu or Mr. Ede (i) fails to meet the performance targets, the Company may cancel the Restricted Shares granted; and/or (ii) terminates his employment with the Group, the Restricted Shares granted shall automatically lapse according to the relevant schedule of the Company.

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(ii) *The Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen*

- Name of grantee, the position held in the Company and the number of Restricted Shares granted under the 2020 RS Plan:
- 14,326 Restricted Shares to Ms. Hsu, independent non-executive Director.
 - 14,326 Restricted Shares to Dr. Cooney, independent non-executive Director.
 - 5,730 Restricted Shares to Dr. Chen, independent non-executive Director.
 - 62,079 Restricted Shares to Mr. Zieziula, independent non-executive Director.
 - 9,551 Restricted Shares to Mr. Nick Chen, independent non-executive Director.

Each of the Restricted Shares granted to the INEDs and Mr. Nick Chen represents the right to receive one Share on the date it vests.

Consideration: Nil

Vesting period: The Restricted Shares shall vest in Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula as follows:

- 33.33% shall vest on March 22, 2025;
- 33.33% shall vest on March 22, 2026; and
- 33.33% shall vest on March 22, 2027.

The Restricted Shares shall vest in Mr. Nick Chen as follows:

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

Performance targets: Having considered the main duties of independent non-executive Directors, which include providing independent judgement and reviewing major decisions of the Board, there are no performance targets attached to the Restricted Shares granted to Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen.

Clawback mechanisms: If any of the INEDs or Mr. Nick Chen resigns from his/her position, all unvested Restricted Shares granted to him/her shall automatically lapse.

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The following table summarises the details of Restricted Shares to be granted under the Proposed Grants:

Name	Number of Restricted Shares to be granted	Approximate market value of the Restricted Shares as at the respective date of grant (<i>Note</i>) (HK\$)	Approximate percentage of total number of issued Shares as at the Latest Practicable Date (%)
<i>Executive Directors</i>			
Dr. Yu	2,754,000	99,144,000	0.17
Mr. Ede	756,500	27,234,000	0.05
Sub-total	3,510,500	126,378,000	0.22
<i>Independent non-executive Directors</i>			
Dr. Cooney	14,326	515,736	0.00
Ms. Hsu	14,326	515,736	0.00
Dr. Chen	5,730	206,280	0.00
Mr. Zieziula	62,079	2,234,844	0.00
Mr. Nick Chen	9,551	390,636	0.00
Sub-total	106,012	3,863,232	0.00
Total	3,616,512	130,241,232	0.22

Note: For all Grantees (except for Mr. Nick Chen), the market value of the Restricted Shares is calculated based on the closing market price of HK\$36.00 per Share as at the date of grant (i.e. March 22, 2024). For Mr. Nick Chen, the market value of the Restricted Shares is calculated based on the closing market price of HK\$40.90 per Share as at the date of grant (i.e. May 3, 2024).

According to the “Letter from the Board” of the Circular, the number of Restricted Shares to be granted to each of the Directors under the Proposed Grants is primarily determined by the Company and each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen upon arm’s length negotiations with each of them taking into account the rationale and benefits of the Proposed Grants as abovementioned and monetary values of the shares granted to (a) directors and/or senior management; or (b) independent non-executive directors (as the case may be), of other companies in the industry with comparable size.

Based on the closing prices per Share as quoted on the Stock Exchange as at the Grant Dates (i.e. HK\$36.00 on March 22, 2024 and HK\$40.90 on May 3, 2024), the aggregate market value of the Restricted Shares under the Proposed Grants amounts to HK\$130,241,232.

We note that there exists lock-up mechanism (i.e. the vesting period and conditions) to the Restricted Shares to be granted under the Proposed Grants which shall be released in two to three tranches in the next three to four years from the Grant Dates. For Proposed Grants to EDs, the lock-up release for each tranche is also subject to individual annual performance targets,

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which are based on the overall performance of the Group with key performance indicators to be tailored according to the specific responsibilities of Dr. Yu and Mr. Ede. For Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen, there are no performance targets having considered the nature of the independent non-executive Directors' duties so as to preserve their objectivity and independence. We note that such practice is in line with recent grants made by Comparable Companies (as defined and elaborated in the paragraph headed "5. Principal terms of the Proposed Grants" below).

Overall, we consider that the lock-up mechanism is in line with the purpose of the 2020 RS Plan, which effectively aligns the interests of the grantees under the Proposed Grants with those of the long-term Shareholders to promote the long term growth and development of the Group, as the realisable value of the Restricted Shares are dependent on the future price performance of the Shares, which also benefits the Group and the Shareholders as a whole.

4. Background information on grantees of the Proposed Grants

Dr. Yu and Mr. Ede are the executive Directors, and Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen are the independent non-executive Directors. We have reviewed their professional background and set out below is a summary. For details, please refer to the paragraph headed "Reasons and Rationale of the Proposed Grants" in the "Letter from the Board" of the Circular.

- (i) **Dr. Yu** is the founder, an executive Director, the chairman of the Board, the chief executive officer of the Company, the chairman of each of the Nomination Committee and the Strategy Committee and a member of the Remuneration Committee. He founded the Group on April 28, 2011 and is responsible for the overall strategic planning and business direction of the Group and management of the Company. Dr. Yu received his doctoral degree in Molecular Genetics from the Chinese Academy of Sciences (Shanghai, China) and completed his postdoctoral training at the University of California San Francisco (San Francisco, USA).

With over 20 years of experience engaged in innovative research on biopharmaceuticals, Dr. Yu has invented four Class I new drugs and been key to their success. Dr. Yu invented the world's first commercialised oncolytic virus-based immunotherapeutic product, Oncorine[®] (recombinant human type-5 adenovirus injection), setting a precedent for the use of viruses to treat tumors. Dr. Yu co-invented and led the development of Langmu[®] (Conbercept eye injection), and TYVYT[®] (sintilimab injection), an innovative PD-1 inhibitor for relapsed or refractory classical Hodgkin's lymphoma (r/r cHL), 1L nsq NSCLC, 1L sq NSCLC and 1L HCC, etc. Dr. Yu has also co-invented and led the development of SINTBILO[®] (tafolecimab injection), the first domestic fully human anti-PCSK9 monoclonal antibody approved in China.

Dr. Yu is an inventor of over 60 issued patents and patent applications, and has published more than 50 SCI scientific articles and book chapters.

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- (ii) **Mr. Ede** is an executive Director and a member of the Strategy Committee and partner of the Company's funds. Mr. Ede served as the chief financial officer of the Company from August 2017 to February 2024 and has made significant contributions to the Company's strategy planning, corporate governance, financial management and business development.

Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Ltd. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited. Mr. Ede is a fellow member of the Institute of Singapore Chartered Accountants and an A-Share independent director certified by the Shenzhen Stock Exchange. Mr. Ede received his bachelor of business administration degree from the University of Hawaii in December 1984 and a master of business administration degree from the University of Washington in December 1988.

- (iii) **Dr. Cooney** is an independent non-executive Director. Dr. Cooney joined the faculty of the Massachusetts Institute of Technology as an assistant professor in 1970, becoming full professor in 1982. His teaching focuses on the bioprocess development and manufacturing and technological innovation, and his research interests include biochemical engineering and pharmaceutical manufacturing. From 2002 to 2014, Dr. Cooney was the founding faculty director of the Deshpande Center for Technological Innovation. Dr. Cooney is also a consultant to multiple biotech and pharmaceutical companies.

- (iv) **Dr. Chen** is an independent non-executive Director. Dr. Chen has been a professor of the Shanghai Institute of Materia Medica, Chinese Academy of Sciences, since 1990, served as its director between 1996 and 2004, and has served as director of its degree committee between 2014 and May 2019. Dr. Chen has also been a professor of the Shanghai University of Traditional Chinese Medicine since 2005, served as its president from 2005 to 2014, and has served as chairman of its academic committee since 2014. Dr. Chen holds professional memberships and qualifications in different capacities in numerous organisations in the PRC in the field of biotechnology and biopharmaceuticals.

- (v) **Mr. Zieziula** is an independent non-executive Director. Mr. Zieziula has over 40 years of sales and operations experience in the pharmaceutical industry and had worked for industry leaders across Europe and North America. He has been the president of Kyowa Kirin USA Holdings, Inc. since from April 2020 to April 2023 and the non-executive director from June 2019 to April 2020. Mr. Zieziula previously was the chief commercial officer of EMD Serono from January 2014 to January 2016, and the president and managing director from January 2016 to January 2019. He has been an independent provider of executive advisory services to pharmaceutical and biotech companies from December 2012 to January 2014. Mr. Zieziula served as the chief commercial officer and the executive vice president of AMAG Pharmaceuticals, Inc. from April 2010 to December 2012.

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- (vi) **Ms. Hsu** is an independent non-executive Director. Ms. Hsu has extensive experience in finance and investment fields. She currently acts as a senior advisor of Cornell Capital and has been involved in since its founding in 2013 towards the sourcing, evaluation, execution and ownership of investments, including strategies for cross-border expansion. Ms. Hsu was a partner at Zoyi Capital from 2013 to 2015, being mainly responsible for investments and portfolio company monitoring. Prior to this, Ms. Hsu served as chief financial officer and director at Mindray between 2006 and 2009, leading Mindray through its NYSE IPO in 2006 and subsequently two overseas acquisitions in 2008 and 2013. She subsequently acted as the sole adviser of Mindray on its delisting and private placement in 2016.
- (vii) **Mr. Nick Chen** is an independent non-executive Director. Mr. Nick Chen spent over 18 years with the Capital Group Companies (“**Capital Group**”), one of the world’s largest and most successful professional investment organisations, in Hong Kong and Singapore. In 2024, he retired from Capital Group as Partner in charge of Capital Group Private Markets (“**CGPM**”) in the Greater China region and a member of CGPM’s global Portfolio Management Committee. The Board proposed to remunerate Mr. Nick Chen with the Proposed Grant to Mr. Nick Chen, aiming to attract, incentivize and compensate him for re-joining the Group after his resignation from his position as non-executive Director in February 2022. The objective is to encourage Mr. Nick Chen to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole and in providing and supervision on the Company’s development strategy making and implementation.

In respect of each of the aforementioned Directors, the Management considers that they are capable of adding value to the Company’s business by leveraging their professional expertise, experience and business network, and therefore it is fair and reasonable for the Group to provide incentives to retain and motivate them to contribute to the long-term development of the Group by way of Proposed Grants.

According to the 2023 Annual Report, under the leadership of Dr. Yu and Mr. Ede, both EDs of Group, the Group (i) received launch approval for two innovative products FUCASO[®] (Equecabtagene Autoleucel injection) and SINTBILO[®] (tafolecimab injection) in China, increasing its number of approved products increased from eight to ten; and (ii) expanded of new indications and NRDL coverage of existing commercial portfolio. As advised by the Management, the Group also achieved material R&D progress both in early and late stage of pipelines.

From the perspective of financial performance, the Group completed a placing with net proceeds amounted to approximately HK\$2,356.8 million in September 2023, achieved a record high revenue in FY2023 and among the past five years and a smaller net loss as compared to the year ended December 31, 2021 (“**FY2021**”) and the year ended December 31, 2022 (“**FY2022**”).

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5. Principal terms of the Proposed Grants

5.1 Number of Restricted Shares granted

In order to assess the fairness and reasonableness of the size of the Proposed Grants, we have reviewed compensation package of other companies in the same industry of the Company as a benchmark to compare remuneration packages for the Directors (who are grantees under the Proposed Grants). Based on our best knowledge and publicly available information, we have reviewed and considered comparable companies based on the following criteria, namely (i) companies that are in the same industry (i.e. being biopharmaceutical company engaged in research and development of pharmaceutical products) with revenue contribution from sales of pharmaceutical products over 80% in their latest financial year; (ii) listed on the Main Board of the Stock Exchange; and (iii) are of comparable operating scale to the Group with revenue size ranging from HK\$600 million to HK\$20,000 million.

Based on the above criteria, we have identified a total of 14 comparable companies (the “**Comparable Companies**”), which we consider to be an exhaustive list and would serve as a fair and representative sample for our analysis.

Set out below is a table summarising the remuneration packages of the executive directors and independent non-executive directors of the Comparable Companies (excluding those did not hold office for the latest full financial year and those did not receive any remuneration), as extracted from their respective latest annual reports.

Table 1

Stock code	Company name	Remuneration of executive directors (HK\$'000) (Note 1)		Remuneration of independent non-executive directors (HK\$'000) (Note 1)	
		Low end	High end	Low end	High end
1244	3D Medicines Inc. (Note 2)	316,782	316,782	347	347
1349	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	587	2,074	(Note 3)	(Note 3)
1875	TOT Biopharm International Company Limited (Note 2)	8,291	8,291	311	311
1877	Shanghai Junshi Biosciences Co., Ltd.	4,652	10,937	220	2,321

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Stock code	Company name	Remuneration of			
		executive directors		independent non-executive directors	
		(HK\$'000)		(HK\$'000)	
		(Note 1)		(Note 1)	
		Low end	High end	Low end	High end
2142	HBM Holdings Limited	4,278	12,396	391	790
2696	Shanghai Henlius Biotech, Inc.	10,200	13,857	298	298
6160	BeiGene, Ltd. (Note 2)	130,947	130,947	3,801	4,051
6600	SciClone Pharmaceuticals (Holdings) Limited	27,903	27,903	725	725
6955	Shandong Boan Biotechnology Co., Ltd	8,473	8,790	110	110
6990	Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.	2,899	19,735	(Note 3)	(Note 3)
9688	Zai Lab Limited (Note 2)	107,812	107,812	2,440	4,481
9926	Akeso, Inc.	3,961	37,063	349	351
9969	InnoCare Pharma Limited	4,466	24,921	397	397
9995	RemeGen Co., Ltd.	1,247	26,443	330	330
		Max	316,782		4,481
		Min	587		110

Notes:

- (1) Where applicable in this letter, for illustrative purpose, (i) US\$ has been translated into HK\$ with exchange rate of US\$1:HK\$7.821, being the exchange rate published by the Hong Kong Association of Banks on March 22, 2024; or (ii) RMB has been translated into HK\$ with exchange rate of HK\$1:RMB0.90792, being the exchange rate published by the People's Bank of China on March 22, 2024.
- (2) Each of 3D Medicines Inc., BeiGene, Ltd., TOT Biopharm International Company Limited and Zai Lab Limited has only one executive director.
- (3) None of the independent non-executive directors of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. and Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd held office for the full financial year.

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Set out below is the details of the emoluments of each of the Grantees, as extracted from the 2023 Annual Report and the Company's announcement dated May 3, 2024 regarding Mr. Nick Chen's appointment.

Table 2

	Fees (RMB'000)	Salaries and other allowances (RMB'000)	Performance related bonus (RMB'000)	Retirement benefit scheme contributions (RMB'000)	Total (RMB'000)	Total (HK\$'000)
Dr. Yu	–	2,897	33,547	–	36,444	40,140
Mr. Ede	–	2,592	4,511	–	7,103	7,823
Ms. Hsu	400	–	–	–	400	441
Dr. Cooney	400	–	–	–	400	441
Dr. Chen	400	–	–	–	400	441
Mr. Zieziula	400	–	–	–	400	441
Mr. Nick Chen	400	–	–	–	400	441

In addition, according to the 2023 Annual Report, share-based payment expenses of RMB99,562,000, RMB24,306,000, RMB409,000, RMB409,000, RMB164,000 and RMB1,330,000 are respectively recognised in connection with the amortisation of share options and restricted shares charges on the employee stock option plan and restricted shares granted to Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula.

Set out below our analysis on the number of Restricted Shares granted to each of the Grantees.

5.1.1 Number of Restricted Shares granted to Dr. Yu

As shown in table 2 above, the total remuneration of Dr. Yu for FY2023 was approximately RMB136.0 million (equivalent to approximately HK\$149.8 million).

Based on the maximum 2,754,000 Restricted Shares granted to Dr. Yu and the closing price of the Shares of HK\$36.00 per Share as at the Grant Date, the maximum total value of the Proposed Grant to Dr. Yu will be approximately HK\$99.1 million. With a vesting period of up to 4 years, the average economic value of the Restricted Shares to Dr. Yu will be up to approximately HK\$24.8 million per year.

In addition to the above, on March 22, 2024, the Company granted 972,000 options of the Company to Dr. Yu with an exercise price of HK\$40.24 per Share. 75% of the options shall vest on March 22, 2027 and 25% of the options shall vest on March 22, 2028. Each vesting of the options granted to Dr. Yu will be subject to the individual annual performance targets as stipulated in the respective grant letters entered into by the

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Company and Dr. Yu. According to a valuation report on the aforesaid options (the “**Options Valuation Report**”) prepared by an independent professional valuer, the fair value of the options granted to Dr. Yu as at the Grant Date was approximately HK\$18.7 million. We obtained the Options Valuation Report and noted that the independent professional valuer adopted binominal tree valuation approach in the valuation of the options granted to Dr. Yu with parameters such as exercise price, risk-free rate, time to maturity, volatility, etc.. Assuming the options granted to Dr. Yu are fully vested, the average economic value of these options will be approximately HK\$4.7 million per annum over the four-year vesting period.

Based on (i) the current remuneration of Dr. Yu of approximately HK\$149.8 million for FY2023; (ii) the average economic value of the Restricted Shares under the Proposed Grants to Dr. Yu of up to approximately HK\$24.8 million per annum; and (iii) the average economic value of the options granted to Dr. Yu on the Grant Date of up to approximately HK\$4.7 million per annum, the hypothetical annual total remuneration of Dr. Yu amounted to approximately HK\$179.3 million.

Based on the Table 1 above, the annual remuneration of the executive directors of the Comparable Companies ranged from approximately HK\$0.6 million to HK\$316.8 million. The hypothetical annual remuneration of Dr. Yu (i.e. HK\$179.3 million) was within the range of those of the Comparable Companies.

To further assess Dr. Yu’s remuneration level among the executive directors who also assume the role of chief executive officer at the Comparable Companies (“**Comparable ED-cum-CEOs**”), we have compiled a list of their remuneration packages below. We are of the view that this list is exhaustive based on the selection criteria outlined above.

Table 3

Company name and stock code	Title	Total remuneration (HK\$'000)	Total remuneration (A=B+C) (RMB'000)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB'000)	Share-based payment (C) (RMB'000)	Percentage of share- based payment to total remuneration (C)/(A)
3D Medicines Inc. (1244)	Chairman, executive director, chief executive officer	316,782	287,613	1,800	285,813	99.4%
Shanghai Fudan- Zhangjiang Bio- Pharmaceutical Co., Ltd. (1349)	Chairman, general manager (chief executive)	2,074	1,883	1,883	-	-

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Company name and stock code	Title	Total remuneration (HK\$'000)	Total remuneration (A=B+C) (RMB'000)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB'000)	Share-based payment (C) (RMB'000)	Percentage of share-based payment to total remuneration (C)/(A)
TOT Biopharm International Company Limited (1875)	Executive director, chief executive officer	8,291	7,528	4,552	3,576	47.5%
Shanghai Junshi Biosciences Co., Ltd. (1877)	Executive director, co-chief executive officer	4,652	4,224	4,224	-	-
HBM Holdings Limited (2142)	Chairman, executive director, chief executive officer	12,396	US\$1,585,000	US\$928,000	US\$657,000	41.5%
Shanghai Henlius Biotech, Inc. (2696)	Executive director, chief executive officer, chief financial officer	10,200	9,261	9,090	171	1.8%
BeiGene, Ltd (6160)	Chairman, executive director, chief executive officer	130,947	US\$16,743,000	US\$2,407,000	US\$14,336,000	85.6%
SciClone Pharmaceuticals (Holdings) Limited (6600)	Executive director, chief executive officer, president	27,903	25,334	8,489	16,845	66.5%
Shandong Boan Biotechnology Co., Ltd (6955)	Chairlady, chief executive officer	8,473	7,693	3,527	4,166	54.2%
Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (6990)	Executive director, general manager	19,735	17,918	3,565	14,353	80.1%
Zai Lab Limited (9688)	Executive director, chief executive officer, founder	107,812	US\$13,785,000	US\$1,776,000	US\$12,009,000	87.1%
Akeso, Inc. (9926)	Chairwoman, executive director, president, chief executive officer	7,186	6,524	6,524	-	-
InnoCare Pharma Limited (9969)	Chairperson, executive director, chief executive officer	24,921	22,626	8,525	14,101	62.3%
RemeGen Co., Ltd. (9995)	Executive director, chief executive officer	16,145	14,658	8,140	6,518	44.5%
	Max	316,782			Max	99.4%
	Min	2,074			Min	0.0%
	Average	49,823			Average	47.9%

Based on the Table 3 above, total annual remuneration of the Comparable ED-cum-CEOs ranged from HK\$2.1 million to HK\$316.8 million for FY2023 with average of approximately HK\$49.8 million. The hypothetical annual total remuneration of Dr. Yu (i.e. HK\$179.3 million) was within this range.

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In addition, the percentages of share-based payment to the total remuneration of the Comparable ED-cum-CEOs are ranged from nil to approximately 99.4% with an average of approximately 47.9%. The percentage of share-based payment to the hypothetical annual total remuneration of Dr. Yu of approximately 77.6% was within this range.

Conclusion on the number of Restricted Shares to Dr. Yu

Having considered the following factors, including:

- (i) Dr. Yu's hypothetical total annual remuneration of approximately HK\$179.3 million (equivalent to approximately RMB162.8 million) falls within the range of the total remuneration of the executive directors of the Comparable Companies as well as that of the Comparable ED-cum-CEOs;
- (ii) Dr. Yu is responsible for the overall strategic planning and business direction of the Group and management of the Company. Under the leadership of Dr. Yu, in FY2023, the Group (i) received launch approval for two innovative products FUCASO[®] (Equecabtagene Autoleucel injection) and SINTBILO[®] (tafolecimab injection) in China, increasing its number of approved products increased from eight to ten; and (ii) expanded of new indications and NRDL coverage of existing commercial portfolio. As advised by the Management, the Group also achieved material R&D progress both in early and late stage of pipelines. From the perspective of financial performance, the Group completed a placing with net proceeds amounted to approximately HK\$2,356.8 million in September 2023, achieved a record high revenue in FY2023 and among the past five years and a smaller net loss as compared to FY2021 and FY2022; and
- (iii) as Dr. Yu is important to the Group, retaining Dr. Yu is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity in leadership. In addition, the Restricted Shares granted to Dr. Yu is able to further closely align the interests and benefits of the Company and Dr. Yu in order to maximize his motivation. The grant of Restricted Shares to Dr. Yu allows the Group to closely tie Dr. Yu's total remuneration to the performance of the Group, which is beneficial to the Company and the Shareholders as a whole.

We are of the view that Dr. Yu's hypothetical total annual remuneration is justifiable. Accordingly, we are of the view that the number of Restricted Shares granted to Dr. Yu is fair and reasonable.

5.1.2 Number of Restricted Shares granted to Mr. Ede

As shown in table 2 above, the total remuneration of Mr. Ede for FY2023 was approximately RMB31.4 million (equivalent to approximately HK\$34.6 million).

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Based on the maximum 756,500 Restricted Shares granted to Mr. Ede and the closing price of the Shares of HK\$36.00 per Share as at the Grant Date, the maximum total value of the Proposed Grant to Mr. Ede will be approximately HK\$27.2 million. With a vesting period of up to 4 years, the average economic value of the Restricted Shares to Mr. Ede will be up to approximately HK\$6.8 million per year.

In addition to the above, on March 22, 2024, the Company granted 267,000 options of the Company to Mr. Ede with an exercise price of HK\$40.24 per Share. 75% of the options shall vest on March 22, 2027 and 25% of the options shall vest on March 22, 2028. Each vesting of the options granted to Mr. Ede will be subject to the individual annual performance targets as stipulated in the respective grant letters entered into by the Company and Mr. Ede. According to a Options Valuation Report prepared by an independent professional valuer, the fair value of the options granted to Mr. Ede as at the Grant Date was approximately HK\$5.1 million. We obtained the Options Valuation Report and noted that the independent professional valuer adopted binominal tree valuation approach in the valuation of the options granted to Mr. Ede with parameters such as exercise price, risk-free rate, time to maturity, volatility, etc.. Assuming the options granted to Mr. Ede are fully vested, the average economic value of these options will be approximately HK\$1.3 million per annum over the four-year vesting period.

Based on (i) the current remuneration of Mr. Ede of approximately HK\$34.6 million for FY2023; (ii) the average economic value of the Restricted Shares under the Proposed Grants to Mr. Ede of up to approximately HK\$6.8 million per annum; and (iii) the average economic value of the options granted to Mr. Ede on the Grant Date of up to approximately HK\$1.3 million per annum, the hypothetical annual total remuneration of Dr. Yu amounted to approximately HK\$42.7 million.

Based on the Table 1 above, the annual remuneration of the executive directors of the Comparable Companies ranged from approximately HK\$0.6 million to HK\$316.8 million. The hypothetical annual remuneration of Mr. Ede (i.e. HK\$42.7 million) was within the range of those of the Comparable Companies.

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To further assess Mr. Ede’s remuneration level among the executive directors who also assume the role of chief financial officer at the Comparable Companies (“**Comparable ED-cum-CFOs**”), we have compiled a list of their remuneration packages below. We are of the view that this list is exhaustive based on the selection criteria outlined above.

Table 4

Company name and stock code	Market capitalisation (Note) (HK\$ billion)	Title of the Comparable ED-cum-CFO	Total remuneration (HK\$'000)	Total remuneration (A=B+C) (RMB'000)	Fee, salary, bonuses, allowance, benefit in kind and retirement benefit scheme contribution (B) (RMB'000)	Share-based payment (C) (RMB'000)	Percentage of share-based payment to total remuneration (C)/(A)
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (1349)	2.3	Executive director, deputy general manager, company secretary, chief financial officer	1,296	1,177	1,177	-	-
Shanghai Henlius Biotech, Inc. (2696)	7.7	Executive director, chief executive officer, chief financial officer	10,200	9,261	9,090	171	1.8%
SciClone Pharmaceuticals (Holdings) Limited (6600)	10.1	Executive director, chief financial officer, vice president	7,620	6,918	5,564	1,354	19.6%
		Max	10,200			Max	19.6%
		Min	1,296			Min	0.0%
		Average	6,372			Average	7.1%

Note: Market capitalisation as at March 22, 2024, being the last trading day prior to the date of the March Grant Announcement.

Based on the Table 4 above, total annual remuneration of the Comparable ED-cum-CFOs ranged from HK\$1.3 million to HK\$10.2 million for FY2023 with average of approximately HK\$6.4 million. The hypothetical annual total remuneration of Mr. Ede (i.e. HK\$42.7 million) is above this range.

In addition, the percentages of share-based payment to the total remuneration of the Comparable CFOs are ranged from nil to approximately 19.6% with an average of approximately 7.1%. The percentage of share-based payment to the hypothetical annual total remuneration of Mr. Ede of approximately 81.7% is above this range.

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Conclusion on the number of Restricted Shares to Mr. Ede

Despite that Mr. Ede's hypothetical annual total remuneration is above the remuneration range of the Comparable ED-cum-CFOs for FY2023, having considered the following factors, including:

- (i) Mr. Ede's hypothetical total annual remuneration of approximately HK\$42.7 million (equivalent to approximately RMB38.8 million) falls within the range of the total remuneration of the executive directors of the Comparable Companies;
- (ii) given that (a) among 14 Comparable Companies, only three having an executive director also having the additional role as chief financial officer (with one of these also serving as chief executive officer); (b) the market capitalisation of the Company, approximately HK\$58.4 billion, was significantly higher than that of the three Comparable Companies, which ranged from HK\$2.3 billion to HK\$10.1 billion; and (c) for these three cases, chief financial officer is an additional role assumed by an executive director, we are of the view that comparing the total remuneration of Mr. Ede with the Comparable ED-cum-CFOs is less relevant for assessing the fairness and reasonableness of the number of Restricted Shares granted to Mr. Ede;
- (iii) the percentage of share-based payment to the hypothetical annual total remuneration of Mr. Ede was above the range of those of the Comparable ED-cum-CFOs, indicating that his remuneration is more closely linked to the Company's share price performance, which is in the interests of the Company and the Shareholders as a whole;
- (iv) Mr. Ede has been instrumental to the Group's development and success in his role as ED and chief financial officer, bringing his extensive experience to corporate strategy development, corporate governance control, managing the overall financial matters and investor relations of the Group; and

From the perspective of financial performance, in FY2023, the Group has:

- (a) continued its successful commercial operations, recording a record high revenue of approximately RMB6,206 million. This level of revenue ranked the second among 14 Comparable Companies and the second among all 65 biotech companies listed on the Stock Exchange pursuant to Chapter 18A of the Listing Rules as at the Latest Practicable Date. The Group's revenue is more than five times the average revenue of these 65 biotech companies;

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- (b) reduced its loss by approximately 52.8%, bringing it down to approximately RMB1,028 million in FY2023 compared to FY2022; and
- (c) completed a placing with net proceeds amounting to approximately HK\$2,357 million in September 2023.

From the perspective of business operations, in FY2023, the Group has:

- (d) received launch approval for two innovative products FUCASO[®] (Equecabtagene Autoleucel injection) and SINTBILO[®] (tafolecimab injection) in China, increasing its number of approved products increased from eight to ten; and
- (e) expanded of new indications and NRDL coverage of existing commercial portfolio. As advised by the Management, the Group also achieved material R&D progress both in early and late stage of pipelines; and
- (v) as Mr. Ede is important to the Group, retaining Mr. Ede is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity in leadership. In addition, the Restricted Shares granted to Mr. Ede is able to further closely align the interests and benefits of the Company and Mr. Ede in order to maximize his motivation. The grant of Restricted Shares to Mr. Ede allows the Group to closely tie Mr. Ede's total remuneration to the performance of the Group, which is beneficial to the Company and the Shareholders as a whole.

We are of the view that Mr. Ede's hypothetical total annual remuneration is justifiable. Accordingly, we are of the view that the number of Restricted Shares granted to Mr. Ede is fair and reasonable.

5.1.3 Number of Restricted Shares granted to Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen

Set out below is a table summarising the remuneration packages of the independent non-executive directors of the Comparable Companies (excluding those did not hold office for the latest full financial year and those did not receive any remuneration) (the "Comparable INEDs"), as extracted from their respective latest annual reports.

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Table 5

Stock code	Company name	Number of independent non-executive directors (Note 1)	Percentage of share-based payment to total remuneration	
			Low end	High end
1244	3D Medicines Inc.	3	0.0%	0.0%
1349	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	(Note 2)	N/A	N/A
1875	TOT Biopharm International Company Limited	3	0.0%	0.0%
1877	Shanghai Junshi Biosciences Co., Ltd.	4	0.0%	0.0%
2142	HBM Holdings Limited	3	0.0%	50.5%
2696	Shanghai Henlius Biotech, Inc.	4	0.0%	0.0%
6160	BeiGene, Ltd.	9	78.2%	83.3%
6600	SciClone Pharmaceuticals (Holdings) Limited	4	0.0%	0.0%
6955	Shandong Boan Biotechnology Co., Ltd	3	0.0%	0.0%
6990	Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.	(Note 2)	N/A	N/A
9688	Zai Lab Limited	7	70.2%	88.5%
9926	Akeso, Inc.	3	0.0%	0.0%

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Stock code	Company name	Number of independent non-executive directors (Note 1)	Percentage of share-based payment to total remuneration	
			Low end	High end
9969	InnoCare Pharma Limited	2	0.0%	0.0%
9995	RemeGen Co., Ltd.	3	0.0%	0.0%
			Max	88.5%
			Min	0.0%
			Average	27.9%

Notes:

1. Excluding the independent non-executive directors who did not hold office for the latest full financial year and those did not receive any remuneration.
2. None of the independent non-executive directors of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. and Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd held office for the latest full financial year.

As shown in table 2 above, the total remuneration of Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula for FY2023 was approximately RMB809,000 (equivalent to HK\$891,000), RMB809,000 (equivalent to HK\$891,000), RMB564,000 (equivalent to HK\$621,000) and RMB1,730,000 (equivalent to HK\$1,905,000) respectively. Mr. Nick Chen is entitled to a director's fee of RMB400,000 per annum (equivalent to HK\$441,000).

Based on the 14,326, 14,326, 5,730, 62,079 and 9,551 and Restricted Shares granted to Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen and the closing price of the Shares of HK\$36.00 and HK\$40.90 per Share as at the respective Grant Date, the maximum total value of the Proposed Grants will be approximately HK\$516,736, HK\$516,736, HK\$206,280, HK\$2,234,844 and HK\$390,636 respectively. With a vesting period of up to three years, the average economic value of the (i) Proposed Grant to Ms. Hsu; (ii) Proposed Grant to Dr. Cooney; (iii) Proposed Grant to Dr. Chen; (iv) Proposed Grant to Mr. Zieziula; and (v) Proposed Grant to Mr. Nick Chen will be approximately HK\$171,912, HK\$171,912, HK\$68,760, HK\$744,948 and HK\$130,212 per year respectively.

In addition to the above, on March 22, 2024, the Company granted 5,056, 5,056, 2,022 and 21,910 options of the Company to Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula with an exercise price of HK\$40.24 per Share. 33.33% of the options shall vest on each of the year from March 22, 2025 for three years. On May 3, 2024, Company granted 3,371 options of the Company to Mr. Nick Chen with an exercise price of HK\$40.90 per Share. 33.33% of the options shall vest on each of the year from May 3, 2025 for three years. According to the Options Valuation Report, the fair value of the options granted to Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen as at the relevant Grant Dates were approximately

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HK\$95,035, HK\$95,035, HK\$38,006, HK\$411,830 and HK\$74,622 respectively. Assuming the options granted to Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen are fully vested, the average economic value of these options will be approximately HK\$31,678, HK\$31,678, HK\$12,669, HK\$137,277 and HK\$24,874 respectively per annum over the three-year vesting period.

Based on (i) the current remuneration of Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula for FY2023 and Mr. Nick Chen's entitlement of director's fees per annum; (ii) the average economic value of the Restricted Shares under the (i) Proposed Grant to Ms. Hsu; (ii) Proposed Grant to Dr. Cooney; (iii) Proposed Grant to Dr. Chen; (iv) Proposed Grant to Mr. Zieziula; and (v) Proposed Grant to Mr. Nick Chen respectively per annum; and (iii) the average economic value of the options granted to Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen on the relevant Grant Dates respectively per annum, the hypothetical annual total remuneration of Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen amounted to approximately HK\$1.1 million, HK\$1.1 million, HK\$0.7 million, HK\$2.8 million and HK\$0.6 million respectively.

Based on the Table 1 above, the annual remuneration of the independent non-executive directors of the Comparable Companies ranged from approximately HK\$0.1 million to HK\$4.5 million. The hypothetical annual remuneration of each of Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen falls within the aforesaid range.

Based on Table 5 above, the percentages of share-based payment to the total remuneration of the Comparable INEDs and Mr. Nick Chen ranged from nil to approximately 88.5% with an average of approximately 27.9%. The percentage of share-based payment to the hypothetical annual total remuneration of each of Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen (i.e. 59.8%, 59.8%, 37.3%, 84.2% and 26.0%) falls within this range.

Having considered the comparison analysis set out in this sub-section, we are of the view that the hypothetical total annual remuneration of Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen are justifiable. Accordingly, we are of the view that the numbers of Restricted Shares granted to Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen are fair and reasonable.

5.2 Vesting period and conditions

In addition to the above, we have also considered the grants of share awards or restricted shares to connected persons by the Comparable Companies in assessing the key terms of the Proposed Grants. Based on our research conducted, we have identified five comparable grants ("**Comparable Grants**") made by three of the Comparable Companies since March 22, 2023 (twelve months immediately prior to the Grant Date) and up to the Latest Practicable Date (the "**Review Period**"), which we consider to be an exhaustive list of relevant comparable grants based on the abovementioned criteria and a fair and representative list of samples for our

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analysis. We are of the view that a period of the most recent twelve months prior to the Grant Date is adequate to conduct a reasonable comparison between the Proposed Grants and the Comparable Grants. Therefore, the Review Period is a fair and representative period for the purpose of our analysis.

It should be noted that although these Comparable Companies operate in the same industry sector, they may focus on different market segments and have different, revenue, market capitalisation, profitability and financial position as compared with those of the Company. Circumstances leading to the Comparable Grants may not be identical to those of the Company. The analysis is therefore meant to be used as a general reference to similar types of transactions in Hong Kong to reflect recent market practice.

Set out below is a summary on the vesting periods and vesting conditions of the Comparable Grants and the Proposed Grants.

Table 6

Stock code	Company name	Date of the grant	Grantees	Vesting or unlocking period (years from the date of grant)	Other vesting conditions
6160	BeiGene, Ltd.	April 18, 2023	<ul style="list-style-type: none"> • One executive director • One non-executive director • Nine independent non-executive directors 	<ul style="list-style-type: none"> • Up to four years (for executive director and non-executive director) • One year (for independent non-executive directors) 	N/A
6600	SciClone Pharmaceuticals (Holdings) Limited	June 5, 2023	Two executive directors	Up to two years	Individual performance
9688	Zai Lab Limited	June 29, 2023	<ul style="list-style-type: none"> • One executive director • Seven independent non-executive directors 	<ul style="list-style-type: none"> • Up to four years (for executive director) • One year (for independent non-executive directors) 	N/A
9688	Zai Lab Limited	April 3, 2024	One executive director	Up to four years	N/A

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Stock code	Company name	Date of the grant	Grantees	Vesting or unlocking period (years from the date of grant)	Other vesting conditions
6160	BeiGene, Ltd.	April 15, 2024	<ul style="list-style-type: none"> • One executive director • One non-executive director • Nine independent non-executive directors 	<ul style="list-style-type: none"> • Up to three years for those shares with performance targets; up to four years for those shares without performance target (for executive director) • Up to four years (for non-executive director) • One year (for independent non-executive directors) 	<ul style="list-style-type: none"> • Company performance target is attached with 50% of shares granted (for executive director) • N/A (for non-executive director and independent non-executive directors)
1801	The Company	March 22, and May 3, 2024	<ul style="list-style-type: none"> • Two executive Directors • Five independent non-executive Directors 	<ul style="list-style-type: none"> • Up to four years (for executive Directors) • Up to three years (for independent non-executive Directors) 	<ul style="list-style-type: none"> • Company and individual performance (for executive Directors) • N/A for independent non-executive Directors

As shown on Table 6 above, the vesting or unlocking periods of the Comparable Grants to executive directors ranged from two to four years, and therefore the vesting period of the Proposed Grants to EDs of up to four years is within the range and on the high end of the Comparable Grants.

The vesting or unlocking periods for independent non-executive directors in the Comparable Grants are one year, which is shorter than the three years' vesting period for the Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen. This implies that the interest of Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen will be locked up for a longer period compared to those of the Comparable Grants.

As regard to the vesting conditions, we note that certain Comparable Grants to executive directors are also subject to individual and company performance, same as the Proposed Grants to EDs. Meanwhile, similar to the Proposed Grants to INEDs and the Proposed Grant to Mr. Nick Chen, the Comparable Grants to independent non-executive directors are not subject to performance targets.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Based on the above, we are of the view that the Proposed Grants are on normal commercial terms and are fair and reasonable in terms of vesting period and conditions.

5.3 Section summary

Having considered the factors mentioned above, we concur with the Management's view that the Proposed Grants are on normal commercial terms, fair and reasonable and in the interests of the Company and Independent Shareholders as a whole.

6. Potential impact of the Proposed Grants

6.1 Potential financial impact

According to the relevant accounting policies as extracted from the 2023 Annual Report, for grant of restricted shares, the amount to be expensed as equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve).

The Proposed Grants shall have no material effect on the cash flow of the Group. The Management expects that there will be no material impact on the earnings and net asset value of the Group following the Proposed Grants.

6.2 Potential shareholding impact

As at the Latest Practicable Date, the Company had 1,627,702,690 Shares in issue. Assuming Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen, Mr. Zieziula and Mr. Nick Chen become fully entitled to all Shares underlying the Restricted Shares granted under the Proposed Grants, the total number of such underlying Shares would amount to 3,616,512 Shares (the "**Maximum Underlying Shares**"), representing (i) approximately 0.22% of the total number of issued Shares as at the Latest Practicable Date; or (ii) approximately 0.22% of the enlarged total number of issued Shares upon completion of issue of the Maximum Underlying Shares. For details, please refer to the paragraph headed "Dilution effect" in the "Letter from the Board" of the Circular. As such, the potential dilution impact of the Proposed Grants to the Shareholders is insignificant.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors, we are of the view that the terms of the Proposed Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Proposed Grants are on normal commercial terms and in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committees to advise the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Jeanny Leung
Responsible Officer

Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

1. 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 in this circular or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN EQUITY SECURITIES

As at the Latest Practicable Date, the interests and short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/ Nature of interest	Number of shares and underlying shares	Approximate percentage of holding ⁽¹⁾	Long position/ Short position
Dr. De-Chao Michael Yu ("Dr. Yu")	Beneficial owner	107,797,403 ⁽²⁾	6.62%	Long position
	Grantor of a trust	371,747 ⁽³⁾	0.02%	Short position
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	9,000,000 ⁽⁴⁾	0.55%	Long position
		12,422,595 ⁽⁵⁾	0.76%	Long position
Ms. Qian Zhang ("Ms. Zhang")	Beneficial owner	6,388,829 ⁽⁶⁾	0.39%	Long position
Dr. Charles Leland Cooney ("Dr. Cooney")	Beneficial owner	147,092 ⁽⁷⁾	0.01%	Long position
Mr. Ronald Hao Xi Ede ("Mr. Ede")	Beneficial owner	9,294,475 ⁽⁸⁾	0.57%	Long position
Ms. Joyce I-Yin Hsu ("Ms. Hsu")	Beneficial owner	108,002 ⁽⁹⁾	0.01%	Long position
Dr. Kaixian Chen ("Dr. Chen")	Beneficial owner	46,020 ⁽¹⁰⁾	0.00%	Long position
Mr. Gary Zieziula ("Mr. Zieziula")	Beneficial owner	391,001 ⁽¹¹⁾	0.02%	Long position
Mr. Shuyun Chen ("Mr. Nick Chen")	Beneficial owner	23,922 ⁽¹²⁾	0.00%	Long position

Notes:

1. The calculation is based on the total number of 1,627,702,690 Shares in issue as at the Latest Practicable Date.
2. Includes (i) 89,202,930 Shares held directly by Dr. Yu, (ii) Dr. Yu's entitlement to receive up to 11,196,889 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Dr. Yu's entitlement to the aggregate of 4,643,584 Shares underlying restricted shares granted to him, subject to the conditions of these underlying restricted shares; and (iv) the 2,754,000 Shares underlying the Proposed Grant to Dr. Yu.
3. These Shares are in connection with a donation agreement entered into by Dr. Yu, pursuant to which he agreed to sell HK\$10,000,000 worth of his Shares (approximately 371,747 Shares based on the closing price of HK\$26.90 on 27 December 2019, the closest trading day to the date of the agreement) and to transfer the proceeds remaining (after tax and relevant fees) to the beneficiary. Such date of transfer shall be extended to a date as agreed by the parties.
4. These Shares are held by Gloria Bingqinzi Yu and Catherine Yu Tong as co-trustees of Yu Tong Family Irrevocable Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.
5. Includes (i) 334,494 Shares held by Ms. Zhang, (ii) Ms. Zhang's entitlement to receive 4,027,191 share pursuant to the exercise of options granted to her, and (iii) Ms. Zhang's entitlement to 2,027,144 shares underlying restricted shares granted to her.
6. These Shares are held by The Bryn Mawr Trust Company of Delaware as trustee of (i) Madrone Grove Dynasty Trust; and (ii) Jenelope Dynasty Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.
7. Includes (i) 45,401 Shares held by Dr. Cooney; and (ii) Dr. Cooney's entitlement to receive up to 79,650 pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Dr. Cooney's entitlement to the aggregate of 7,715 Shares underlying the restricted shares granted to him, subject to the conditions of these underlying restricted shares; and (iv) the 14,326 Shares underlying the Proposed Grant to Dr. Cooney.
8. Includes (i) 4,255,616 Shares held directly by Mr. Ede and (ii) Mr. Ede's entitlement to receive up to 3,011,715 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Mr. Ede's entitlement to the aggregate of 1,270,644 Shares underlying restricted shares granted to him, subject to the conditions of these underlying restricted shares; and (iv) the 756,500 Shares underlying the Proposed Grant to Mr. Ede.
9. Includes (i) 6,311 Shares held directly by Ms. Hsu; (ii) Ms. Hsu's entitlement to receive up to 79,650 Shares pursuant to the exercise of options granted to her, subject to the conditions of these options; (iii) Ms. Hsu's entitlement to the aggregate of 7,715 Shares underlying the restricted shares granted to her, subject to the conditions of these underlying restricted shares; and (iv) the 14,326 Shares underlying the Proposed Grant to Ms. Hsu.
10. Includes (i) 5,346 Shares held directly by Dr. Chen; (ii) Dr. Chen's entitlement to receive up to 31,859 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Dr. Chen's entitlement to the aggregate of 3,085 Shares underlying the restricted shares granted to him, subject to the conditions of these underlying restricted shares; and (iv) the 5,730 Shares underlying the Proposed Grant to Dr. Chen.
11. Includes (i) 4,877 Shares held directly by Mr. Zieziula; (ii) Mr. Zieziula's entitlement to receive up to 294,809 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; (iii) Mr. Zieziula's entitlement to the aggregate of 29,236 Shares underlying the restricted shares granted to her, subject to the conditions of these underlying restricted shares; and (iv) the 62,079 Shares underlying the Proposed Grant to Mr. Zieziula.
12. Includes (i) 11,000 Shares held directly by Mr. Nick Chen; (ii) Mr. Nick Chen's entitlement to receive up to 3,371 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) the 9,551 Shares underlying the Proposed Grant to Mr. Nick Chen.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

None of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2023, the date to which the latest published audited financial statements of the Group were made up, and none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. CONSENT OF EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
ALTUS	A corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

ALTUS has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear. The letter from Independent Financial Adviser dated June 4, 2024 on pages 43 to 71 was provided for incorporation herein.

As at the Latest Practicable Date, ALTUS did not have: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2023, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since December 31, 2023, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS ON DISPLAY

Copies of the rules of each of the 2020 RS Plan and the 2024 Scheme will be published for 14 days from the date of this circular on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://innoventbio.com/>).

9. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

The following is a summary of the principal terms of the 2024 Scheme Rules to be considered and approved by Shareholders at the EGM. It does not form part of, nor is it intended to be part of, the 2024 Scheme Rules. The Directors reserve the right at any time prior to the EGM to make amendments to the 2024 Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspect with the summary set out in this Appendix II.

- Purpose:** The purpose of the 2024 Share Scheme is (a) to provide the Company with flexible means of remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to Eligible Participants; (b) to align the interests of Eligible Participants with those of the Company and Shareholders by providing such Eligible Participants with the opportunity to acquire shareholding interests in the Company; and (c) to encourage Eligible Participants to contribute to the long-term growth, performance and profit of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.
- Term of the Scheme:** 10 years commencing on the Adoption Date unless terminated earlier.
- Awards:** Awards may take the form of a Share Option or a Share Award, which can be funded by new Shares (including treasury Shares).
- Scheme administration:** The 2024 Scheme shall be administered by the Board and/or any committee of the Board or other person(s) to whom the Board has delegated its authority to administer this scheme, i.e. the Scheme Administrator.
- Eligible participants:** Eligible Participants under the 2024 Share Scheme shall include:
- (i) **Employee Participants**, being any person who is an employee (whether full-time or part-time), director or officer of any member of the Group;
 - (ii) **Related Entity Participants**, being any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of (a) a holding company of the Company, (b) subsidiaries of the holding company other than members of the Group, or (c) an associated company of the Company; and

- (iii) *Service Provider Participants*, being consultants and service providers (including an entity) providing services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group as determined by the Scheme Administrator.

The consultants and service providers would operate in the industries of biotechnology, biopharmaceutical and other business industries in which the Group operates from time to time. Consultants would be those that the Group engages on a regular or recurring basis, who are not engaged as employees of the Group, that have specialties or expertise in areas that supplement the Group's operations (for example, consultants in the areas of technology, CMC, research and development, and sales and marketing, etc.). Service providers would be businesses that provide important services to the Group on a regular or recurring basis (for example, providing services in backend technology, data security, or long-term platform operators and collaborators, and or in areas of technology, CMC, research and development, and sales and marketing, etc.), with which the Group would consider important to maintain a close collaborative relationship on an ongoing basis, that in turn, it would be beneficial to the collaboration between the Group and the service provider to grant such service provider proprietary ownership in the Company and to encourage the service provider to have a vested shareholding interest in the Group and the Group's future development.

Additional criteria for determining the eligibility of a Service Provider Participant

Where a service provider qualifies for one of the above service provider types and meets the initial eligibility criteria to fall within the above categories, the below will be considered:

- Whether one qualifies as a Service Provider Participant: Whether a potential service provider will be eligible to qualify as a Service Provider Participant will be determined by the Scheme Administrator based on qualitative and quantitative performance indicators to be on a case-by-case basis in accordance with the above eligibility criteria.

- Whether a service provider provides services to the Group on a continuing basis: In assessing whether a service provider provides services to the Group on a continuing basis, the Scheme Administrator will take into account factors such as: (i) length and type of services provided or will be provided to the Group, recurrence and regularity of such services; (ii) how the selection metrics benchmark against comparable metrics used to determine other eligible participants who have been granted awards under the Company's share incentive plans; (iii) the Group's objectives in engaging the service provider and how granting awards to the service provider would align with the purpose of the 2024 Scheme or benefit the Group; and (iv) remuneration packages of comparable listed peers with respect to similar service providers, if any, based on available industry information.

Notes:

The Directors (including the independent non-executive Directors) consider the proposed categories of Related Entity Participant and Service Provider Participant to be in line with industry norms and that the proposed scope for "Eligible Participants" (including the selection of Eligible Participants) to be appropriate and aligns with the purpose of this scheme. In particular:

- (a) Related Entity Participants will have a sufficiently close relationship with the Group and would likely be in a position to influence the Group's business, reputation, operations and performance;
- (b) Service Provider Participants are those service provider sub-categories that the Company considers to be particularly important to the success of the Group's business and future development, including (i) by contributing to the Group's operations and business structure/model (e.g., through the expertise and contribution of consultants, business opportunities and growth brought about through business collaborators); and (ii) would enable the Group to preserve its cash resources, and instead, use share incentives to attract persons of talent outside of the Group, whilst also aligning their interests with that of the Group and Shareholders through them owning a proprietary interest in the Company and becoming future Shareholders;
- (c) this scope is consistent with scope of grantees approved by the Company under past share schemes, as well as, to the best knowledge of the Directors, the practices of peer companies that operate in similar or comparable industries to that of the Group or other companies listed in Hong Kong and their remuneration or compensation packages,

and accordingly, the Directors (including the independent non-executive Directors) consider it appropriate to enhance the long-term relationship with these Eligible Participants by aligning their interests with that of the Company and Shareholders. Based on the above, the Directors (including the independent non-executive Directors) believe that the proposed scope for "Eligible Participants" is in line with the purpose of the 2024 Scheme.

**Scheme Mandate
Limit and the
Service Provider
Sublimit:*****Scheme Mandate Limit:***

The total number of Shares that may be issued pursuant to all Awards to be granted under the 2024 Share Scheme and awards to be granted under any other share schemes of the Company is (the “**Scheme Mandate Limit**”):

- (a) set at 10% of the Shares in issue (excluding any treasury Shares) on the Adoption Date, being 162,770,269 Shares (assuming that there is no changes to the Company’s issued share capital between the Latest Practicable Date and the EGM); and
- (b) may be subsequently refreshed in accordance with the Scheme Rules and the Listing Rules, as further approved by Shareholders at general meeting.

Award Shares underlying Awards that have lapsed in accordance with the terms of the 2024 Scheme Rules (or the terms of any other share schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Service Provider Sublimit:

The total number of Shares that may be issued pursuant to Awards granted to Service Provider Participants under the 2024 Share Scheme is (the “**Service Provider Sublimit**”):

- (a) set at not more than 2% of the Shares in issue (excluding any treasury Shares) on the Adoption Date, being 32,554,053 Shares (assuming that there are no changes to the Company’s issued share capital between the Latest Practicable Date and the EGM); and
- (b) may be subsequently refreshed in accordance with the 2024 Scheme Rules and the Listing Rules, as further approved by Shareholders at general meeting.

Notes:

The Service Provider Sublimit is determined based on the maximum possible number of Award Shares that the Company intends to grant to Service Provider Participants and the Company’s future business and development plan. The Directors (including the independent non-executive Directors) consider the Service Provider Sublimit to be appropriate and reasonable given the nature of the industries in which the Group operates and the Group’s current and future business needs, and takes into account:

- (i) the rationale behind the scope and eligibility criteria of Service Provider Participants, as detailed above;

- (ii) that this sublimit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or directors of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the 2024 Scheme;
- (iii) the fact that this sublimit represents a maximum limit and that the Company retains the flexibility to allocate Award Shares from this sublimit to satisfy Awards to other Eligible Participants depending on business growth and needs in the future as and when appropriate. For example, where the Company considers that the business needs of the Group at a future point in time suggests that the full Service Provider Sublimit is no longer needed for Service Provider Participants and that it would be more appropriate and beneficial to serve the purpose of the 2024 Scheme to allocate a portion of the Award Shares under this sublimit to other Eligible Participants; and
- (iv) the service provider sublimits proposed or adopted by other companies listed on the Stock Exchange.

**Refreshing the
scheme limit and
sublimit:**

The Company may refresh the Scheme Mandate Limit and/or the Service Provider Sublimit with the approval of Shareholders at general meeting and in accordance with Chapter 17 (namely, rule 17.03C of the Listing Rules).

Any “refreshment” within any three year period, to the extent required by the Listing Rules, shall be approved by Shareholders and subject to the following:

- (a) any controlling shareholder and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company will comply with applicable Listing Rules in relation to such refreshment, including rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (relating to, among others, special requirements for general meetings in respect of transactions that are subject to independent Shareholders’ approval and abstentions from voting).

**Maximum
entitlement of
each Eligible
Participant:**

There is no specific maximum entitlement for each Eligible Participant under the 2024 Scheme. Grants to individuals that exceed the thresholds set out in Chapter 17 will be subject to additional approval requirements as required under Chapter 17.

Further approval requirements:

Any Award granted to a Director, chief executive of the Company or substantial shareholder of the Company, or any of their respective associates requires approval from the independent non-executive Directors (other than the independent non-executive Director who is the grantee). Additionally, Awards granted to any individual Eligible Participant may be subject to further approval requirements (namely, further approval by Shareholders and/or approval by the remuneration committee to the Board and independent Directors), as required and in accordance with Chapter 17, and namely, rules 17.03D and 17.04 of the Listing Rules, and includes:

	Grantee	Threshold triggering additional approval	Additional approval
(a)	Independent non-executive Director, substantial shareholder of the Company, or their associates	Where the Shares issued and to be issued under all Awards granted to the individual grantee (excluding Awards lapsed under the 2024 Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 0.1% of the Shares in issue. Also subject to the 1% Individual Limit (as defined below).	Requires approval from Shareholders at general meeting (with the grantee, their associates, and all core connected persons of the Company abstaining from the vote, and rules 13.40 to 13.42 of the Listing Rules must be complied with).
(b)	Director (other than independent non-executive Director), chief executive of the Company, or their respective associates	Where the Shares issued and to be issued under all Share Awards (not Share Options) granted to the individual grantee (excluding Share Awards lapsed under the 2024 Scheme) within any 12-month period (including the date of the latest grant) <u>represent in aggregate over 0.1% of the Shares in issue.</u> Also subject to the 1% Individual Limit (as defined below).	Requires approval from Shareholders at general meeting (with the grantee, their associates, and all core connected persons of the Company abstaining from the vote, and rules 13.40 to 13.42 of the Listing Rules must be complied with).

	Grantee	Threshold triggering additional approval	Additional approval
(c)	Other Eligible Participants	Where the Shares issued and to be issued under all Awards granted to the individual grantee (excluding Awards lapsed under the 2024 Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 1% of the Shares in issue (the “ 1% Individual Limit ”).	Requires approval from Shareholders at general meeting (with the grantee, and their close associates, or where the grantee is a connected person, their associates abstaining from the vote).

Acceptance:

The Scheme Administrator may determine in their absolute discretion the amount (if any) payable on application or acceptance of an Award and the period within which any such payments must be made, and such amounts (if any) and periods shall be set out in the Award Letter. The Grantee shall accept the Award in accordance with the terms as specified in the Award Letter, following which, the portion not accepted by the grantee shall automatically lapse.

Issue price and exercise price:

The Scheme Administrator may determine in their absolute discretion the Issue Price for the exercise of Share Awards and/or the Exercise Price for Share Options for Awards in the form of Share Awards and/or Share Option (as the case may be) and such prices shall be set out in the Award Letter.

- (a) However, the Exercise Price for Share Options shall be no less than the higher of: (a) the closing price of the Shares on the Grant Date; and (b) the average closing price of the Shares for the five Business Days immediately preceding the Grant Date. For the avoidance of doubt, the Grant Date of Share Options must be a Business Day.
- (b) The Issue Price shall be determined on an individual basis for each of the Grantee by the Scheme Administrator, taking into account the purpose of the Scheme, the interests of the Company and the individual circumstances of the each Grantee.

Note:

The above flexibility allows the Company to control the costs incurred by the Company from the grant of Awards under the 2024 Scheme by correlating the Exercise Price for Share Options with prevailing market prices at the time of grant (particularly considering that timing of when the Share Options will be exercised are within the discretion of the grantee and is typically made with reference to the difference between Exercise Price and prevailing market prices at the time of exercise) and the Company reserving the discretion to determine the Issue Price, if any, on an individual basis taking into account the nature and degree of value benefiting the Group from granting Awards to such grantee, which is aligned with the purpose of the 2024 Scheme (particularly considering that Share Awards typically do not involve the same degree of exercise procedure and discretion on the part of the grantee as with Share Options).

Exercise period

The Scheme Administrator may determine in its absolute discretion the Exercise Period for any award of Share Options and/or Share Awards and such period shall be set out in the Award Letter. However, the Exercise Period for any award of Share Options shall not be longer than 10 years from the Grant Date.

Vesting period

The Scheme Administrator may determine the vesting period and specify such period in the Award Letter. The vesting period may not be for a period less than 12 months from the Grant Date, except in limited circumstances set out in the Scheme Rules.

These circumstances may only apply to Employee Participants and include:

- (a) grants of “make whole” Awards to a new Employee Participant to replace the awards that the Employee Participant forfeited when leaving their previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (c) grants of Awards that are subject to the fulfilment of performance targets as determined in the conditions of the Grantee’s grant;
- (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;

- (e) grants of Awards with a mixed or accelerated vesting schedule such that the Award vests evenly over a period of 12 months; or
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

Note:

The Directors and the Remuneration Committee are of the view that the vesting period (including the circumstances in which a shorter vesting period may apply) enables the Company to offer competitive remuneration and reward packages to Employee Participants, on an ad hoc basis, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules and the former practice of the Company and peer companies in the Group's industry. Accordingly, the above vesting period is considered appropriate and aligns with the purpose of the 2024 Scheme.

Performance targets:

The Scheme Administrator may set performance criteria/targets in the Award Letter in respect of Awards granted based on, among others, transaction milestones, business or financial performance results, individual performance appraisal and/or contribution to the Group, and as evaluated by the Group over a specified evaluation period.

Note:

The Directors consider that it is not practicable to expressly set out a generic set of performance targets in the 2024 Scheme, since each Grantee has a different position/role with respect to the Group and will contribute differently to the Group in both nature, duration and significance. The Scheme Administrator will have regard to the purpose of the 2024 Scheme in making such determinations, with performance targets generally being in line with common key performance indicators in the industry of the Group, such as quantitative performance targets to be achieved, the Grantee's background/experience, qualitative contributions made or potentially to be made to the Group, and broader audit result trends, subject to amendments or adjustments as the Scheme Administrator deem appropriate.

Voting and Dividend Rights:

Awards do not carry any right to vote at general meetings of the Company, nor any right to dividends, transfer or other rights. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award unless and until the Shares underlying an Award are delivered to the Grantee pursuant to the vesting and exercise of such Award.

Clawback: Where certain events specified in the Scheme Rules arises, the Board may determine that, with respect to a Grantee, Awards granted but not yet exercised/vested shall immediately lapse, and with respect to any Shares delivered or amount paid to the Grantee, the Grantee be required to transfer the same value, whether in Shares and/or cash, back to our Company (or nominee). These circumstances are: (a) the Grantee ceasing to be an Eligible Participant by reason of termination for cause or without notice, or as a result of being charged/penalised/convicted of an offence involving the Grantee's integrity or honesty; (b) the Grantee commits a serious misconduct or breach, including with respect to a policy or code of or other agreement with the Group, which is considered to be material; or (c) the Award to the Grantee will no longer be appropriate and aligned with the purpose of the Scheme.

Note:

The Directors are of the view that the above clawback mechanism enables the Company to clawback awards (or the award Shares underlying such awards) received by those Grantees that have, for example, seriously violated the policies of the Group, put the Group into disrepute, adversely harmed the Group, or otherwise exposed the Group to significant risk. In these circumstances, the Company would not consider it in the Company or Shareholders' best interests to incentivise them with proprietary interests of the Company under the 2024 Scheme, nor would the Company consider such Grantees benefiting under the 2024 Scheme to align with the purpose of this scheme. As such. The Company considers this clawback mechanism appropriate and reasonable.

Lapse of awards: Without prejudice to the authority of the Scheme Administrator to provide additional situations when an Award shall lapse in the terms of any Award Letter, an Award shall lapse automatically on the earliest of:

- (a) the expiry of any Exercise Period;
- (b) the clawback mechanism being triggered;
- (c) the expiry of any of the periods for accepting or exercising the Awards;
- (d) the Grantee breaching the rule against transferring the Awards;
and
- (e) the Grantee forfeiting the Award.

Cancellation of Awards:

The Scheme Administrator may cancel an award with the prior consent of the Grantee.

Where the Company cancels an Award granted to an Eligible Participant and makes a new grant to the same Eligible Participant, such new grant may only be made under the 2024 Scheme with available Scheme Mandate Limit approved by Shareholders as referred to in rules 17.03B or 17.03C of the Listing Rules. The Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

Amendment:

The Scheme Administrator may amend the 2024 Scheme or an Award granted under the 2024 Scheme granted, provided that:

- (a) the amendment must comply with Chapter 17; and
- (b) Shareholders' approval at general meeting is required for the following:
 - (i) any amendment or alteration to the terms and conditions of the 2024 Scheme that is of a material nature or any amendment or alteration to those provisions that relate to the matters set out in rule 17.03 of the Listing Rules to the advantage of Eligible Participants;
 - (ii) any change to the authority of the Board or the scheme administrator to alter the terms of the 2024 Scheme; and
- (c) any amendment or alteration to the terms of an Award the grant of which was subject to the approval of a particular body shall be subject to approval by that same body, provided that this requirement does not apply where the relevant alteration takes effect automatically under existing terms of the 2024 Scheme.

Termination:

The 2024 Scheme shall terminate on the earlier of: (a) the 10th anniversary of the Adoption Date; and (b) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights in respect of the Awards already granted to Eligible Participants.

**Restrictions on
Awards and
transferability:**

Awards are personal to the Grantee and shall not be assignable or transferrable, except where a waiver has been granted by the Stock Exchange with respect to the proposed transfer, and such transfer has been made in compliance with the Listing Rules and with the consent of the Company. Following such transfer, the transferee shall be bound by the Scheme Rules and Award Letter as if the transferee was the Grantee.

No Award shall be granted to any Eligible Participant during the following time periods:

- (a) in circumstances prohibited by the Listing Rules or at a time when the relevant Eligible Participant would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code, set out in Appendix C3 to the Listing Rules) or by any other applicable rule, regulation or law;
- (b) where the Company is in possession of any unpublished inside information in relation to the Company, until (and including) the trading day after such inside information has been announced; and
- (c) during the periods commencing 30 days immediately before the earlier of: (i) the date of the board meeting for approving the Company's results for any year or interim (including quarterly) period, and (ii) the deadline for the Company to announce such results, and ending on (and including) the date of the results announcement publication, provided that such period will also cover any period of delay in the publication of any results announcement.

**Alterations in share
capital or
corporate
transactions:**

Notwithstanding anything to the contrary, if there is an event of change in control of the Company as the result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Scheme Administrator shall at its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated and/or the vesting conditions or criteria of any Awards will be amended or waived (provided that such shortened or accelerated vesting period (if any) may be determined only to the extent not prohibited by any laws or regulations or requirements of any stock exchange which the Company may be subject to, including but not limited to the Listing Rules and the Takeovers Code, then in force), and notify the Grantees accordingly.

In the event of any alteration in the capital structure of the Company by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party) after the Adoption Date, the Scheme Administrator shall make such corresponding adjustments, if any, as the Scheme Administrator in its discretion may deem appropriate to reflect such change with respect to:

- (a) the number of Shares constituting the Scheme Mandate Limit or Service Provider Sublimit; provided that in the event of any Share subdivision or consolidation the Scheme Mandate Limit and Service Provider Sublimit as a percentage of the total issued Shares at the date immediately before any consolidation or subdivision shall be the same on the date immediately after such consolidation or subdivision;
- (b) the number of Shares in each Award to the extent any Award has not been exercised;
- (c) the Exercise Price of any Share Option or Issue Price of any Share Award,

or any combination thereof, as the auditors or a financial advisor engaged by the Company for such purpose have certified satisfy the relevant requirements of the Listing Rules and are, in their opinion, fair and reasonable either generally or as regards any particular Grantee, provided always that (i) any such adjustments should give each grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled prior to such adjustments, and (ii) no such adjustments shall be made which would result in a Share being issued at less than its nominal value.

Capitalization issue

Adjustment of number of Award Shares underlying outstanding Awards

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

Where: Q_0 represents the number of outstanding Award Shares prior to adjustment; n represents the rate of increase per Share resulting from the capitalization issue; Q represents the number of outstanding Award Shares after adjustment.

Adjustment of Exercise Price or Issue Price of outstanding Awards

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

Where: P_0 represents the Exercise Price or Issue Price before the adjustment; n represents the rate of increase per Share resulting from the capitalization issue; P represents the Exercise Price or Issue Price after the adjustment.

Rights issue**Adjustment of number of Award Shares underlying outstanding Awards**

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of outstanding Award Shares prior to adjustment; P_1 represents the closing price of Shares on the record date; P_2 represents the subscription price of the rights issue of Shares; n represents the ratio of the rights issue allotment; Q represents the number of outstanding Award Shares after adjustment.

Adjustment of Exercise Price or Issue Price of outstanding Awards

$$P = P_0 \times (P_1 + P_2 \times n) \div (P_1 \times (1 + n))$$

Where: P_0 represents the Exercise Price or Issue Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the subscription price of the rights issue of Shares; n represents the ratio of allotment; P represents the Exercise Price or Issue Price after the adjustment.

Share consolidation, share subdivision or reduction of share capital**Adjustment of number of Award Shares underlying outstanding Awards**

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of outstanding Award Shares prior to adjustment; n represents the ratio of share consolidation, share subdivision or reduction of share capital; Q represents the number of outstanding Award Shares after adjustment.

Adjustment of Exercise Price or Issue Price of outstanding Awards

$$P = P_0 \div n$$

Where: P_0 represents the Exercise Price or Issue Price before the adjustment; n represents the ratio of share consolidation, share subdivision or reduction of share capital; P represents the Exercise Price or Issue Price after the adjustment.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Innovent

信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Extraordinary General Meeting**”) of Innovent Biologics, Inc. (the “**Company**”) will be held on Friday, June 21, 2024 at 10 a.m. (or immediately after the conclusion of the annual general meeting of the Company held on the same day) at Yale meeting room, 5/F, Administration Building, Innovent Biologics, 168 Dongping Street, Suzhou Industrial Park, China, for the following purposes:

ORDINARY RESOLUTIONS

1. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“**THAT:**

- (i) the conditional grant of restricted shares to Dr. De-Chao Michael Yu (“**Dr. Yu**”) on March 22, 2024 in accordance with the terms of the restricted share plan adopted by the Company on June 12, 2020 (the “**2020 RS Plan**”), subject to all applicable laws, rules, regulations and the applicable award agreement (the “**Proposed Grant to Dr. Yu**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Dr. Yu, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Dr. Yu under the specific mandate granted to the Directors by the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting of the Company held on June 20, 2020 in accordance with the terms of the 2020 RS Plan (the “**2020 RS Plan Specific Mandate**”), such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Mr. Ronald Hao Xi Ede (“**Mr. Ede**”) on March 22, 2024 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**Proposed Grant to Mr. Ede**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Mr. Ede, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Mr. Ede under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”
3. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Ms. Joyce I-Yin Hsu (“**Ms. Hsu**”) on March 20, 2024 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**Proposed Grant to Ms. Hsu**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Ms. Hsu, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Ms. Hsu under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Dr. Charles Leland Cooney (“**Dr. Cooney**”) on March 22, 2024 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**Proposed Grant to Dr. Cooney**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Dr. Cooney, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Dr. Cooney under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”
5. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Dr. Kaixian Chen (“**Dr. Chen**”) on March 22, 2024 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**Proposed Grant to Dr. Chen**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Dr. Chen, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Dr. Chen under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Mr. Gary Zieziula (“**Mr. Zieziula**”) on March 22, 2024 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**Proposed Grant to Mr. Zieziula**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Mr. Zieziula, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Mr. Zieziula under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

7. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the conditional grant of restricted shares to Mr. Shuyun Chen (“**Mr. Nick Chen**”) on May 3, 2024 in accordance with the terms of 2020 RS Plan, subject to all applicable laws, rules, regulations and the applicable award agreement (the “**Proposed Grant to Mr. Nick Chen**”) be hereby approved and confirmed;
- (ii) any one or more of the directors of the Company, with the exception of Mr. Nick Chen, be authorized to exercise the powers of the Company to allot, issue and deal with the Shares pursuant to the Proposed Grant to Mr. Nick Chen under the 2020 RS Plan Specific Mandate, such that the restricted shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue at the date of the allotment and issuance of the restricted shares, and that and that he/she/they be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in paragraph (i) above.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

8. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“THAT:

- (i) the adoption of the post-IPO share scheme, named as the 2024 Share Scheme (the **“2024 Scheme”**) proposed by the Board, a copy of which is produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification, with the Scheme Mandate Limit (as defined in the 2024 Scheme) of 10% of the total issued and outstanding Shares (excluding any treasury Shares) as at the date of the Shareholders’ approval of the 2024 Scheme, be and is hereby approved and adopted, and the Scheme Administrator (as defined in the 2024 Scheme) be and are hereby authorised to grant the awards (**“Awards”**), and do all such acts and execute all such documents as the Scheme Administrator may consider necessary or expedient in order to give full effect to the 2024 Scheme; and
- (ii) conditional upon the passing of ordinary resolution 8(i), the Service Provider Sublimit (as defined in the 2024 Scheme, and which includes grants to Service Providers under any other share schemes of the Company) of 2% of the total issued and outstanding Shares (excluding any treasury Shares) as at the date of the Shareholders’ approval of the 2024 Scheme be and is hereby approved and adopted.

Ordinary resolution 8(i) is not conditional upon the passing of ordinary resolution 8(ii), but ordinary resolution 8(ii) is conditional upon the passing of ordinary resolution 8(i). In the event that ordinary resolution 8(i) is passed but ordinary resolution 8(ii) is not passed, the Company will adopt the 2024 Scheme but the Board shall alter the 2024 Scheme to remove references to the grant of Awards to Service Providers. In the event that ordinary resolution 8(ii) is passed but ordinary resolution 8(i) is not passed, the 2024 Scheme will not be adopted.”

By order of the Board
Innovent Biologics, Inc.
Dr. De-Chao Michael Yu

Chairman of the Board and Executive Director

Hong Kong, June 4, 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (i) All resolutions at the Extraordinary General Meeting 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 Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules. Treasury Shares, if any, and registered under the name of the Company shall have no voting rights at the Company's general meetings. For the avoidance of doubt and for the purpose of the Listing Rules, treasury Shares held under the name of CCASS shall abstain from voting at the Company's general meetings.
- (ii) Any shareholder entitled to attend and vote at the above Extraordinary General Meeting is entitled to appoint one or more (if he/she/it holds more than one Share) proxies to attend and vote instead of him/her/it. A proxy need not be a shareholder.
- (iii) In the case of joint holders of any Share, any one of such persons may vote at the above Extraordinary General Meeting, either personally or by proxy, in respect of such Share as if he/she was solely entitled thereto. However, if more than one of such joint holders be present at the above Extraordinary General Meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be delivered to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting (i.e. no later than 10 a.m. on Wednesday, June 19, 2024) or any adjournment thereof. The completion and delivery of the form of proxy shall not preclude the shareholders from attending and voting in person at the Extraordinary General Meeting (or any adjourned meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (v) For determining the eligibility to attend and vote at the above Extraordinary General Meeting, the register of members of the Company will be closed from Tuesday, June 18, 2024 to Friday, June 21, 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, unregistered holders of Shares are required to lodge all transfer documents accompanied by the relevant share certificates and properly completed transfer forms with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, June 17, 2024.
- (vi) Shareholders or their proxies attending Extraordinary General Meeting shall bear their own travelling and accommodation expenses.
- (vii) References to dates and time in this notice are to Hong Kong dates and time.
- (viii) References herein to an allotment, issue or dealing with securities or Shares shall include a sale or transfer of treasury Shares held under the name of the Company pursuant to the applicable requirements under the Listing Rules.
- (ix) The English text of this notice shall prevail over the Chinese text for the purpose of interpretation.