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RemeGen Co., Ltd.*

榮昌生物製藥（煙台）股份有限公司

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

(Stock Code: 9995)

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THE 2022 A SHARE INCENTIVE SCHEME**

INTRODUCTION

The Board has resolved at a meeting of the Board held on October 16, 2022 to propose, among others, (i) the adoption of the 2022 A Share Incentive Scheme; (ii) the adoption of the Assessment Management Measures; (iii) the issue and grant of new A Shares under the 2022 A Share Incentive Scheme pursuant to the Specific Mandate; (iv) the grant of new A Shares to certain Connected Participants under the 2022 A Share Incentive Scheme; and (v) the authorization to the Board to handle matters pertaining to the 2022 A Share Incentive Scheme. The 2022 A Share Incentive Scheme is still subject to the consideration and approval of the Shareholders by way of special resolution at the EGM and the Class Meetings. The Company may amend the 2022 A Share Incentive Scheme if requested by the regulatory authorities in the PRC and/or Hong Kong.

I. PROPOSED ADOPTION OF THE 2022 A SHARE INCENTIVE SCHEME

(i) Purpose of the 2022 A Share Incentive Scheme

The purpose of the Incentive Scheme is to improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's employees, effectively bond the interests of the Shareholders, the Company and the core teams together, and enable all parties to jointly pay attention to the long-term development of the Company.

(ii) Form and Source of the Restricted Shares to be Granted

The incentive instruments adopted in the Incentive Scheme are the Restricted Shares (Type II Restricted Shares). Based on different allocation principles, the Restricted Shares granted under the Incentive Scheme will be divided into Class A interests and Class B interests, which are different only in terms of time arrangement and assessment arrangement. Regardless of the interests, the source of all Restricted Shares under the Incentive Scheme is the A Shares to be issued to the Participants by the Company.

(iii) Number of the Restricted Shares to be Granted

The number of Restricted Shares to be granted to the Participants under the Incentive Scheme is 3,580,000 shares, representing approximately 0.6578% of the total shares of the Company of 544,263,003 Shares as at the date of this announcement. More specifically:

- (a) **First Grant:** 873,050 Restricted Shares of Class A interests and 1,996,400 Restricted Shares of Class B interests will be granted in the First Grant, totaling 2,869,450 Shares, representing approximately 0.5272% of the total shares of the Company of 544,263,003 Shares as at the date of this announcement, and approximately 80.15% of the total Restricted Shares available under the Incentive Scheme; and
- (b) **Reserved Grant:** 710,550 Restricted Shares will be reserved, representing approximately 0.1306% of the total shares of the Company of 544,263,003 Shares as at the date of this announcement, and approximately 19.85% of the total Restricted Shares available under the Incentive Scheme.

As at the date of this announcement, save for the H Share Award and Trust Scheme (which involves no issue of new shares or granting of option for any new securities of the Company), the Company has not adopted any other share schemes. The total number of underlying Shares involved in all share schemes of the Company (including the 2022 A Share Incentive Scheme and the H Share Award and Trust Scheme) will be 10,927,500 Shares, representing approximately

2.01% of the total shares of the Company of 544,263,003 Shares. As at the date of this announcement, the total number of underlying Shares involved in all share schemes of the Company does not exceed 20% of the total shares of the Company as at the date of this announcement. The number of Shares to be granted to any Participant under all share schemes of the Company does not exceed 1% of the total shares of the Company as at the date of this announcement.

(iv) Participants of the 2022 A Share Incentive Scheme

(A) Basis for determining the Participants

(a) Legal basis for determining the Participants

The Participants are determined after taking into account the actual circumstances of the Company and in accordance with the Company Law, the Securities Law, the Management Measures, the STAR Market Listing Rules, the Guidelines for Self-discipline, the Listing Rules and the other relevant laws, regulations and regulatory documents, as well as the relevant provisions of the Articles of Association.

(b) Functional basis for determining the Participants

The Participants include certain Directors, senior management, core technical personnel and other employees (excluding independent non-executive Directors and Supervisors) who the Board considers necessary to be incentivized. The list of the Participants eligible for the Incentive Scheme shall be prepared by the Remuneration and Appraisal Committee and verified and determined by the Supervisory Committee.

(B) Scope of the Participants

- (a) The total number of Participants proposed for the First Grant under the Incentive Scheme is 188, representing approximately 10.91% of the total number of 1,723 employees of the Company as at December 31, 2021, including (1) certain Directors and senior management; (2) core technical personnel; and (3) other employees who the Board considers necessary to be incentivized.

Among the above Participants, the Directors must be elected at the general meeting of the Company and the senior management must be appointed by the Board. All Participants must have employment or labour relationship with the Company when the Company grants the Restricted Shares. If the circumstances of the Participants change before the actual grant of the Restricted Shares by the Board, the Board may make appropriate adjustments to the actual Participants.

- (b) The Participants for the Reserved Grant shall be determined within 12 months from the date on which the Incentive Scheme is considered and approved at the EGM and the Class Meetings. Upon the proposal by the Board, the opinions of the independent non-executive Directors and the Supervisory Committee, the professional opinions of the lawyers and the issuance of legal opinions, the Company shall disclose the relevant information of the Participants on the designated website in a timely and accurate manner as required. If the Participants are not determined for more than 12 months, the reserved interests shall lapse. The basis for determining the Participants for the Reserved Grant shall be determined with reference to the basis of the First Grant.

(C) Persons who are prohibited to participate in the 2022 A Share Incentive Scheme

The Participants shall exclude Supervisors and independent non-executive Directors. Each of the Participants shall have satisfied the provisions in Article 8 of the Management Measures, namely not subject to any following circumstances:

- (1) being identified as an inappropriate candidate by the Shanghai Stock Exchange in the most recent 12 months;
- (2) being identified as an inappropriate candidate by the CSRC or its delegated institutions in the most recent 12 months;
- (3) subject to administrative penalties or market ban measures by the CSRC or its delegated institutions due to material non-compliance with laws and regulations in the most recent 12 months;
- (4) being prohibited from acting as a director or a member of the senior management of a company under the Company Law;
- (5) being prohibited from participation in share schemes of listed companies by laws and regulations; or
- (6) other circumstances as determined by the CSRC.

(D) Allocation of Restricted Shares to be granted

The allocation of the Restricted Shares to be granted under the 2022 A Share Incentive Scheme is set out in the table below:

No.	Name	Nationality	Position(s)	Class A interests (0'000 shares)	Class B interests (0'000 shares)	Number of Restricted Shares to be granted (0'000 shares)	Percentage to the total number of Restricted Shares to be granted	Percentage to the total shares of the Company as at the date of this announcement
I. Directors, Senior Management and Core Technical Personnel (6 persons)								
1	Wang Weidong (王威東)	China	Chairman, executive Director	35	0	35	9.78%	0.0643%
2	He Ruyi (何如意)	United States	Executive Director, core technical personnel	2.42	0	2.42	0.68%	0.0044%
3	Lin Jian (林健)	China	Executive Director	1.485	0	1.485	0.41%	0.0027%
4	Fu Daotian (傅道田)	United States	President, core technical personnel	2.2	0	2.2	0.61%	0.0040%
5	Li Jia (李嘉)	China	Chief financial officer	1.485	0	1.485	0.41%	0.0027%
6	Wen Qingkai (溫慶凱)	China	Board secretary	1.815	0	1.815	0.51%	0.0033%
Total				<u>44.405</u>	<u>0</u>	<u>44.405</u>	<u>12.40%</u>	<u>0.0816%</u>

No.	Name	Nationality	Position(s)	Class A interests (0'000 shares)	Class B interests (0'000 shares)	Number of Restricted Shares to be granted (0'000 shares)	Percentage to	Percentage to
							the total number of Restricted Shares to be granted	the total shares of the Company as at the date of this announcement
II. Other Participants								
	Other de facto controllers and their spouses, parents, children, shareholders individually or jointly holding 5% or more of the Company's Shares (5 persons)			5.885	1	6.885	1.92%	0.0127%
	Foreign employees (6 persons)			10.615	0	10.615	2.97%	0.0195%
	Other employees considered by the Board to be incentivised (171 persons)			26.4	198.64	225.04	62.86%	0.4135%
Total of the First Grant (188 persons)				87.305	199.64	286.945	80.15%	0.5272%
III. Reserved Grant				71.055		19.85%		0.1306%
Total				358.000		100.00%		0.6578%

Notes:

1. The number of Shares granted to any one of the above Participants through all effective share schemes of the Company does not exceed 1% of the total shares of the Company as at the date of this announcement. As at the date of this announcement, the total number of Shares under the Company's effective share schemes does not exceed 20% of the total shares of the Company as at the date of this announcement. If a Participant voluntarily renounces the grant for personal reasons, the Board shall adjust the number of grant accordingly and the Participant may reduce the amount of Restricted Shares subscribed due to insufficient funds when subscribing for Restricted Shares.
2. The aggregate number of issued Shares and Shares to be issued for the interests granted to any one of the Participant in the past 12 months does not exceed 0.1% of the relevant class of shares in issue of the Company as at the date of this announcement.
3. Any difference in the total amount and the sum of the breakdowns in the above table is due to rounding.

(v) Grant Price and Basis of Determination of the Grant Price

(A) Grant Price of the Restricted Shares

The Grant Price of the Restricted Shares (including the Reserved Grant) shall be RMB36.36 per Share, which means that the Participants can purchase the A Shares issued by the Company to the Participants at the price of RMB36.36 per Share upon satisfaction of the Attribution Conditions.

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company in the period from the date of this announcement to the completion of the Attribution of Restricted Shares to the Participants, the Grant Price or the number of Restricted Shares to be granted/attributed shall be adjusted in accordance with the relevant rules of the Incentive Scheme accordingly.

(B) Basis for determining the Grant Price

The Grant Price (including the Reserved Grant) was determined to be RMB36.36 per Share, which represents:

- (1) approximately 63.16% of the average trading price of the A Shares on the trading day preceding the date of this announcement being RMB57.57 per Share;
- (2) approximately 70.45% of the average trading price of the A Shares for the 20 trading days preceding the date of this announcement being RMB51.61 per Share;
- (3) approximately 68.18% of the average trading price of the A Shares for the 60 trading days preceding the date of this announcement being RMB53.33 per Share;
- (4) approximately 80.00% of the average trading price of the A Shares for the 120 trading days preceding the date of this announcement being RMB45.45 per Share.

(vi) Validity Period, Grant Date, Attribution Arrangements and Lock-up Period

(A) Validity period of the 2022 A Share Incentive Scheme

The 2022 A Share Incentive Scheme shall become effective upon the date of the First Grant and shall be valid until the date on which all Restricted Shares granted to the Participants have been attributed or lapsed, such period shall not exceed 84 months.

(B) Grant Date of the Restricted Shares

The Grant Date shall be determined by the Board after the Incentive Scheme is considered and approved at the EGM and the Class Meetings. The Company shall, within 60 days after the approval at the EGM and the Class Meetings, convene a Board meeting to make grants to the Participants under the First Grant in accordance with the relevant requirements, and complete the announcement(s) and other relevant procedures. If the Company fails to complete the above work within the 60-day period, it shall disclose the reasons for such failure and terminate the implementation of the Incentive Scheme, and the Restricted Shares that have not been granted shall lapse. According to the requirements of the Management Measures, the period during which a listed company shall not make grants is not counted within the 60 days.

The Reserved Grant shall be made within 12 months after the Incentive Scheme is considered and approved at the EGM and the Class Meetings. If the Participants for the Reserved Grant are not determined within the 12-month period, the Reserved Grant shall lapse.

The Grant Date must be a trading day and no grants shall be made during the following periods:

- (a) The Company shall not grant the relevant interests after inside information has come to its knowledge until (and including) the trading day after the announcement of the relevant information. In particular, no such interest shall be granted within one month immediately before the earlier of:
 - (1) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving any annual, half-year, quarterly or any other interim results of the Company (whether or not required under the Listing Rules); and

- (2) the deadline by which the Company is required to announce its year or half-year results, or the deadline for announcing quarterly or any other interim results under the Listing Rules (whether or not required under the Listing Rules).

The relevant restrictions end on the date of the announcement of the results. No interest may be granted for the period during which the announcement of the results is delayed.

- (b) Other periods as prescribed by the Shanghai Stock Exchange or the Stock Exchange.

(C) Attribution arrangements under 2022 A Share Incentive Scheme

- (a) The Restricted Shares granted under the Incentive Scheme may be attributed in tranches as per the agreed proportions upon the Participants satisfying the corresponding Attribution Conditions. The Attribution Date must be a trading day, and the period during which Attribution is not permitted under the STAR Market Listing Rules or the Listing Rules is not included. The Restricted Shares granted to the Participants shall not be attributed in the following periods:

- (1) Within sixty (60) days and thirty (30) days prior to the announcement of the annual reports and of the semi-annual reports, respectively, and on the date of the announcement for the Company, or in the event of postponement in publishing the periodic reports for special reasons, thirty (30) days prior to the original announcement date and ending the day prior to the announcement date;
- (2) Ten (10) days prior to the release of the Company's quarterly reports, results forecast or preliminary report;
- (3) From the date of a major event which may have a material impact on the trading price of the Company's securities and derivatives or during the process of decision making until the date of legal disclosure of the same;
- (4) Other periods stipulated by the Shanghai Stock Exchange or the Stock Exchange.

If the relevant regulations of the relevant stock exchanges regarding the attribution period change during the validity period of the Incentive Scheme, the Attribution Date shall comply with the relevant laws, regulations and regulatory documents after the amendment.

(b) The Restricted Shares to be granted under the Incentive Scheme have different Attribution arrangements for Class A and Class B interests respectively.

(1) The Restricted Shares of Class A interests shall be attributed in five tranches after 12 months from the Grant Date. The specific Attribution arrangement is as follows:

Class A interests		Percentage of the number of attributed interests to the total number of granted interests
Attribution arrangement	Time of Attribution	
First Attribution Period	From the first trading day after the expiry of 12 months following the Grant Date for the corresponding interest until the last trading day within the 24 months following the Grant Date for corresponding interest	20%
Second Attribution Period	From the first trading day after the expiry of 24 months following the Grant Date for the corresponding interest until the last trading day within the 36 months following the Grant Date for corresponding interest	20%
Third Attribution Period	From the first trading day after the expiry of 36 months following the Grant Date for the corresponding interest until the last trading day within the 48 months following the Grant Date for corresponding interest	20%
Fourth Attribution Period	From the first trading day after the expiry of 48 months following the Grant Date for the corresponding interest until the last trading day within the 60 months following the Grant Date for corresponding interest	20%
Fifth Attribution Period	From the first trading day after the expiry of 60 months following the Grant Date for the corresponding interest until the last trading day within the 72 months following the Grant Date for corresponding interest	20%

- (2) The Restricted Shares of Class B interests shall be attributed in four tranches after 24 months from the Grant Date. The specific Attribution arrangement is as follows:

Class B interests		
Attribution arrangement	Time of Attribution	Percentage of the number of attributed interests to the total number of granted interest
First Attribution Period	From the first trading day after the expiry of 24 months following the Grant Date for the corresponding interest until the last trading day within the 36 months following the Grant Date for corresponding interest	20%
Second Attribution Period	From the first trading day after the expiry of 36 months following the Grant Date for the corresponding interest until the last trading day within the 48 months following the Grant Date for corresponding interest	40%
Third Attribution Period	From the first trading day after the expiry of 48 months following the Grant Date for the corresponding interest until the last trading day within the 60 months following the Grant Date for corresponding interest	20%
Fourth Attribution Period	From the first trading day after the expiry of 60 months following the Grant Date for the corresponding interest until the last trading day within the 72 months following the Grant Date for corresponding interest	20%

Restricted Shares that are not attributed within the above-mentioned agreed period or that cannot be applied for Attribution for that period due to failure to meet the Attribution Conditions shall not be attributed and shall lapse.

Prior to the Attribution, the Restricted Shares granted to the Participants shall not be transferred or used to guarantee or repay debts. For the Restricted Shares granted to the Participants but not yet attributed, Shares increased due to capitalisation issue, bonus issue, etc. are also subject to the Attribution Conditions, and shall not be transferred or used to guarantee or repay debts. Where the Restricted Shares are not allowed to be attributed at that time, Shares obtained for the aforementioned reasons shall also not be attributed.

(vii) Conditions for Grant and Attribution of Restricted Shares

(A) Conditions for grant of the Restricted Shares

The Company shall grant the Restricted Shares to the Participants upon satisfaction of all of the following grant conditions; or conversely, if any of the following grant conditions has not been satisfied, no Restricted Shares shall be granted to the Participants.

(a) None of the following has occurred on the part of the Company:

- (1) an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
- (2) an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
- (3) in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
- (4) laws and regulations stipulate that equity incentives shall not be implemented;
- (5) other circumstances as determined by the CSRC.

(b) None of the following has occurred on the part of the Participant:

- (1) being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;
- (2) being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
- (3) subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations within the most recent 12 months;
- (4) being prohibited from acting as a director or a member of the senior management of a company under the Company Law;
- (5) being prohibited from participation in share schemes of listed companies by laws and regulations;
- (6) other circumstances as determined by the CSRC.

(B) Attribution Conditions of the Restricted Shares

The following Attribution Conditions shall be satisfied before Restricted Shares granted to the Participants are attributed in tranches:

(a) None of the following has occurred on the part of the Company:

- (1) an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
- (2) an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
- (3) in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
- (4) laws and regulations stipulate that equity incentives shall not be implemented;
- (5) other circumstances as determined by the CSRC.

(b) None of the following has occurred on the part of the Participant:

- (1) being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;
- (2) being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
- (3) subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations in the most recent 12 months;
- (4) being prohibited from acting as a director or a member of the senior management of a company under the Company Law;
- (5) being prohibited from participation in share schemes of listed companies by laws and regulations;
- (6) other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified in the above subparagraph (a) arises, the Restricted Shares that have been granted but have not yet been attributed to all of the Participants under the Incentive Scheme shall not be attributed and shall lapse. In the event that the Restricted Shares shall not be granted to a Participant as specified in the above subparagraph (b), the Restricted Shares that have been granted but have not yet been attributed to such Participant shall not be attributed and shall lapse.

(c) The relevant Participant satisfies the requirements on length of employment in each Attribution period, namely before each tranche of Restricted Shares granted to a Participant is attributed, the length of employment of the Participant must be more than 12 months in the Company.

(d) Performance assessment requirements at the Company level

According to the Assessment Management Measures, the performance assessment at the Company level of the Incentive Scheme sets different appraisal arrangements for Class A interests and Class B interests.

(1) *First Grant*

- ① The assessment years of the First Grant of the Class A interests shall be for the five accounting years from 2022 to 2026, and the Company's performance shall be assessed once in each accounting year. The performance assessment targets for each year are set out in the table below:

Attribution arrangements	Assessment year	Class A interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
First Attribution Period	2022	The Company satisfies any one of the following conditions: 1. The total revenue of the Group for 2022 shall not be less than RMB750 million 2. In 2022, the Group shall launch 6 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. The total revenue of the Group for 2022 shall not be less than RMB700 million 2. In 2022, the Group shall launch 5 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. The total revenue of the Group for 2022 shall not be less than RMB650 million 2. In 2022, the Group shall launch 4 new clinical trials (including I-III phase clinical trials, achieving the first enrolment).
Second Attribution Period	2023	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB2 billion 2. From 2022 to 2023, the Group shall launch a total of 12 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB1.8 billion 2. From 2022 to 2023, the Group shall launch a total of 10 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB1.6 billion 2. From 2022 to 2023, the Group shall launch a total of 8 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Attribution arrangements	Assessment year	Class A interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
Third Attribution Period	2024	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB4 billion 2. From 2022 to 2024, the Group shall launch a total of 20 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB3.6 billion 2. From 2022 to 2024, the Group shall launch a total of 17 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB3.3 billion 2. From 2022 to 2024, the Group shall launch a total of 14 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).
Fourth Attribution Period	2025	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB7 billion 2. From 2022 to 2025, the Group shall launch a total of 28 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB6.5 billion 2. From 2022 to 2025, the Group shall launch a total of 24 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB6 billion 2. From 2022 to 2025, the Group shall launch a total of 20 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Attribution arrangements	Assessment year	Class A interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
Fifth Attribution Period	2026	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB11 billion 2. From 2022 to 2026, the Group shall launch a total of 36 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB10 billion 2. From 2022 to 2026, the Group shall launch a total of 31 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB9 billion 2. From 2022 to 2026, the Group shall launch a total of 26 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Note: The above “revenue” is calculated based on the data set out in the consolidated statements audited by the accounting firm engaged by the Company, excluding the overseas licencing income of telitacicept. (same below)

- ② The assessment year for the First Grant of the Class B interests shall be the four accounting years from 2023 to 2026, which shall be assessed once in each accounting year. The performance assessment targets for each year are set out in the table below:

Attribution arrangements	Assessment year	Class B interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
First Attribution Period	2023	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB2 billion 2. From 2022 to 2023, the Group shall a total of 12 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB1.8 billion 2. From 2022 to 2023, the Group shall launch a total of 10 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB1.6 billion 2. From 2022 to 2023, the Group shall launch a total of 8 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).
Second Attribution Period	2024	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB4 billion 2. From 2022 to 2024, the Group shall launch a total of 20 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB3.6 billion 2. From 2022 to 2024, the Group shall launch a total of 17 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB3.3 billion 2. From 2022 to 2024, the Group shall launch a total of 14 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Attribution arrangements	Assessment year	Class B interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
Third Attribution Period	2025	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB7 billion 2. From 2022 to 2025, the Group shall launch a total of 28 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB6.5 billion 2. From 2022 to 2025, the Group shall launch a total of 24 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB6 billion 2. From 2022 to 2025, the Group shall launch a total of 20 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).
Fourth Attribution Period	2026	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB11 billion 2. From 2022 to 2026, the Group shall launch a total of 36 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB10 billion 2. From 2022 to 2026, the Group shall launch a total of 31 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB9 billion 2. From 2022 to 2026,, the Group shall launch a total of 26 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

(2) *Reserved Grant*

- ① The assessment years of the Restricted Shares of Class A interests under the Reserved Grant shall be the five accounting years from 2023 to 2027, and the Company shall be assessed once in each accounting year. The performance assessment targets for each year are set out in the table below:

Attribution arrangements	Assessment year	Class A interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
First Attribution period under the Reserved Grant	2023	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB2 billion 2. From 2022 to 2023, the Group shall launch a total of 12 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB1.8 billion 2. From 2022 to 2023, the Group shall launch a total of 10 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2023, the total revenue of the Group shall not be less than RMB1.6 billion 2. From 2022 to 2023, the Group shall launch a total of 8 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).
Second Attribution period under the Reserved Grant	2024	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB4 billion 2. From 2022 to 2024, the Group shall launch a total of 20 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB3.6 billion 2. From 2022 to 2024, the Group shall launch a total of 17 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB3.3 billion 2. From 2022 to 2024, the Group shall launch a total of 14 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Attribution arrangements	Assessment year	Class A interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
Third Attribution period under the Reserved Grant	2025	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB7 billion 2. From 2022 to 2025, the Group shall launch a total of 28 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB6.5 billion 2. From 2022 to 2025, the Group shall launch a total of 24 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB6 billion 2. From 2022 to 2025, the Group shall launch a total of 20 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).
Fourth Attribution period under the Reserved Grant	2026	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB11 billion 2. From 2022 to 2026, the Group shall launch a total of 36 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB10 billion 2. From 2022 to 2026, the Group shall launch a total of 31 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB9 billion 2. From 2022 to 2026, the Group shall launch a total of 26 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Attribution arrangements	Assessment year	Class A interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
Fifth Attribution period under the Reserved Grant	2027	The Company satisfies any one of the following conditions: 1. From 2022 to 2027, the total revenue shall not be less than RMB16 billion 2. From 2022 to 2027, the Group shall launch a total of 44 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2027, the total revenue shall not be less than RMB15 billion 2. From 2022 to 2027, the Group shall launch a total of 38 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2027, the total revenue shall not be less than RMB14 billion 2. From 2022 to 2027, the Group shall launch a total of 32 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Note: The above “revenue” is calculated based on the data set out in the consolidated financial statements audited by the accounting firm engaged by the Company, excluding the overseas licencing income of telitacicept.

- ② The assessment years of the Restricted Shares of Class B interests under the Reserved Grant shall be the four accounting years from 2024 to 2027, and the Company shall be assessed once in each accounting year. The performance assessment targets for each year are set out in the table below:

Attribution arrangements	Assessment year	Class B interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
First Attribution period under the Reserved Grant	2024	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB4 billion 2. From 2022 to 2024, the Group shall launch a total of 20 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB3.6 billion 2. From 2022 to 2024, the Group shall launch a total of 17 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2024, the total revenue of the Group shall not be less than RMB3.3 billion 2. From 2022 to 2024, the Group shall launch a total of 14 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).
Second Attribution period under the Reserved Grant	2025	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB7 billion 2. From 2022 to 2025, the Group shall launch a total of 28 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB6.5 billion 2. From 2022 to 2025, the Group shall launch a total of 24 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2025, the total revenue of the Group shall not be less than RMB6 billion 2. From 2022 to 2025, the Group shall launch a total of 20 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Attribution arrangements	Assessment year	Class B interests		
		Performance assessment target A	Performance assessment target B	Performance assessment target C
		100% of company Attribution	80% of company Attribution	70% of company Attribution
Third Attribution period under the Reserved Grant	2026	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB11 billion 2. From 2022 to 2026, the Group shall launch a total of 36 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB10 billion 2. From 2022 to 2026, the Group shall launch a total of 31 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2026, the total revenue of the Group shall not be less than RMB9 billion 2. From 2022 to 2026, the Group shall launch a total of 26 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).
Fourth Attribution period under the Reserved Grant	2027	The Company satisfies any one of the following conditions: 1. From 2022 to 2027, the total revenue shall not be less than RMB16 billion 2. From 2022 to 2027, the Group shall launch a total of 44 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2027, the total revenue shall not be less than RMB15 billion 2. From 2022 to 2027, the Group shall launch a total of 38 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).	The Company satisfies any one of the following conditions: 1. From 2022 to 2027, the total revenue shall not be less than RMB14 billion 2. From 2022 to 2027, the Group shall launch a total of 32 new clinical trials (including I-III phase clinical trials, achieving the first patient enrolment).

Note: The above “revenue” is calculated based on the data set out in the consolidated financial statements audited by the accounting firm engaged by the Company, excluding the overseas licencing income of telitacicept.

If the Company fails to meet the above performance indicators, all the Restricted Shares that are not attributed to the Participants for the period shall not be attributed or deferred to the next period, and shall lapse.

(e) Performance assessment requirements at the Participant's individual level

According to the Assessment Management Measures, the Company conducts individual performance assessment on each of the Participants during the assessment year and determines the number of Restricted Shares actually attributed to the Participants based on their assessment results. The performance assessment results of the Participants are divided into four levels, namely A, B, C and D, and the actual number of Restricted Shares to be attributed to the Participants will be determined according to the proportion of Attribution at the individual level corresponding to the following assessment rating table:

Assessment results	A	B	C	D
Individual-level attribution ratio		100%		0%

The number of Restricted Shares actually attributed to a Participant in the Attribution period = the number of Restricted Shares planned to be attributed to the individual in that Attribution period × Company-level Attribution ratio × Individual-level Attribution ratio.

If the Restricted Shares attributed to the Participants for an Attribution period cannot be attributed or cannot be fully attributed due to assessment results, the Restricted Shares which are not attributed shall lapse and shall not be deferred to the following years.

The assessments under the Incentive Scheme are implemented in accordance with the Assessment Management Measures.

(viii) Implementation, Grant and Attribution Procedures

(A) Procedures for the implementation of the 2022 A Share Incentive Scheme

- (a) The Remuneration and Appraisal Committee is responsible for fixing the draft and summary of the Incentive Scheme.
- (b) The Board shall resolve on the Incentive Scheme in accordance with laws. When the Board considers the Incentive Scheme, the Directors who are the Participants or the Directors who are related thereto shall abstain from voting. The Board shall submit the Incentive Scheme to the EGM and the Class Meetings for consideration after considering and approving the Incentive Scheme and performing the public disclosure and announcement procedures, and at the same time propose to the EGM and the Class Meetings to authorise and implement the grants and attributions (registration) of the Restricted Shares.

- (c) The independent non-executive Directors and the Supervisory Committee shall express their opinions on whether the Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole. The Company will engage an independent financial adviser with securities qualifications to give its professional opinion on the feasibility of the Incentive Scheme, whether the Incentive Scheme is conducive to the sustainable development of the Company, and whether it harms the interests of the Company, and the impact on the interests of Shareholders. The PRC law firm shall issue a legal opinion on the Incentive Scheme.
- (d) The Company shall carry out self-examination on the trading of Shares by insiders within six (6) months prior to the announcement of the Incentive Scheme.
- (e) The Incentive Scheme shall subject to the consideration and approval at the EGM and the Class Meetings. Before convening the EGM and the Class Meetings, the Company shall publish the names and positions of the Participants internally through the Company's website or other channels for a period of not less than ten (10) days. The Supervisory Committee shall review the list of Participants and fully listen to the public opinions. The Company shall disclose the explanation of the Supervisory Committee on the review opinions and announcements on the list of the Participants five (5) days before the Incentive Scheme is considered at the EGM and the Class Meetings.
- (f) The independent non-executive Directors shall solicit proxy voting rights from all independent Shareholders in respect of the Incentive Scheme.
- (g) At the EGM and the Class Meetings, the attending Shareholders or proxies shall vote by ballot on the Incentive Scheme, which shall be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting. The voting of other Shareholders who are not Directors, Supervisors, senior management of the Company individually or collectively holding more than 5% of the Shares of the Company shall be separately counted and disclosed.

When the Incentive Scheme is considered at the EGM and the Class Meetings, shareholders who are Participants or shareholders who are related to or associates of the Participants shall abstain from voting thereon.

- (h) The Company shall grant the Restricted Shares to the Participants within the prescribed period upon approval of the Incentive Scheme at the EGM and the Class Meetings and the fulfilment of grant conditions stipulated under the Incentive Scheme. The Board shall be responsible for the grant and Attribution of the Restricted Shares in accordance with the Specific Mandate granted at the EGM and the Class Meetings.

(B) Procedures for granting the Restricted Shares

- (a) Upon consideration and approval of the Incentive Scheme at the EGM and the Class Meetings and passing the resolution of granting interests to the Participants at the Board meeting, the Company shall sign an “Agreement on the Grant of Restricted Shares” with each of the Participants in order to set out their respective rights and obligations.
- (b) The Board shall consider and announce whether the conditions of a grant to a Participant as set out in the Incentive Scheme have been satisfied before the Company makes a grant to such Participant, and the Reserved Grant shall be determined, considered and approved by the Board. The independent non-executive Directors and the Supervisory Committee shall simultaneously express clear opinions. The PRC law firm shall issue legal opinions on whether the conditions for the grant to the Participants are fulfilled or not.
- (c) The Supervisory Committee shall verify the Grant Date and the list of Participants and issue opinions thereon.
- (d) Where there is any discrepancy between the grant of interests by the Company to the Participants and the arrangement of the Incentive Scheme, the independent non-executive Directors, the Supervisory Committee (when the Participants change) and the PRC law firm shall simultaneously express clear opinions.
- (e) The Company shall grant Restricted Shares to the Participants under the First Grant and make an announcement within 60 days after the Incentive Scheme is considered and approved at the EGM and the Class Meetings. In the event the Company fails to make the First Grant within such 60 days, the Incentive Scheme shall be terminated, and the Board shall disclose the reason for such failure in a timely manner and announce the termination of the Incentive Scheme, and shall be prohibited from approving a share scheme again within three (3) months commencing from the date of the announcement of the termination of the Incentive Scheme.

Participants eligible for Reserved Grant shall be determined within 12 months after the Incentive Scheme is considered and approved at the EGM and the Class Meetings. If the Participants for the Reserved Grant are not confirmed within such 12 months, the interests under the Reserved Grant will lapse.

(C) Procedures for the Attribution of the Restricted Shares

- (a) Before the Attribution of the Restricted Shares, the Board shall consider whether the Attribution Conditions of the Participants as set out in the Incentive Scheme have been fulfilled, and the independent non-executive Directors and the Supervisory Committee shall simultaneously issue clear opinions, and the PRC law firm shall issue legal opinions on whether the Attribution Conditions for the exercise of the Participants have been fulfilled. For the Participants who have fulfilled the Attribution Conditions, the Company shall handle the Attribution in a unified manner, and for the Participants who have not fulfilled the Attribution Conditions, the Restricted Shares in the relevant tranche shall not be attributed and shall lapse. The Company shall disclose the announcement of the resolutions of the Board in a timely manner after the Attribution of the Participants, and publish the opinions of the independent non-executive Directors, the Supervisory Committee and the PRC law firm and the relevant implementation thereof.
- (b) Before handling the Attribution of the Restricted Shares in a unified manner, the Company shall apply to the Shanghai Stock Exchange. The Company shall apply to the securities depository and clearing institution for the registration and settlement matters after confirmation by the Shanghai Stock Exchange.

(ix) Method and Procedures for Adjustment

(A) Adjustment method of the number of the Restricted Shares

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company during the period from the date of this announcement to the completion of Attribution and registration of Restricted Shares for the Participants, the number of Restricted Shares granted/attributed shall be adjusted accordingly. The adjustment method is as follows:

1. Capitalisation issue, bonus issue and sub-division of shares

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

Where: Q_0 represents the number of Restricted Shares granted/attribution before the adjustment; n represents the ratio of increase per Share resulting from the issue of Shares by capitalisation of capital reserves, bonus issue or sub-division of Shares (i.e., the number of Shares increased per Share upon capitalisation of capital reserves, bonus issue or sub-division of Shares); Q represents the adjusted number of Restricted Shares granted/attribution.

2. *Rights issue*

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

Where: Q_0 represents the number of Restricted Shares granted/attribution before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of Restricted Shares granted/attribution.

3. *Share consolidation*

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares granted/attribution before the adjustment; n represents the ratio of consolidation of shares (i.e., one share shall be consolidated into n shares); Q represents the adjusted number of Restricted Shares granted/attribution.

4. *New issue of shares*

In the event of issue of new shares, no adjustment shall be made to the number of Restricted Shares granted/attribution.

(B) Adjustment method of the Grant Price

In the event of any capitalisation issue, bonus issue, sub-division, rights issue, share consolidation or dividend distribution of the Company in the period from the date of this announcement to the completion of Attribution and registration of Restricted Shares for the Participants, an adjustment to the Grant Price of Restricted Shares shall be made by the Company accordingly. The adjustment method is as follows:

1. *Capitalisation issue, bonus issue and sub-division of shares*

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

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue and sub-division of shares to each share; P represents the adjusted Grant Price.

2. *Rights issue*

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

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Grant Price.

3. *Share consolidation*

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of share consolidation; P represents the adjusted Grant Price.

4. *Dividend distribution*

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the adjusted Grant Price. P shall be greater than 1 after the dividend distribution.

5. *Additional issue of new shares*

Under the circumstance of additional issue of new shares, no adjustment will be made on the Grant Price.

(C) Adjustment procedures

In the event of the above circumstances, the Board shall consider and approve the proposal on the adjustment of the number of Restricted Shares to be granted/attributed and the Grant Price (The number and price of Restricted Shares to be granted/attributed proposed to be adjusted for matters other than the above circumstances shall be submitted to the general meeting and the class meetings of A Shareholders and H Shareholders of the Company for consideration, despite the Board's consideration of the relevant resolution). The Company shall engage a PRC law firm to issue professional opinions to

the Board on whether the above adjustments are in compliance with the Management Measures, the Articles of Association and the Incentive Scheme. After the adjustment proposal is considered and approved by the Board, the Company shall timely disclose the announcement of the resolutions of the Board and the legal opinion.

(x) Other Rights and Obligations of the Company and the Participants and Dispute Mechanism

(A) Rights and obligations of the Company

- (a) The Company shall have the right to interpret and execute the Incentive Scheme and shall appraise the performance of Participants based on the requirements under the Incentive Scheme. If a Participant fails to fulfil the Attribution Conditions required under the Incentive Scheme, the Restricted Shares that have been granted to the Participant but not yet attributed shall not be attributed and shall lapse.
- (b) The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Participants to obtain relevant Restricted Shares according to the Incentive Scheme.
- (c) The Company shall make timely, true, accurate and complete disclosure of information disclosure documents related to the Incentive Scheme in accordance with relevant laws, regulations and regulatory documents, and ensure that there are no false records, misleading statements or material omissions, and timely fulfil the relevant reporting obligations of the Incentive Scheme.
- (d) The Company shall proactively procure the Attribution of Restricted Shares for Participants who have satisfied with the Attribution Conditions pursuant to the Incentive Scheme and the relevant requirements of the CSRC, the Shanghai Stock Exchange and CSDC Shanghai Branch. The Company shall not be held liable for losses incurred by the Participants who fail to complete the Attribution due to reasons caused by the CSRC, the Shanghai Stock Exchange and CSDC.
- (e) If the Participants violate the laws and professional ethics, leak confidential information of the Company, and are negligent or gross misconduct in performance of duties, which may cause serious damage to the interests or reputation of the Company, upon being reviewed by the Remuneration and Appraisal Committee and reported to the Board for approval, the Restricted Shares that have been granted to Participants but

not yet attributed shall not be attributed and shall lapse. At the same time, in the event of serious circumstances, the Company may also recover the losses suffered by the Company in accordance with relevant laws and regulations.

- (f) In accordance with the relevant provisions of the national tax laws and regulations, the Company shall withhold and pay the individual income tax and other taxes payable by the Participants for participation in the Incentive Scheme.
- (g) The Company's determination of the Participants under the Incentive Scheme does not mean to ensure the Participants' right to continue to serve the Company, and does not constitute the Company's commitment to the term of employment of employees. The Company's employment and employment management of employees are still implemented in accordance with the employment contract or labour contract signed between the Company and the Participants.
- (h) Other relevant rights and obligations as stipulated by laws, administrative regulations and regulatory documents.

(B) Rights and obligations of the Participants

- (a) The Participants shall, based on the requirements of their position, perform their responsibilities diligently in compliance with professional ethic and strive to contribute to the development of the Company.
- (b) The source of funding of Participants shall derive from their own funds.
- (c) The Restricted Shares granted to the Participants shall not be transferred or used to guarantee or repay debts.
- (d) The Restricted Shares granted to the Participants according to the requirements of the Incentive Scheme are not entitled to voting power before Attribution and registration, and are not entitled to participate in the distribution of share bonuses and dividends.
- (e) The gains acquired by the Participants as a result of the Incentive Scheme shall be subject to individual income tax and other taxes and fees according to tax laws and regulations of the PRC.
- (f) Participants undertake that where false statements or misleading representations in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or Attribution arrangements, Participants concerned shall return to

the Company all interests gained through the Incentive Scheme calculated from the date when it is confirmed that the relevant information disclosure documents of the Company contain false statements or misleading representations or material omissions.

- (g) Upon consideration and approval of the Incentive Scheme at the EGM and the Class Meetings and passing the resolution of granting interest to the Participants at the Board meeting, the Company shall sign an “Agreement on the Grant of Restricted Shares” with each of the Participants in order to set out their respective rights and obligations as well as other matters.
- (h) Other relevant rights and obligations under the laws, regulations and the Incentive Scheme.

(C) Dispute settlement mechanism between the Company and the Participants

The disputes between the Company and the Participants arising from the execution of the Incentive Scheme, or the “Agreement on the Grant of Restricted Shares” signed by the parties or in relation to the Incentive Scheme or the “Agreement on the Grant of Restricted Shares” shall be solved through negotiation and communication by both parties, or mediation by the Remuneration and Appraisal Committee. If relevant disputes are not solved through the above-mentioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people’s court with jurisdiction in the place where the Company is located.

(xi) Amendment to and Termination of the 2022 A Share Incentive Scheme

(A) Procedures for the amendment to and termination of the 2022 A Share Incentive Scheme

- (a) Procedures for the amendment to the 2022 A Share Incentive Scheme
 - (1) In the event that the Company intends to amend the Incentive Scheme before it is considered and approved at the EGM and the Class Meetings, such amendment shall be considered and approved by the Board.
 - (2) In the event that the Company intends to amend the Incentive Scheme after it is considered and approved at the EGM and the Class Meetings, such amendment shall be considered and determined at the

general meeting and the class meetings of A Shareholders and H Shareholders given that such amendment shall not result in the following:

- a. accelerating the Attribution;
 - b. reducing the Grant Price (except for circumstances where the Grant Price is lowered due to shares by capitalisation issue, bonus issue, rights issue and other reasons).
- (3) The independent non-executive Directors and the Supervisory Committee shall express their independent opinions on whether the amended Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole. The law firm shall issue professional opinions on whether the amended scheme complies with the provisions of the Management Measures and relevant laws and regulations, and whether there is any obvious damage to the interests of the Company and its Shareholders as a whole.
- (b) Procedures for the termination of the 2022 A Share Incentive Scheme
- (1) If the Company intends to terminate the implementation of the Incentive Scheme before it is considered at the EGM and the Class Meetings, such termination shall be considered and approved by the Board.
 - (2) If the Company intends to terminate the implementation of the Incentive Scheme after it is considered and approved at the EGM and the Class Meetings, such termination shall be considered and approved at general meeting and the class meetings of A Shareholders and H Shareholders.
 - (3) The PRC law firm shall issue professional opinions on whether the Company's termination of the Incentive Scheme complies with the provisions of the Management Measures and relevant laws and regulations, and whether there is any obvious damage to the interests of the Company and its Shareholders as a whole.

(B) In the event of any changes occurred at the Company level

- (a) In the event that any of the circumstances below occurs in respect of the Company, the Incentive Scheme shall be terminated and the Restricted Shares (including the Reserved Grant) that have been granted to the Participants but not yet attributed shall not be attributed and shall lapse:
 - (1) an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (2) an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (3) in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
 - (4) laws and regulations stipulate that equity incentives shall not be implemented;
 - (5) other circumstances where the Incentive Scheme should be terminated as determined by the CSRC.
- (b) The Incentive Scheme shall remain unchanged if any of the following events occurs to the Company:
 - (1) a change of control of the Company without reorganisation of major assets;
 - (2) a merger or division of the Company, where the Company continues to exist.
- (c) If any of the following events occurs to the Company, the general meeting and the class meetings of A Shareholders and H Shareholders of the Company shall decide whether to amend or adjust the Incentive Scheme:
 - (1) a change of control of the Company involving reorganisation of major assets;
 - (2) a merger or division of the Company, where Company no longer exists.

- (d) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with conditions for the grant or Attribution of Restricted Shares, the Restricted Shares granted to Participants but not yet attributed shall not be attributed and shall lapse. In respect of the Restricted Shares already attributed, the Participants concerned shall return to the Company all equities granted. The Board shall recover the income of Participants in accordance with the provisions of the preceding paragraph. The Participants who bear no responsibility for the aforesaid matters and who incur losses as a result of the return of interests granted may seek compensation from the Company or responsible parties.

(C) In the event of any changes in the personal circumstances of the Participants

- (a) If a Participant ceases to be eligible to participate in the Incentive Scheme due to the occurrence of any of the following circumstances, the Board may decide that the Restricted Shares (including the Reserved Grant) granted to the Participant but not yet attributed shall not be attributed and shall lapse on the date of occurrence of the circumstances under the Incentive Scheme:
- (1) being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;
 - (2) being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
 - (3) subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations in the most recent 12 months;
 - (4) being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
 - (5) being prohibited from participation in share schemes of listed companies by laws and regulations;
 - (6) other circumstances as determined by the CSRC.
- (b) If a Participant's position(s) has been changed but he/she still works in the Company, the Restricted Shares granted to him/her shall be carried out in full accordance with the procedures stipulated in the Incentive Scheme prior to the change of his/her position; however, if the Participant's position(s) has changed due to his/her incompetence to his/

her position, violation of laws, violation of professional ethics, leakage of confidential information of the Company, dereliction of duty or malfeasance, serious violation of the Company's system and other acts that damage the interests or reputation of the Company, or the Company terminates his/her labour relationship or employment relationship with the Participant due to the above reasons, the Restricted Shares that have been granted to the Participant but not yet attributed shall not be attributed and shall lapse.

- (c) Where a Participant resigns, including circumstances of voluntary resignation, resignation due to layoffs of the Company, labour contract/employment agreement expired and no longer renewed, dismissal by the Company due to personal fault, negotiated termination of labour contract or employment agreement, Restricted Shares that have been granted to such Participant but not yet attributed since the date of resignation shall not be attributed and shall lapse. Such Participant shall pay the Company the individual income tax involved in the attributed Restricted Shares before resignation. The Company has the right to recover the losses incurred from a Participant in accordance with the provisions of relevant laws, depending on the seriousness of the circumstances when he/she conducts personal faults including, but are not limited to: violation of the employment contract, confidentiality agreement, non-competition agreement or any other similar agreements signed with the Company or its affiliates; violation of the laws of the country of residence, resulting in criminal offenses or other negative conditions that affect the performance of the job; collection of remuneration from companies other than the Company or individuals, which has not been disclosed to the Company in advance.
- (d) If a Participant retires normally in accordance with national regulations and the Company's requirements, the Restricted Shares granted to him/her shall remain valid and shall be attributed in accordance with the procedures stipulated in the Incentive Scheme.
- (e) The resignation of a Participant due to his/her incapacity shall be dealt with in the following two circumstances:
 - (1) When a Participant resigns due to incapacity in performing his/her duties, the Restricted Shares granted to him/her shall be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to his/her incapacity. The Board may determine that his/her personal performance assessment conditions shall no longer be included in the Attribution Conditions. The Participants shall pay to the Company the individual income tax in relation to the Restricted

Shares that have been attributed before they leave the Company, and shall pay the individual income tax in relation to the Restricted Shares that will be attributed in the current period in advance of each Attribution thereafter.

- (2) When a Participant leaves the Company due to incapacity not resulting from performance of duties, the Restricted Shares that have been granted to the Participant but not yet attributed shall not be attributed and shall lapse. Prior to the resignation of the Participants, the Participants shall pay to the Company the individual income tax incurred in the Restricted Shares that have been attributed.
- (f) The death of a Participant shall be dealt with in the following two circumstances:
- (1) If a Participant dies in the course of performing his/her duties, the Restricted Shares granted to him/her shall be inherited by his/her successor and shall be attributed in accordance with the procedures stipulated in the Incentive Scheme prior to the death of the Participant. The Board may determine that his/her personal performance assessment conditions shall no longer be included in the Attribution Conditions. The successor shall pay to the Company the individual income tax in respect of the Restricted Shares attributed before the inheritance, and shall pay the individual income tax in respect of the Restricted Shares attributed for the current period in advance of each Attribution thereafter.
 - (2) If a Participant dies other than due to his/her duty, the Restricted Shares that have been granted to the Participant but have not yet been attributed shall not be attributed and shall lapse on the date of occurrence of such event. If the Board, at its discretion, allows the Restricted Shares that have been granted but have not yet been attributed to be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to the death of the Participants, the Board may determine that their personal performance assessment will no longer be included in the Attribution Conditions, and the successors shall pay the individual income tax in respect of the Restricted Shares that have been attributed before the inheritance, and shall pay the individual income tax in respect of the Restricted Shares that will be attributed in the current period in advance of each Attribution thereafter.
- (g) Other unspecified circumstances shall be determined by the board of directors of the Company and its treatment method shall be determined.

(xii) Accounting Treatment and Impact on the Operating Performance

(A) Accounting treatment

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 — Share-based Payments (《企業會計準則第11號—股份支付》) and the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (《企業會計準則第22號—金融工具確認和計量》) of the PRC, the Company shall, on each balance sheet date during the period from the Grant Date to the Attribution Date, revise the number of Restricted Shares expected to be attributed according to the latest information such as the change in the number of persons entitled to be attributed and the completion of performance indicators, and recognise the services obtained in the current period in relevant costs or expenses and capital reserve according to the fair value of the Restricted Shares on the Grant Date.

With reference to the “Application of Share-based Payment Standards — Grant of Restricted Shares (《股份支付準則應用案例—授予限制性股票》)” issued by the Accounting Department of the Ministry of Finance of the PRC, the measurement of the share-based payment expenses for Type II Restricted Shares is based on share options. In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 — Share-based Payments (《企業會計準則第11號—股份支付》) and the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (《企業會計準則第22號—金融工具確認和計量》) of the PRC, the Company selected the Black-Scholes model to calculate the fair value of the Type II Restricted Shares, and measured the fair value of the 2,869,450 Restricted Shares under the First Grant on October 14, 2022. Specific parameters are as follows:

- (1) Underlying share price: RMB58.21 per share (assuming the closing price on the date of the First Grant is the closing price on October 14, 2022);
- (2) Validity period: 12 months, 24 months, 36 months, 48 months and 60 months (the period from the Grant Date of the Restricted Shares to the date of Attribution of each tranche);
- (3) Historical volatility: 38.3215%, 39.8787%, 42.6063%, 42.2306% and 42.0227% (adopted average annualized volatility of comparable companies in the same industry in the past one, two, three, four, five years);

- (4) Risk-free interest rate: 1.8051%, 2.0963%, 2.2875%, 2.4097% and 2.5122% (using the 1-year, 2-year, 3-year, 4-year and 5-year-yield rate of treasury bonds disclosed on ChinaBond.com.cn, respectively).

(B) Estimated impact on the operating performance in each accounting period due to the implementation of the Restricted Shares

The fair value of the Restricted Shares on the Grant Date will be determined by the Company in accordance with the requirements of accounting standards, and the costs of payment of shares under the Incentive Scheme will be further determined accordingly. The cost of the Incentive Scheme will be recognised according to the percentage of attribution during the implementation of the Incentive Scheme and will be charged to the recurring profit and loss.

According to the requirements of the PRC Accounting Standards, the impact of the Restricted Shares under the First Grant of the Incentive Scheme on the accounting costs for each period is as follows (assuming the Company makes the grant in the beginning of December 2022):

Number of Restricted Shares under the First Grant	Total costs to be amortised	2022	2023	2024	2025	2026	2027
	(RMB 0,000)	(RMB 0,000)	(RMB 0,000)	(RMB 0,000)	(RMB 0,000)	(RMB 0,000)	(RMB 0,000)
(0'000 shares)	0,000)	0,000)	0,000)	0,000)	0,000)	0,000)	0,000)
286.945	8,264.05	240.04	2,846.59	2,411.52	1,655.92	770.81	339.17

The above calculation does not include the Reserved Grant, and additional share payment fees will be incurred when the reserved Shares are granted.

According to the preliminary evaluation by the Company based on the information available, the amortisation of expenses of the Restricted Shares will have an impact on the net profit each year within the validity period of the Incentive Scheme. But at the same time, the implementation of the Incentive Scheme will further enhance the cohesion of employees and team stability, and effectively motivate the management team, thereby improving operating efficiency and bringing higher operating performance and intrinsic value to the Company.

II. PROPOSED ADOPTION OF THE ASSESSMENT MANAGEMENT MEASURES

To ensure smooth implementation of the Incentive Scheme, the Assessment Management Measures have been formulated according to the Company Law, the Securities Law, the Management Measures and other relevant laws, administrative regulations, normative documents, the relevant requirements of the Articles of Association as well as the actual situation of the Company. The full text of the Assessment Management Measures will be set out in the circular to be despatched to the Shareholders.

III. PROPOSED ISSUE AND GRANT OF NEW A SHARES UNDER THE 2022 A SHARE INCENTIVE SCHEME PURSUANT TO THE SPECIFIC MANDATE

Subject to the approval of the Shareholders at the EGM and the Class Meetings, the Board has resolved to grant not more than 3,580,000 Restricted Shares (including those under the First Grant and the Reserved Grant) under the 2022 A Share Incentive Scheme, representing approximately 0.6578% of the total issued shares of the Company as at the date of this announcement. The Restricted Shares to be granted will be issued and allotted pursuant to the Specific Mandate which may be granted at the EGM and the Class Meetings.

In addition to the principal terms of the proposed 2022 A Share Incentive Scheme summarized in the section headed “I. Proposed Adoption of the 2022 A Share Incentive Scheme” above, further information in relation to the issue and allotment of the Restricted Shares under the 2022 A Share Incentive Scheme are set out below:

The total funds to be raised and the proposed use of proceeds: Not more than RMB130,168,800, being the aggregate Grant Price, will be paid by the Participants to subscribe for 3,580,000 Restricted Shares under the 2022 A Share Incentive Scheme. The proceeds obtained by the Company from the 2022 A Share Incentive Scheme shall be applied towards the replenishment of the Group’s liquidity.

Grant Price: The Grant Price of the Restricted Shares under both the First Grant and the Reserved Grant shall be RMB36.36 per A Share which was determined with reference to the basis set out in the paragraph “(v) Grant Price and Basis of Determination of the Grant Price” above. A Participant who has satisfied the conditions for grant and attribution may subscribe new A Shares issued by the Company at such Grant Price.

Aggregate nominal value: The nominal value of the A Shares of the Company is RMB1.0 per A Share. The aggregate nominal value of the Restricted Shares to be granted under the Incentive Scheme (including the First Grant and the Reserved Grant) is not more than RMB3,580,000.

Dilution effect: The shareholding structure of the Company before and after the attribution of the Restricted Shares granted under the Incentive Scheme to the Participants is set out as follows:

	As at the date of this announcement	Assuming full Attribution and issue of the Restricted Shares under the Incentive Scheme ⁽¹⁾
Number of A Shares	354,681,764	358,261,764
Number of H Shares	<u>189,581,239</u>	<u>189,581,239</u>
Total	<u><u>544,263,003</u></u>	<u><u>547,843,003</u></u>

Note:

(1) Assuming that no other Shares are issued or repurchased by the Company.

Fund raising activities in the past 12 months: Save for the A Share Offering as disclosed below, the Company has not conducted any fund raising activities involving the issuance of share capital within 12 months immediately preceding the date of this announcement.

Date of fund raising activity	Fund raising activity	Net proceeds	Intended use of proceeds
March 31, 2022	Issue of new A Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange	Approximately RMB2,505.94 million	1. Industrialization of biologics 2. Research and development of anticancer antibodies 3. Research and development of antibodies targeting autoimmune and ophthalmic diseases 4. Working capital

IV. PROPOSED GRANT OF NEW A SHARES TO CERTAIN CONNECTED PARTICIPANTS UNDER THE 2022 A SHARE INCENTIVE SCHEME

(i) Information of the Connected Participants

The Company proposed to grant Restricted Shares to ten (10) Connected Participants under the First Grant, details of which are set out below:

No.	Name	Reasons for being a connected person	Class A interests (0'000 shares)	Class B interests (0'000 shares)	Number of Restricted Shares to be granted (0'000 shares)	Percentage of the total number of Restricted Shares to be granted	Percentage to the total shares of the Company as at the date of this announcement
1	Wang Weidong	Chairman, executive Director	35	0	35	9.78%	0.0643%
2	Lin Jian	Executive Director	1.485	0	1.485	0.41%	0.0027%
3	Wen Qingkai	Board Secretary, substantial shareholder	1.815	0	1.815	0.51%	0.0033%
4	He Ruyi	Executive Director, core technical personnel	2.42	0	2.42	0.68%	0.0044%
5	Wei Jianliang	Substantial shareholder	1.485	0	1.485	0.41%	0.0027%
6	Yang Minhua	Substantial shareholder	1.485	0	1.485	0.41%	0.0027%
7	Jiang Jing	Spouse of non-executive Director, Mr. Wang Liqiang	1.815	0	1.815	0.51%	0.0033%
8	Wang Yuxiao	Son of Mr. Wang Weidong, executive Director	1.1	0	1.1	0.31%	0.0020%
9	Wang Yinxiao	Son of Wang Xudong, substantial shareholder	0	1	1	0.28%	0.0018%
10	Yao Xuejing	Spouse of Mr. Li Zhuanglin, the Supervisor	3.3	0	3.3	0.92%	0.0061%
Total			<u>49.905</u>	<u>1</u>	<u>50.905</u>	<u>14.22%</u>	<u>0.0935%</u>

(ii) Information of the Group

The Group is a fully-integrated biopharmaceutical company committed to the discovery, development and commercialization of innovative and differentiated biologics for the treatment of autoimmune, oncology and ophthalmic diseases with unmet medical needs in China and globally.

(iii) Reasons for and benefits of the adoption of the 2022 A Share Incentive Scheme and the proposed grant of Restricted Shares to the Connected Participants

For the reasons and benefits of the adoption of the 2022 A Share Incentive Scheme, please refer to the section headed “I. Proposed Adoption of the 2022 A Share Incentive Scheme — (i) Purpose of the 2022 A Share Incentive Scheme” in this announcement.

In assessing the fairness and reasonableness of the proposed grant of Restricted Shares to the Connected Participants, the Directors (including the independent non-executive Directors) have taken into consideration, among others, the roles, past performance and the period of service of the Connected Participants in the Group. The participation of the above Connected Participants in the Incentive Scheme is based on their positions as the management personnel and core management/technical personnel of the Company rather than their capacity as de facto controller and/or connected person. The grant of the Restricted Shares to the above Connected Participants recognizes their past contributions to the development and growth to Group and aims to secure their long term continuous support and commitments to the Group which are crucial to the future development and business expansions of the Group. Having them as the Participants are in line with the actual situation and development needs of the Company and in compliance with the requirements of the Management Measures, the STAR Market Listing Rules and other relevant laws and regulations, and are necessary and reasonable.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the adoption of the 2022 A Share Incentive Scheme and the Assessment Management Measures and the proposed grant of Restricted Shares to Connected Participants will realize the aforesaid goals, and that the terms and conditions of the 2022 A Share Incentive Scheme and the proposed grant of Restricted Shares to Connected Participants are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(iv) Listing Rules implications

As the 2022 A Share Incentive Scheme involves the grant by the Company of its new Shares, the 2022 A Share Incentive Scheme is subject to the regulation by Chapter 17 of the Listing Rules to be effective from January 1, 2023.

As Connected Participants in the First Grant are the Company's Directors, Supervisors, substantial shareholders and/or their respective associates, they are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the proposed grant of Restricted Shares to the Connected Participants contemplated under the Incentive Scheme will constitute fully exempt connected transactions of the Company and will be exempted from the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.92(3) of the Listing Rules to be effective from January 1, 2023.

The Directors who are also Connected Participants or connected with the Connected Participants (namely Mr. Wang Weidong, Dr. Fang Jianmin, Dr. Wang Liqiang, Mr. Lin Jian and Dr. He Ruyi) have declared their interests in the Incentive Scheme and abstained from voting on the resolutions in relation to the adoption of the proposed Incentive Scheme and the Assessment Management Measures and the proposed issue and grant of the Restricted Shares to the Participants (including the issue and grant of the Restricted Shares to Connected Participants) under the Incentive Scheme at the Board meeting as a result of their interests. Save as Mr. Wang Weidong, Dr. Fang Jianmin, Dr. Wang Liqiang, Mr. Lin Jian and Dr. He Ruyi, there is no other Director who is required to abstain from voting on the Board resolutions in relation to the Incentive Scheme.

In the event that any Reserved Grant (i) will result in the share awards granted to any Participant representing in aggregate over 1% of the issued shares of the Company over any 12-month period up to and including the relevant Grant Date; and/or (ii) will cause the shares awards granted to any Participant who is a Director, chief executive, Supervisor, substantial shareholder of the Company or any of their respective associates, representing in aggregate over 0.1% of the relevant class of Shares in issue of the Company over any 12-month period up to and including the relevant Grant Date, the Company will comply with the relevant requirements under Chapter 17 of the Listing Rules to be effective from January 1, 2023.

V. PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2022 A SHARE INCENTIVE SCHEME

In order to ensure successful implementation of the 2022 A Share Incentive Scheme, the Board proposed to the EGM and the Class Meetings to grant an authorization to the Board to handle the following matters pertaining to the 2022 A Share Incentive Scheme:

- (i) To authorize the Board to determine the eligibility requirements and conditions of the Participants under the 2022 A Share Incentive Scheme, and determine the Grant Date of the Restricted Shares;

- (ii) To authorize the Board to adjust the number of the Restricted Shares and the number of underlying shares involved according to the method stipulated in the 2022 A Share Incentive Scheme in the event of capitalization issue, bonus issue, share sub-division or consolidation, and rights issue of the Company;
- (iii) To authorize the Board to adjust the Grant Price of the Restricted Shares according to the method stipulated in the 2022 A Share Incentive Scheme in the event of capitalization issue, bonus issue, share sub-division or consolidation, rights issue and dividend distribution of the Company;
- (iv) To authorize the Board to directly reduce the number of Restricted Shares forfeited by employees prior to any further grant of the Restricted Shares;
- (v) To authorize the Board to grant the Restricted Shares to a Participant upon his/her fulfillment of the conditions of grant, and to handle all necessary matters in connection with the grant of the Restricted Shares;
- (vi) To authorize the Board to review and confirm the attribution eligibility of the Participants and the conditions for attributing the Restricted Shares;
- (vii) To authorize the Board to delegate such rights to the Remuneration and Appraisal Committee;
- (viii) To authorize the Board to determine whether the Restricted Shares may be attributed to a Participant;
- (ix) To authorize the Board to handle all matters necessary in connection with the attribution of the Restricted Shares to the Participants, including but not limited to the submission of application to the Shanghai Stock Exchange in respect of the attribution of the Restricted Shares, applying to CSDC for registration and clearing services, amending the Articles of Association, and registering the change in registered capital of the Company;
- (x) To authorize the Board to handle matters in connection with the Attribution of the Restricted Shares which have not been attributed;
- (xi) To authorize the Board to sign, execute, amend or terminate any agreement in connection with the 2022 A Share Incentive Scheme and other relevant agreements;
- (xii) To authorize the Board to complete procedures with relevant governments and authorities in relation to the 2022 A Share Incentive Scheme including review, registration, filing, approval and consent; to sign, execute, amend and complete documents submitted to relevant governments, authorities, organizations, and individuals; to amend the Articles of Association and handle the registration of the

change in registered capital of the Company; and to carry out all actions deemed to be necessary, appropriate, or expedient in relation to the 2022 A Share Incentive Scheme; and

- (xiii) To authorize the Board to engage intermediaries, such as financial consultant, receiving bank, accountants, lawyers or securities companies, for the implementation of the 2022 A Share Incentive Scheme.

The Board further proposed that the Shareholders also approve the period of authorization given to the Board to be consistent with the validity period of the 2022 A Share Incentive Scheme. Save as specifically required by the laws, administrative regulations, rules of the CSRC, regulatory documents, the 2022 A Share Incentive Scheme, or the Articles of Association to be approved by the Board through resolutions, other matters may be directly exercised on behalf of the Board by the chairman of the Board or appropriate person(s) authorized thereby.

EGM AND CLASS MEETINGS

The EGM and the Class Meetings will be convened on Thursday, December 8, 2022 to consider and, if thought fit, approve, among other things, (i) the proposed adoption of the 2022 A Share Incentive Scheme; (ii) the proposed adoption of the Assessment Management Measures; (iii) the proposed issue and grant of new A Shares under the 2022 A Share Incentive Scheme pursuant to the Specific Mandate; and (iv) the proposed authorization to the Board to handle matters pertaining to the 2022 A Share Incentive Scheme.

A circular of the Company containing, among other things, further details of the 2022 A Share Incentive Scheme and the Assessment Management Measures, the proposed issue and grant of the Restricted Shares under the 2022 A Share Incentive Scheme pursuant to the Specific Mandate, and the proposed authorization to the Board to handle matters pertaining to the 2022 A Share Incentive Scheme will be despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

For determining the list of H Shareholders who are entitled to attend and vote at the EGM and the H Share Class Meeting, the H Shares register of members will be closed from Monday, December 5, 2022 to Thursday, December 8, 2022, both days inclusive.

The H Shareholders whose name appear on the register of members of the Company on Monday, December 5, 2022 will be entitled to attend and vote at the EGM and the H Share Class Meeting. During such period, no share transfers will be registered.

In order to be eligible for attending and voting at the EGM and the H Share Class Meeting, all transfers of H Shares accompanied by the relevant share certificate(s) must be lodged with the Company's H 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 no later than 4:30 p.m. on Friday, December 2, 2022. A notice containing details of the resolutions to be proposed at the EGM and the Class Meetings will be despatched to Shareholders in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2022 A Share Incentive Scheme” or “Incentive Scheme”	the 2022 Restricted A Share Incentive Scheme of the Company
“Articles of Association”	the Articles of Association of the Company
“Assessment Management Measures”	the Assessment Management Measures for the 2022 Restricted A Share Incentive Scheme of RemeGen Co., Ltd.* (榮昌生物製藥(煙台)股份有限公司2022年A股限制性股票激勵計劃實施考核管理辦法)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Attribution”	the act of registering the Restricted Shares by the Company to the account of an Participant after the Attribution Conditions having been satisfied by the Participant
“Attribution Conditions”	the Attribution Conditions as stipulated under the Incentive Scheme which must be satisfied by a Participant in order to obtain the incentive shares
“Attribution Date”	the date on which the registration of the granted Restricted Shares is completed after the Attribution Conditions having been satisfied by a Participant, which must be a trading day
“A Share(s)”	the domestic RMB ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of A Shares

“A Share Class Meeting”	the 2022 first class meeting of A Shareholders to be held on Thursday, December 8, 2022, or any adjournment thereof
“A Share Offering”	the initial public offering of A Shares of the Company on March 31, 2022
“Board”	the board of Directors
“Class Meetings”	the A Share Class Meeting and the H Share Class Meeting
“Company”	RemeGen Co., Ltd.* (榮昌生物製藥(煙台)股份有限公司), a company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Main Board of the Stock Exchange (stock code: 9995) and the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688331), respectively, and if the context requires, includes branches and subsidiaries
“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“Connected Participant(s)”	Participant(s) who is a connected person of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“de facto controller”	has the meaning ascribed to it under the Company Law
“EGM”	the 2022 second extraordinary general meeting of the Company to be held on Thursday, December 8, 2022, or any adjournment thereof
“First Grant”	the proposed first grant of not more than 3,580,000 Restricted Shares, representing approximately 80.15% of the total number of Restricted Shares under the Incentive Scheme
“Grant Date”	the date on which the Company grants the Restricted Shares to the Participants, which must be a trading day

“Grant Price”	the price of each Restricted Share granted to the Participants
“Group”	the Company and its subsidiaries
“Guidelines for Self-discipline”	the Guidelines for Self-discipline Supervision of Companies Listed on the STAR Market No. 4 — Disclosure of Information on Share Incentives (科創板上市公司自律監管指南第4號—股權激勵信息披露)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“H Share Award and Trust Scheme”	the First H Share Award and Trust Scheme in its present or any amended form as adopted by the Company on March 23, 2021, with a maximum scheme limit of 7,347,550 H Shares, the details of which are set out in the Company’s announcement dated February 3, 2021 and the circular dated March 5, 2021
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“H Share Class Meeting”	the 2022 first class meeting of H Shareholders to be held on Thursday, December 8, 2022, or any adjournment thereof
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolutions in relation to the Incentive Scheme and the issue and grant of the Restricted Shares by the Company to the Connected Participants to be considered and, if thought fit, approved at the EGM and the Class Meetings
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management Measures”	the Management Measures for Share Incentive Scheme Adopted by Listed Companies (上市公司股權激勵管理辦法)

“Participant(s)”	the Participant(s) of the 2022 A Share Incentive Scheme, including, certain Directors, senior management, core technical personnel of the Company and other employees that the Board considers necessary to be incentivised to receive the Restricted Shares, excluding Supervisors and independent non-executive Directors
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reserved Grant”	the reserved grant of not more than 710,550 Restricted Shares, representing approximately 19.85% of the total number of Restricted Shares under the Incentive Scheme
“Restricted Share(s)”	the A Share(s) to be obtained in tranches and registered by the Participants who meet the conditions for grant under the Incentive Scheme after meeting the corresponding Attribution Conditions
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法)
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM and the Class Meetings to issue and allot not more than 3,580,000 A Shares as Restricted Shares under the Incentive Scheme
“STAR Market Listing Rules”	the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Yantai, PRC
October 16, 2022

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

* For identification purpose only