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

If you have sold or transferred all your shares in Everest Medicines Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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EVEREST MEDICINES

云 頂 新 耀

Everest Medicines Limited

雲頂新耀有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1952)

- (1) PROPOSED RE-ELECTION OF DIRECTORS;**
- (2) PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES;**
- (3) PROPOSED RE-APPOINTMENT OF RETIRING AUDITOR;**
- (4) 2022 PROPOSED GRANT OF SHARE OPTIONS UNDER THE POST-IPO SHARE OPTION SCHEME;**
- (5) 2022 PROPOSED GRANT OF SHARE AWARDS TO A CONNECTED PERSON UNDER THE POST-IPO SHARE AWARD SCHEME;**
- (6) 2022 PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO A CONNECTED PERSON UNDER THE POST-IPO SHARE AWARD SCHEME;**
- (7) 2023 PROPOSED GRANT OF SHARE OPTIONS UNDER THE POST-IPO SHARE OPTION SCHEME;**
- (8) 2023 PROPOSED GRANT OF SHARE AWARDS TO CONNECTED PERSONS UNDER THE POST-IPO SHARE AWARD SCHEME;**
- (9) 2023 PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS UNDER THE PRE-IPO ESOP;**
- (10) SUPPLEMENTAL INFORMATION RELATING TO GRANT OF OPTIONS AND GRANT OF AWARDS; AND**
- (11) NOTICE OF ANNUAL GENERAL MEETING**

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



Elstone Capital Limited

Unless the context otherwise requires, all capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

The notice convening the AGM to be held at 16th Floor, CITIC Pacific Plaza, 1168 West Nanjing Road, Jing An District, Shanghai, China on Thursday, 29 June 2023 at 9:30 a.m. is set out in this circular.

Whether or not you are able to attend the AGM, please complete and sign the enclosed form of proxy for use at the AGM in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the AGM or adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish. If you attend and vote at the AGM, the form of proxy will be revoked.

This circular, together with the form of proxy, is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.everestmedicines.com).

Hong Kong, 31 May 2023

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DEFINITIONS

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

“2022 Proposed Award Grant”	the proposed grant of Awards to Mr. Luo in accordance with the Post-IPO Share Award Scheme on 19 September 2022
“2022 Proposed Grants”	the 2022 Proposed Award Grant, the 2022 Proposed Option Grant and the 2022 Proposed Performance Target Award Grant
“2022 Proposed Option Grant”	the proposed grant of Options to Mr. Luo in accordance with the Post-IPO Share Option Scheme on 19 September 2022
“2022 Proposed Performance Target Award Grant”	the proposed grant of Performance Target Awards to Mr. Luo in accordance with the Post-IPO Share Award Scheme on 19 September 2022
“2023 Proposed Award Grant to Mr. Yuan Gao”	the proposed grant of Awards to Mr. Yuan Gao in accordance with the Post-IPO Share Award Scheme on 3 April 2023
“2023 Proposed Award Grant to Mr. Zixin Qiao”	the proposed grant of Awards to Mr. Zixin Qiao in accordance with the Post-IPO Share Award Scheme on 3 April 2023
“2023 Proposed Award Grant to Ms. Heasun Park”	the proposed grant of Awards to Ms. Heasun Park in accordance with the Post-IPO Share Award Scheme on 3 April 2023
“2023 Proposed Award Grant to Ms. Min Yu”	the proposed grant of Awards to Ms. Min Yu in accordance with the Post-IPO Share Award Scheme on 3 April 2023
“2023 Proposed Award Grants”	the 2023 Proposed Award Grant to Mr. Yuan Gao, the 2023 Proposed Award Grant to Mr. Zixin Qiao, the 2023 Proposed Award Grant to Ms. Heasun Park and the 2023 Proposed Award Grant to Ms. Min Yu
“2023 Proposed Grants”	the 2023 Proposed Award Grants, the 2023 Proposed Option Grant and the 2023 Proposed Performance Award Grants
“2023 Proposed Option Grant”	the proposed grant of Options to Mr. Luo in accordance with the Post-IPO Share Option Scheme on 3 April 2023

DEFINITIONS

“2023 Proposed Performance Target Award Grant to Mr. Ian Ying Woo”	the proposed grant of Performance Target Awards to Mr. Ian Ying Woo in accordance with the Pre-IPO ESOP on 3 April 2023
“2023 Proposed Performance Target Award Grant to Mr. Zixin Qiao”	the proposed grant of Performance Target Awards to Mr. Zixin Qiao in accordance with the Pre-IPO ESOP on 3 April 2023
“2023 Proposed Performance Target Award Grant to Ms. Heasun Park”	the proposed grant of Performance Target Awards to Ms. Heasun Park in accordance with the Pre-IPO ESOP on 3 April 2023
“2023 Proposed Performance Target Award Grant to Ms. Min Yu”	the proposed grant of Performance Target Awards to Ms. Min Yu in accordance with the Pre-IPO ESOP on 3 April 2023
“2023 Proposed Performance Target Award Grant to Ms. Zhengying Zhu”	the proposed grant of Performance Target Awards to Ms. Zhengying Zhu in accordance with the Pre-IPO ESOP on 3 April 2023
“2023 Proposed Performance Target Award Grants”	the 2023 Proposed Performance Target Award Grant to Mr. Ian Ying Woo, the 2023 Proposed Performance Target Award Grant to Mr. Zixin Qiao, the 2023 Proposed Performance Target Award Grant to Ms. Heasun Park and the 2023 Proposed Performance Target Award Grant to Ms. Zhengying Zhu
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at 16th Floor, CITIC Pacific Plaza, 1168 Nanjing Road, Jing An District, Shanghai, China on Thursday, 29 June 2023 at 9:30 a.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 110 to 120 of this circular, or any adjournment thereof
“April Announcement”	the announcement of the Company dated 3 April 2023
“Articles” or “Articles of Association”	the articles of association of the Company currently in force
“Award(s)”	award(s), being a contingent right to receive Shares awarded or proposed to be awarded under the Pre-IPO ESOP and/or the Post-IPO Share Award Scheme
“Board”	the board of Directors

DEFINITIONS

“CBC Group”	the group comprising C-Bridge Investment Everest Limited, C-Bridge Healthcare Fund II, L.P., C-Bridge Healthcare Fund GP II, L.P., C-Bridge Capital GP, Ltd., TF Capital, Ltd., TF Capital II, Ltd., C-Bridge IV Investment Two Limited, C-Bridge Healthcare Fund IV, L.P., C-Bridge Healthcare Fund GP IV, L.P., C-Bridge Capital GP IV, Ltd., TF Capital IV, Ltd., Everest Management Holding Co., Ltd., C-Bridge Value Creation Limited, C-Bridge IV Investment Nine Limited, C-Bridge II Investment Eight Limited, Nova Aqua Limited, Kang Hua Investment Company Limited, Mr. Wei Fu and Ms. Dan Yang, and also the controlling shareholder of the Group
“Connected Award Grantees”	Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park, each an employee of the Company and a director/supervisor of subsidiaries of the Company
“Connected Performance Target Award Grantees”	Mr. Ian Ying Woo, executive Director and chief financial officer of the Company, and Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu, each an employee of the Company and a director/supervisor of subsidiaries of the Company
“Company”	Everest Medicines Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code:1952)
“Director(s)”	the director(s) of the Company
“Grantees”	Mr. Luo, the Connected Award Grantees and the Connected Performance Target Award Grantees
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of the non-exempted connected transactions relating to the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants

DEFINITIONS

“Independent Financial Adviser”	Elstone Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser or “Elstone Capital”, to advise the Independent Board Committee and the Independent Shareholders on whether the Independent Shareholders should vote in favour of the non-exempt connected transaction(s) relating to the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the AGM to approve the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants
“Latest Practicable Date”	24 May 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Date”	9 October 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Mr. Luo”	Mr. Yongqing Luo, an executive Director and Chief Executive Officer of the Company
“Option(s)”	option(s) to subscribe for or acquire Shares which is/are granted or proposed to be granted under the Post-IPO Share Option Scheme
“Performance Target Awards”	performance target awards granted or proposed to be granted in accordance with the Pre-IPO ESOP and/or the Post-IPO Share Award Scheme
“Pre-IPO ESOP”	the employee equity plan approved and adopted by the Company on 25 December 2018 as amended and restated on 17 February 2020
“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by the Company on 21 September 2020
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on 21 September 2020

DEFINITIONS

“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 4 of the notice of the Annual General Meeting
“Sale Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the Annual General Meeting
“September Announcement”	the announcement of the Company dated 19 September 2022
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.0001 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“%”	percent

References to time and dates in this circular are to Hong Kong time and dates.

In the event of any inconsistency, the English version shall prevail over the Chinese version.

LETTER FROM THE BOARD



EVEREST MEDICINES

云 頂 新 耀

Everest Medicines Limited

雲頂新耀有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1952)

Executive Directors:

Mr. Wei Fu (Chairman)
Mr. Yongqing Luo (Chief executive officer)
Mr. Ian Ying Woo
(President, Chief financial officer)

Registered Office:

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

Non-executive Directors:

Mr. Yubo Gong
Ms. Lan Kang

Head Office:

16th Floor, CITIC Pacific Plaza
1168 West Nanjing Road, Jing'an District
Shanghai 200041, China

Independent Non-executive Directors:

Ms. Hoi Yam Chui
Mr. Yifan Li
Mr. Shidong Jiang

Principal Place of Business in Hong Kong:

5/F, Manulife Place,
348 Kwun Tong Road
Kowloon, Hong Kong

31 May 2023

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED RE-ELECTION OF DIRECTORS;
- (2) PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES;
- (3) PROPOSED RE-APPOINTMENT OF RETIRING AUDITOR;
- (4) 2022 PROPOSED GRANT OF SHARE OPTIONS UNDER THE POST-IPO SHARE OPTION SCHEME;
- (5) 2022 PROPOSED GRANT OF SHARE AWARDS TO A CONNECTED PERSON UNDER THE POST-IPO SHARE AWARD SCHEME;
- (6) 2022 PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO A CONNECTED PERSON UNDER THE POST-IPO SHARE AWARD SCHEME;
- (7) 2023 PROPOSED GRANT OF SHARE OPTIONS UNDER THE POST-IPO SHARE OPTION SCHEME;
- (8) 2023 PROPOSED GRANT OF SHARE AWARDS TO CONNECTED PERSONS UNDER THE POST-IPO SHARE AWARD SCHEME;
- (9) 2023 PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS UNDER THE PRE-IPO ESOP;
- (10) SUPPLEMENTAL INFORMATION RELATING TO GRANT OF OPTIONS AND GRANT OF AWARDS; AND
- (11) NOTICE OF ANNUAL GENERAL MEETING

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the AGM to be held on Thursday, 29 June 2023.

2. PROPOSED RE-ELECTION OF DIRECTORS

In accordance with Articles 16.19 of the Articles of Association, Mr. Wei Fu, Mr. Ian Ying Woo and Mr. Yifan Li shall retire at the AGM. In addition, Mr. Yongqing Luo and Ms. Hoi Yam Chui, who were appointed by the Board on 19 September 2022 and 19 January 2023, respectively, shall hold office until the AGM pursuant to Article 16.2 of the Company's Articles of Association. All of the above Directors, being eligible, will offer themselves for re-election at the AGM.

Mr. Yifan Li (an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules) and Ms. Hoi Yam Chui, the retiring independent non-executive Directors, have confirmed their independence with reference to the factors set out in Rule 3.13 of the Listing Rules. The Board has reviewed its structure and composition, the independence confirmation given by Mr. Yifan Li and Ms. Hoi Yam Chui, the professional qualifications, skills and experience (further details of which are set out in Appendix I to this circular), time commitment and contribution of Mr. Yifan Li and Ms. Hoi Yam Chui (since her appointment on 19 January 2023) with reference to the nomination principles and criteria set out in the Company's board diversity policy and director nomination policy. The Nomination Committee has recommended to the Board on the re-election of Mr. Yifan Li and Ms. Hoi Yam Chui at the AGM. The Board considers that Mr. Yifan Li and Ms. Hoi Yam Chui are independent according to the independence guidelines set out in the Listing Rules. After due consideration of the contribution of Mr. Yifan Li and Ms. Hoi Yam Chui (since her appointment on 19 January 2023) to the Company, the Board is satisfied that Mr. Yifan Li and Ms. Hoi Yam Chui will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

The Board is of the view that with the extensive knowledge and invaluable experience of Mr. Yifan Li in the finance industry and Ms. Hoi Yam Chui in the pharmaceutical industry, they will contribute to the diversity of the Board and provide new thoughts for the Company's overall strategic planning and business development. The Board also believes that the appointments of Mr. Yifan Li and Ms. Hoi Yam Chui are in the best interests of the Company and the Shareholders as a whole.

Details of the Directors proposed for re-election at the AGM are set out in Appendix I to this circular.

3. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

On 29 June 2022, a resolution was passed by the Shareholders to grant a general mandate to the Directors to repurchase Shares. Such mandate will lapse at the conclusion of the AGM. In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the AGM to approve the granting of the Repurchase

LETTER FROM THE BOARD

Mandate to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 4 of the notice of the AGM (i.e. a total of 31,564,020 Shares on the basis that no further Shares are issued or repurchased before the AGM).

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate is set out in Appendix II to this circular.

4. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

On 29 June 2022, a resolution was passed by the then Shareholders to grant a general mandate to the Directors to issue Shares. Such mandate will lapse at the conclusion of the AGM. In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the AGM to approve the granting of the Sale Mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the AGM (i.e. a total of 63,128,041 Shares on the basis that no further Shares are issued or repurchased before the AGM). An ordinary resolution to extend the Sale Mandate by adding the number of Shares repurchased by the Company pursuant to the Repurchase Mandate will also be proposed at the AGM.

5. PROPOSED RE-APPOINTMENT OF RETIRING AUDITOR

The Board proposes to re-appoint PricewaterhouseCoopers as the auditor of the Company effective until the conclusion of the next annual general meeting of the Company subject to the approval of the Shareholders at the AGM. The Board also proposes and recommends to the Shareholders to authorise the Board at the AGM to fix the remuneration of PricewaterhouseCoopers as the auditor of the Company.

6. 2022 PROPOSED GRANT OF SHARE OPTIONS UNDER THE POST-IPO SHARE OPTION SCHEME

Reference is made to the September Announcement.

The 2022 Proposed Option Grant

The Board announced that on 19 September 2022, it resolved to grant 4,700,000 Options to Mr. Luo under the Post-IPO Share Option Scheme, subject to acceptance by Mr. Luo and Independent Shareholders' approval at the AGM.

The details of the 2022 Proposed Option Grant are as follows:

Date of grant:	19 September 2022
Number of Options proposed to be granted:	4,700,000 Options to Mr. Luo, an executive Director and the Chief Executive Officer of the Company

LETTER FROM THE BOARD

Exercise price of the Options proposed to be granted:	HK\$10.084
Market price of the Shares on the date of the grant:	HK\$8.89 per Share
Exercise period:	7 years after the date of grant
Vesting period:	25% of the Options will vest on 19 September 2023 and on each anniversary of such date thereafter.
Performance targets:	There are no performance targets attached to the Options proposed to be granted.

The purpose of the Post-IPO Share Option Scheme is to provide eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage eligible persons to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

As the inherent nature of his role as an executive Director and Chief Executive Officer requires him to, among others, lead, direct and supervise the Company's affairs to enable long term success (i.e. enhancing the value of the Company and the Shares) and to act in the best interests of the Shareholders, Mr. Luo will be involved in the day-to-day operations of the Group and the Board is confident that his extensive knowledge of and experience in the healthcare industry will allow him to will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group. Furthermore, the Options are subject to the vesting period as set out above, which serves to ensure that Mr. Luo remains incentivized to contribute to the Company's development. Accordingly, the Remuneration Committee considers that the 2022 Proposed Option Grant without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the Post-IPO Share Option Scheme.

LETTER FROM THE BOARD

- Clawback mechanism:** Where the following events as specified in the rules of the Post-IPO Share Option Scheme arises, any outstanding Options not yet vested shall immediately lapse:
- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice,
 - (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty, or
 - (c) the grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her creditors generally.

Further details regarding the 2022 Proposed Option Grant are set out in the section headed “12. ADDITIONAL INFORMATION REGARDING THE 2022 PROPOSED GRANTS AND THE 2023 PROPOSED GRANTS” below.

7. 2022 PROPOSED GRANT OF SHARE AWARDS TO A CONNECTED PERSON UNDER THE POST-IPO SHARE AWARD SCHEME

Reference is made to the September Announcement.

The 2022 Proposed Award Grant

The Board announced that on 19 September 2022, it has resolved to grant 860,474 Awards to Mr. Luo under the Post-IPO Share Award Scheme, subject to acceptance by Mr. Luo and Independent Shareholders’ approval at the AGM.

The details of the 2022 Proposed Award Grant are as follows:

Date of grant:	19 September 2022
Number of Awards proposed to be granted:	860,474 Awards to Mr. Luo, an executive Director and Chief Executive Officer of the Company
Purchase price of the Awards proposed to be granted:	Nil
Market price of the Shares on the date of the grant:	HK\$8.89 per Share

LETTER FROM THE BOARD

Vesting period: The Awards shall vest on the first anniversary of the date of Mr. Luo's appointment as an executive Director and Chief Executive Officer of the Company (i.e. 19 September 2023).

Performance targets: There are no performance targets attached to the Awards proposed to be granted.

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

As the inherent nature of his role as an executive Director and Chief Executive Officer requires him to, among others, lead, direct and supervise the Company's affairs to enable long term success (i.e. enhancing the value of the Company and the Shares) and to act in the best interests of the Shareholders, Mr. Luo will be involved in the day-to-day operations of the Group and the Board is confident that his extensive knowledge of and experience in the healthcare industry will allow him to will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group. Furthermore, the Awards are subject to the vesting period as set out above, which serves to ensure that Mr. Luo remains incentivized to contribute to the Company's development. Accordingly, the Remuneration Committee considers that the 2022 Proposed Award Grant without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the Post-IPO Share Award Scheme.

LETTER FROM THE BOARD

Clawback mechanism:

Where any of the following events as specified in the rules of the Post-IPO Share Award Scheme arises, any outstanding Awards and related income not yet vested shall be immediately forfeited, any vested Awards shall be canceled, any earnings from selling of the Awards shall be owned by the Company and the Company has the right to request the Grantee to refund the Company, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice;
- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty; or
- (c) the grantee conducts, among others, activities that cause damage to our Group, or causes damages to the Group's interest or reputation.

Further details regarding the 2022 Proposed Award Grant are set out in the section headed "12. ADDITIONAL INFORMATION REGARDING THE 2022 PROPOSED GRANTS AND THE 2023 PROPOSED GRANTS" below.

LETTER FROM THE BOARD

8. 2022 PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO A CONNECTED PERSON UNDER THE POST-IPO SHARE AWARD SCHEME

Reference is made to the September Announcement and the April Announcement.

The 2022 Proposed Performance Target Award Grant

The Board further announced that on 19 September 2022, it has resolved to grant a maximum of 1,200,000 Performance Target Awards to Mr. Luo under the Post-IPO Share Award Scheme, subject to acceptance by Mr. Luo and Independent Shareholders' approval at the AGM.

The details of the 2022 Proposed Performance Target Award Grants are as follows:

Date of grant:	19 September 2022
Number of Performance Target Awards proposed to be granted:	a maximum of 1,200,000 Performance Target Awards to Mr. Luo, an executive Director and Chief Executive Officer of the Company, under the Post-IPO Share Award Scheme
	Each Performance Target Award represents the right to receive one Share on the date the Performance Target Award vests.
Purchase price of the Performance Target Awards proposed to be granted:	Nil
	The Shares underlying the Performance Target Awards are subject to limitations in the volume and value that may be sold within a prescribed period as determined by the Board from time to time.
Market price of the Shares on the date of the grant:	HK\$8.89 per Share
	Based on the closing price of the Shares on the date of the 2022 Proposed Performance Target Award Grant, the market value of the Shares underlying the Performance Target Awards under the 2022 Proposed Performance Target Award Grant amounts to approximately HK\$10.67 million.

LETTER FROM THE BOARD

Vesting period and performance targets:

As set out in the September Announcement, the commencement of the vesting schedule of the 2022 Proposed Performance Target Award Grants was as follows: (i) 50% of the Performance Target Awards if the Share price first exceeded HK\$55; and (ii) 50% of the Performance Target Awards if the Share price first exceeded HK\$75. Once any of the aforementioned targets was achieved, the relevant Performance Target Awards would vest equally on each anniversary date of the relevant achievement date over the course of three years.

To better encourage Mr. Luo to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole, on 3 April 2023, the Board resolved to amend the aforementioned vesting schedule of the said grant, and the new vesting period and performance targets of such grant are as follows:

- (a) 70% of the Performance Target Awards shall vest equally upon the achievement of seven operational targets during the specified periods stipulated in the offer letter. Such operational targets relate to the research and development and registration progress of drug candidates of the Group, approval and commercial launch of a product, and the achievement of certain revenue targets for a specific product after commercial launch; and
- (b) 30% of the Performance Target Awards shall vest equally upon the achievement of three different stock price targets, more specifically by achieving a market capitalization in the range of HK\$12.5 billion to HK\$18.0 billion (equivalent to a stock price target of approximately HK\$40.0 to HK\$57.6 per Share).

The performance period for each of the performance targets above is no more than 3 years and the performance targets are expected to be achieved over a 3-year period from the date of the amendment (i.e. 3 April 2023).

As at 3 April 2023, none of the aforementioned new performance targets had been met.

LETTER FROM THE BOARD

The Board and the Remuneration Committee consider that the amended vesting schedule and performance targets would more appropriately incentivize Mr. Luo as the Company's long term success is reflected not just in the Share price of the Company but also in the achievement of commercialization milestones for the Group's drug candidates and potentially best-in-class/first-in-class treatments. The Board and the Remuneration Committee are of the view that setting several operational targets with various performance periods would consistently incentivize Mr. Luo. In addition, the amended vesting schedule and performance targets are consistent with those granted to other Directors and senior management of the Group under the 2023 Proposed Performance Target Award Grants. The Board and the Remuneration Committee consider that the amended performance targets set out above are attainable without a share consolidation based on various factors, including but not limited to the overall business planning and growth prospects of the Group, and the experience, expected time commitment and responsibilities of Mr. Luo. Since his joining of the Group in September 2022, Mr. Luo, as an executive Director and Chief Executive Officer with the relevant in-depth experience and expertise, has led, and the Board is confident that he will continue to lead, the Group into its next stage of development to enable its long term success. In particular, under Mr. Luo's leadership, the Group has received multiple clinical and regulatory approvals from regulatory authorities for drug candidates and potentially best-in-class/first-in-class treatments across its portfolios in Asia. The Board and the Remuneration Committee are therefore of the view that the amendments to the performance targets of the 2022 Proposed Performance Target Award Grant are fair and reasonable and align with the purpose of the Post-IPO Share Award Scheme and the 2022 Proposed Performance Target Award Grant would further encourage Mr. Luo to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

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Clawback mechanism:

Where any of the following events as specified in the rules of the Post-IPO Share Award Scheme arises, any outstanding Awards and related income not yet vested shall be immediately forfeited, any vested Awards shall be canceled, any earnings from selling of the Awards shall be owned by the Company and the Company have the right to request the Grantee to refund the Company, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice;
- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty; or
- (c) the grantee conducts, among others, activities that cause damage to our Group, or causes damages to the Group's interest or reputation.

Further details regarding the 2022 Proposed Performance Target Award Grant are set out in the section headed "12. ADDITIONAL INFORMATION REGARDING THE 2022 PROPOSED GRANTS AND THE 2023 PROPOSED GRANTS" below.

LETTER FROM THE BOARD

9. 2023 PROPOSED GRANT OF SHARE OPTIONS UNDER THE POST-IPO SHARE OPTION SCHEME

Reference is made to the April Announcement.

The 2023 Proposed Option Grant

The Board announces that on 3 April 2023, it has resolved to grant 1,559,349 Options to Mr. Luo under the Post-IPO Share Option Scheme, subject to the acceptance by Mr. Luo and Independent Shareholders' approval at the AGM.

The details of the 2023 Proposed Option Grant are as follows:

Date of grant:	3 April 2023
Number of Options proposed to be granted:	1,559,349 Options to Mr. Luo, an executive Director and Chief Executive Officer of the Company
Exercise price of the Options proposed to be granted:	HK\$15.632
Market price of the Shares on the date of the grant:	HK\$14.04 per Share
Exercise period:	7 years after the date of grant
Vesting period:	25% of the Options will vest on 1 April 2024 and on each anniversary of such date thereafter.

The Remuneration Committee notes that the first vesting date (1 April 2024) is less than 12 months from the date of grant (3 April 2023), and considers such arrangement to be appropriate as all the previous regular grants under its existing share schemes were made on 1 April. Setting 1 April as the vesting dates is consistent with the prior practices and approach of the Company and enables the Company to better manage all the vesting schedules and enhance operational efficiency.

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Performance targets:

There are no performance targets attached to the Options proposed to be granted.

The purpose of the Post-IPO Share Option Scheme is to provide eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage eligible persons to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

As the inherent nature of his role as an executive Director and Chief Executive Officer requires him to, among others, lead, direct and supervise the Company's affairs to enable long term success (i.e. enhancing the value of the Company and the Shares) and to act in the best interests of the Shareholders, Mr. Luo will be involved in the day-to-day operations of the Group and the Board is confident that his extensive knowledge of and experience in the healthcare industry will allow him to contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group. Furthermore, the Options are subject to the vesting period as set out above, which serves to ensure that Mr. Luo remains incentivized to contribute to the Company's development. Accordingly, the Remuneration Committee considers that the 2023 Proposed Option Grant without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the Post-IPO Share Option Scheme.

Clawback mechanism:

Where any of the following events as specified in the rules of the Post-IPO Share Option Scheme arises, any outstanding Options not yet vested shall immediately lapse:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice,

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- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty, or
- (c) the grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her creditors generally.

Further details regarding the 2023 Proposed Option Grant are set out in the section headed “12. ADDITIONAL INFORMATION REGARDING THE 2022 PROPOSED GRANTS AND THE 2023 PROPOSED GRANTS” below.

10. 2023 PROPOSED GRANT OF SHARE AWARDS TO CONNECTED PERSONS UNDER THE POST-IPO SHARE AWARD SCHEME

Reference is made to the April Announcement.

The 2023 Proposed Award Grants

The Board announces that on 3 April 2023, it has resolved to grant 135,100 Awards to 4 Connected Award Grantees under the Post-IPO Share Award Scheme, each subject to acceptance by the Connected Award Grantees and Independent Shareholders’ approval at the AGM.

The details of the 2023 Proposed Award Grants are as follows:

Date of grant:	3 April 2023
Number of Awards proposed to be granted:	135,100 Awards to 4 Connected Award Grantees under the Post-IPO Share Award Scheme
Purchase price of the Awards proposed to be granted:	Nil
Market price of the Shares on the date of the grant:	HK\$14.04 per Share

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Vesting period: 25% of the Awards will vest on 1 April 2024 and on each anniversary of such date thereafter.

The Remuneration Committee notes that the first vesting date (1 April 2024) is less than 12 months from the date of grant (3 April 2023), and considers such arrangement to be appropriate as all the previous regular grants under its existing share schemes were made on 1 April. Setting 1 April as the vesting dates is consistent with the prior practices and approach of the Company and enables the Company to better manage all the vesting schedules and enhance operational efficiency.

Performance targets: There are no performance targets attached to the Awards proposed to be granted.

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

As senior managers who have been with the Group for a number of years, the Connected Award Grantees are, and will continue to be, involved in the day-to-day operations of the Group and the Board is familiar with the abilities and expertise of the Connected Award Grantees in the pharmaceutical/legal/finance industry and is confident each of the them will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group. Furthermore, the Awards are subject to the vesting period as set out above, which serves to ensure that each Connected Award Grantee remains incentivized to contribute to the Company's development. Accordingly, the Remuneration Committee considers that the 2023 Proposed Award Grants without performance targets are market competitive, consistent with the Company's remuneration policy and align with the purpose of the Post-IPO Share Award Scheme.

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Clawback mechanism: Where any of the following events as specified in the rules of the Post-IPO Share Award Scheme arises, any outstanding Awards and related income not yet vested shall be immediately forfeited, any vested Awards shall be canceled, any earnings from selling of the Awards shall be owned by the Company and the Company have the right to request the Grantee to refund the Company, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice,
- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty, or
- (c) the grantee conducts, among others, activities that cause damage to our Group, or causes damages to the Group's interest or reputation.

Details of the Connected Award Grantees are as follows:

Name of Connected Award Grantee	Capacity	No. of Awards	Percentage of total no. of Shares in issue	Market value of the 2023 Proposed Award Grants based on the closing price of HK\$14.04 per Share on the date of grant (HK\$)
<i>Post-IPO Share Award Scheme</i>				
Mr. Yuan Gao	Employees of the	30,000	0.01%	421,200
Ms. Min Yu	Company and directors	40,000	0.01%	561,600
Mr. Zixin Qiao	of subsidiaries of the	40,950	0.01%	574,938
Ms. Heasun Park	Company	<u>24,150</u>	<u>0.01%</u>	<u>339,066</u>
		<u>135,100</u>	<u>0.04%</u>	<u>1,896,804</u>

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Further details regarding the 2023 Proposed Award Grants are set out in the section headed “12. ADDITIONAL INFORMATION REGARDING THE 2022 PROPOSED GRANTS AND THE 2023 PROPOSED GRANTS” below.

11. 2023 PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS UNDER THE PRE-IPO ESOP

Reference is made to the April Announcement.

The 2023 Proposed Performance Target Award Grants

The Company announces that on 3 April 2023, the Board resolved to grant a maximum number of 529,805 Performance Target Awards to 5 Connected Performance Target Award Grantees under the Pre-IPO ESOP, each subject to acceptance by the Connected Performance Target Award Grantees and Independent Shareholders’ approval at the AGM.

The details of the 2023 Proposed Performance Target Award Grants are as follows:

Date of grant:	3 April 2023
Number of Performance Target Awards proposed to be granted:	a maximum number of 529,805 Performance Target Awards to 5 Connected Performance Target Award Grantees under the Pre-IPO ESOP
Purchase price of the Performance Target Awards proposed to be granted:	Nil
Market price of the Shares on the date of the grant:	HK\$14.04 per Share
	The Shares underlying the Performance Target Awards are subject to limitations in the volume and value that may be sold within a prescribed period as determined by the Board from time to time.
Vesting period and performance targets:	The Performance Target Awards proposed to be granted to the Connected Performance Target Award Grantees (other than Mr. Ian Ying Woo, Mr. Zixin Qiao and Ms. Min Yu) shall become immediately vested upon the achievement of certain operational targets and/or business milestones during the specified period (which will not be more than 3 years) as stipulated in the grant letter. The Company has set different operational targets and business milestones (including but not limited to references to the development of certain products).

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For the grant to Mr. Ian Ying Woo, Mr. Zixin Qiao and Ms. Min Yu, (a) 70% of the Performance Target Awards shall vest equally upon the achievement of seven operational targets during the specified periods stipulated in the offer letter. Such operational targets relate to the research and development and registration progress of drug candidates of the Group, approval and commercial launch of a product, and the achievement of certain revenue targets for a specific product after commercial launch or the achievement of certain financial targets; and (b) 30% of the Performance Target Awards shall vest equally upon the achievement of three stock price targets, more specifically by achieving a market capitalization in the range of HK\$12.5 billion to HK\$18.0 billion (equivalent to a stock price target of approximately HK\$40.0 to HK\$57.6 per Share).

The performance period for each of the performance targets above is no more than 3 years and the performance targets are expected to be achieved over the 3-year period from the date of grant (i.e. 3 April 2023).

Given the nature of the Performance Target Awards, vesting may occur at any time within the 12-month period from the date of grant. The Remuneration Committee considers that since vesting is subject to the achievement of certain performance targets which aligns the interests of the grantees with that of the Company and the Shareholders, reward and provide incentive to the grantees to work towards the success of the Group, and reinforce their commitment to long-term services of the Group, the Remuneration Committee is of the view that such arrangement is in line with the purpose of the Pre-IPO ESOP.

Clawback mechanism:

Pursuant to the Pre-IPO ESOP, subject to determination of the Board, if any grantee ceases to be an employee due to termination for cause, then any Award (whether vested or unvested) held by the grantee shall immediately lapse or be canceled except as otherwise resolved by the Board in its sole discretion.

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Details of the Connected Performance Target Award Grantees are as follows:

Name of Connected Performance Target Award Grantee	Capacity	No. of Awards	Percentage of total no. of Shares in issue	Market value of the 2023 Proposed Performance Target Award Grants based on the closing price of HK\$14.04 per Share on the date of grant (HK\$)
<i>Pre-IPO ESOP</i>				
Mr. Ian Ying Woo	Executive Director and chief financial officer	280,683	0.09%	3,940,789
Ms. Min Yu	Employees of the	24,000	0.01%	336,960
Mr. Zixin Qiao	Company and directors	24,000	0.01%	336,960
Ms. Heasun Park	of subsidiaries of the	14,000	0.004%	196,560
Ms. Zhengying Zhu	Company	<u>187,122</u>	<u>0.06%</u>	<u>2,627,193</u>
		<u>529,805</u>	<u>0.17%</u>	<u>7,438,462</u>

Further details regarding the 2023 Proposed Performance Target Award Grants are set out in the section headed “12. ADDITIONAL INFORMATION REGARDING THE 2022 PROPOSED GRANTS AND THE 2023 PROPOSED GRANTS” below.

12. ADDITIONAL INFORMATION REGARDING THE 2022 PROPOSED GRANTS AND THE 2023 PROPOSED GRANTS

The Pre-IPO ESOP, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme were adopted before 1 January 2023, being the effective date of the new Chapter 17 of the Listing Rules. The Company will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

Purpose of the 2022 Proposed Grants and the 2023 Proposed Grants

The grant of Options and Awards is a part of the Company’s remuneration policy. It enables the Company to attract, retain, incentivize, reward and remunerate the grantees, and encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

The Directors believe that the future success and continual development of the Company are closely linked to the continual commitment and efforts of its management team. In particular, given the limited number of individuals in the biopharmaceutical industry with the breadth of expertise and experience required to successfully develop,

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gain regulatory approval of, manufacture and commercialize drug products and formulate strategy as well as operate the Company to support the development of the drug products, the Board considers that the retention and motivation of the Grantees as an indispensable part of the senior management and research and development team of the Group is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of leadership. In particular, the Company places a high priority on selecting, recruiting and retaining a high-caliber industry veteran such as Mr. Luo and cultivating an entrepreneurial and reward-for-performance culture.

The Grantees have been invaluable to and instrumental in the Group's success, especially in business development, operational excellence, licensing and research and development. The number of Options and Awards proposed to be granted to Mr. Luo, and the number of Awards proposed to be granted to the Connected Award Grantees and the Connected Performance Target Award Grantees was determined by the Remuneration Committee and the Directors having taken into account (i) where possible, the level of remuneration paid by comparable companies to their directors and senior management; (ii) the time commitment, responsibilities and achievements of the Grantees; (iii) the market practice regarding executive remuneration package structures of comparable companies; and (iv) based on their experience and knowledge of the industry, the importance of a biopharmaceutical company like the Group, which depends significantly highly educated and skilled individuals with the requisite biopharmaceutical and industry knowledge, to retain, motivate and incentivize the Directors and senior management to run the Company successfully for the long term benefit of the Group.

The 2022 Proposed Grants and the 2023 Proposed Grants will provide the Grantees with incentive to maximize Shareholder value and drive Share price performance. Such grant that can be realized when performance targets are attained is akin to payment of a performance bonus and hence an effective incentive.

The performance period for the Performance Target Awards is 3 years and the performance targets are expected to be achieved over a 3-year period from the date of grant (the date of amendment for the 2022 Proposed Performance Target Award Grant, i.e. 3 April 2023). The Board believes that these are appropriately challenging targets. In this regard, the Board (excluding Mr. Luo and Mr. Ian Ying Woo) and the Remuneration Committee consider that the terms of the 2022 Proposed Performance Target Award Grant and the 2023 Proposed Performance Target Award Grants on the attainment of the performance targets are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Rationale of the 2022 Proposed Grants and the 2023 Proposed Grants

The Board proposed to remunerate the Grantees with the 2022 Proposed Grants and the 2023 Proposed Grants in accordance with the Company's remuneration policy after considering the Grantees' respective management roles in the Group and their respective background and experience in the biopharmaceutical industry which contribute to the success of the Group. In determining the remuneration of the Grantees, the Board took

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into consideration a variety of factors, including but not limited to (i) the importance of the roles and responsibilities of the Grantees; (ii) their past performance and contributions; and (iii) their expected contribution to the Company's future development.

The Grantees

Background and contribution of Mr. Luo

Mr. Luo, aged 53, was appointed as an executive Director and Chief Executive Officer of the Company on 19 September 2022. He is a director of certain subsidiaries of the Company. Mr. Luo has more than 25 years of experience in the healthcare industry. Mr. Luo was previously the president and general manager of Greater China of Bii Biosciences Limited (HKEX: 2137) from 11 September 2020 to 15 September 2022 and its executive director from 30 March 2021 to 15 September 2022, and the chief executive officer of a subsidiary of Bii Biosciences Limited, TSB Therapeutics, from December 2021 to 15 September 2022. From September 2016 to September 2020, he was the global vice president and general manager of China of Gilead Sciences, Inc., during which he helped to build Gilead Sciences, Inc.'s presence in China. He led the clinical development, regulatory approval process and successful commercial launch of eight innovative products as well as established a unique business model encompassing science, commercialization and patient access. Prior to that, he held senior positions in multiple multinational pharmaceutical companies including Roche and Novartis.

Mr. Luo received his medical education from Xiangya School of Medicine, Central-South University, in China and graduated in July 1992, and then served for three years as a surgeon at St. Luke's Hospital, Shanghai, from July 1992 to July 1995. He obtained an executive master of business administration from China Europe International Business School in China in September 2006.

The Connected Award Grantees

Background and contribution of Mr. Yuan Gao

Mr. Yuan Gao has served as vice president of regulatory affairs for infectious disease of the Company since March 2018. Mr. Gao was a director of certain subsidiaries of the Company.

Before joining the Company, Mr. Gao was the director of regulatory affairs at Abbott Laboratories Trading (Shanghai) Co., Ltd in China from August 2015 to March 2018. From June 2014 to August 2015, Mr. Gao worked as director of regulatory affairs at Beijing Fresenius Kabi Pharmaceutical Company Limited. Prior to that, Mr. Gao was the senior RA manager at AstraZeneca Pharmaceutical Co., Ltd.

Mr. Gao received his bachelor's degree in animal physiology and biochemistry from Beijing Agriculture University in China in July 1995 and his master of business administration degree from Law and Management Academy at La Trobe University in Australia in January 2001.

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Mr. Gao made important contribution in leading drug registration for infection disease drug candidates including the NDA submission of Xerava™ for the treatment of complicated intra-abdominal infections (“cIAI”) in China as the first NDA of the Company in 2021 which was subsequently filed in Hong Kong, the NDA approval of Xerava™ in Singapore in 2020 and several clinical trial application approvals. In the future, Mr. Gao will continually take important responsibilities to achieve infection disease pipeline market approval in China and Asia.

Background and contribution of Ms. Min Yu

Ms. Min Yu served as our executive director of finance from October 2020 until her promotion to Vice President, Finance in 2022. Ms. Yu is also a director/supervisor of certain subsidiaries of the Company.

Before joining the Company, Ms. Yu served as director of finance and controller at Ferring Pharmaceuticals in China from September 2012 to October 2020. Ms. Yu held multiple positions at Eli Lilly China from August 2007 to August 2012 and her last position held was China SAP implementation and organizational change management lead. Prior to that, she held multiple positions at Boston Scientific Corporation from March 2003 to August 2007 and her last position held was finance manager.

Ms. Yu received her bachelor’s degree in economics (international trade) from Shanghai International Studies University in China in July 1996 and her master’s degree of business in accounting from Monash University in Australia in November 1999.

Ms. Yu expanded the finance team to support company growth after the Listing, particularly in the recruitment of talents for commercialization preparation. Ms. Yu has been leading the SAP implementation project with support from the senior management team and other functions. She will continue to work on cash optimization and suitable supply chain model to support product launch across Asia.

Background and contribution of Mr. Zixin Qiao

Mr. Zixin Qiao joined the Company as legal director in January 2020 prior to his promotion to Vice President, Legal in 2022. Mr. Qiao is a director/supervisor of certain subsidiaries of the Company.

Before joining the Company, Mr. Qiao served as a senior legal counsel at Eli Lilly China from April 2012 to December 2019. Mr. Qiao was the senior legal counsel at Air Liquide (China) Holding Co., Ltd from August 2011 to March 2012. Mr. Qiao held multiple positions at Roedl&Partner in China from February 2004 to July 2011 and his last position was senior legal consultant.

Mr. Qiao received his bachelor’s degree in law from Nanjing University in China in 1998 and his master’s degree in law from Nanjing University in China in 2004.

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Mr. Qiao made significant contributions in managing legal and compliance including building a legal and compliance team, establishing essential legal and compliance policies for the Company, creating our contract management process and system. Mr. Qiao was a key execution team member during the Listing. In addition to aforementioned achievements, he also played an important role in reviewing strategic collaboration agreements. Mr. Qiao will continue to support business development and the operation of the Company from legal and compliance aspects.

Background and contribution of Ms. Heasun Park

Ms. Heasun Park is the director and general manager of Everest Medicines Korea, LLC. She is responsible for the overall management of Korea affiliate, as well as the overseas market, of the Company since January 2021.

Ms. Park has a distinguished career in the pharmaceutical industry. Before joining the Company, she worked at BMS as general manager of Korea for 4 years and led the transformation of the company and the successful launch of new products including Opdivo. Prior to BMS, Ms. Park has worked at other multinational companies including Bayer, Abbott and Pfizer for 17 years in various roles in marketing, strategy, market access and BU leadership. Ms. Park has a bachelor of science and a master of science in pharmacy from Seoul National University as well as a Ph.D. in pharmaceutical policy and outcomes research from Sungkyunkwan University in Korea.

Ms. Park's industry and leadership experience is very relevant for the Company as we build our organization and business in Korea. Under her leadership, Everest Medicines Korea, LLC. was incorporated in July 2021 and established to commercialize the Group's products in Korea. She played a critical role in ODD and fast track designation (FTD) by the MFDS of South Korea for Trodelvy in April 2021, and the Biologics License Application (BLA) submission and acceptance by MFDS. She led pre-marketing activities for Trodelvy including advisory board meetings, market research, and pharmacoeconomics analysis. Ms. Park has worked closely with the global R&D team for successful patient recruitment for clinical trials of Trodelvy and Etrasimod. She also worked extensively with global business development team to actively pursue Nefecon Korea rights. She contributed to the Company's reputation as an innovative Chinese biotech company by giving a thorough introduction on the Company's strengths, visions as well as its pipelines at an interview with two influential Korean media press.

Korea is the third largest pharmaceutical market in the Asia Pacific region with a well-developed healthcare system. Ms. Park has robust experiences and a rich network in the Korean pharmaceutical industry, which has been invaluable to the Group's success in Korea. With her strong leadership, the Group can make its products accessible to patients and in realizing operation success for Korea.

The Connected Performance Target Award Grantees

The backgrounds and contributions of each of Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park are set out above.

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Background and contribution of Mr. Ian Ying Woo

Mr. Ian Ying Woo is an executive Director and the chief financial officer of the Company. Mr. Woo is also a director of certain subsidiaries of the Company.

Mr. Woo is an operating partner of CBC Group and served as a managing director of CBC Group from June 2018 to June 2019. Prior to joining the Company in June 2018, Mr. Woo served as a managing director in the healthcare advisory team at Lazard Frères & Co. LLC (“LFNY”), a subsidiary of the financial advisory and asset management firm Lazard Ltd (NYSE: LAZ). Mr. Woo joined LFNY in March 2005 and was based in New York until June 2018, other than from January 2012 to June 2016 during which period he worked at Lazard Asia (Hong Kong) Limited, LFNY’s Hong Kong office and an SFC licensed corporation. Mr. Woo is an independent director of Prenetics Global Ltd. (NASDAQ: PRE) since May 2022.

Mr. Woo received his bachelor’s degree in biology from Tufts University in the United States in May 1994, his master’s degree in cellular, molecular and biomedical studies from the Columbia University Graduate School of Arts and Sciences in the United States in May 1998 and his master of business administration degree from the Columbia University Graduate School of Business in the United States in May 2003.

In addition to Mr. Woo’s numerous achievements, he has also made significant contribution to the growth of the Company, especially in the overall financial management, investor relations and external communications. His extensive background and experience in equity financing at financial advisory and asset management firms with a focus in the biotechnology and biopharmaceutical industries helped the Company raise US\$310 million in Series C financing and complete a successful listing on the Stock Exchange. His experience and network built over an 18-year career advising on mergers & acquisitions transactions have helped the Company in its licensing and corporate development efforts. The establishment of internal financial control and management systems, addition of leading investors into the Company, and cooperation with strategic partners serve as a testament to Mr. Woo’s contribution and leadership.

Background and contribution of Dr. Zhengying Zhu

Dr. Zhengying Zhu has served as our chief medical officer, internal medicine since November 2017. Dr. Zhu is also a director of certain subsidiaries of the Company.

Before joining the Company, Dr. Zhu served as chief medical officer and head of the business development at Luoxin Biological Technology (Shanghai) Co., Ltd. (羅欣生物科技(上海)有限公司) (now known as Luoxin Pharmaceuticals (Shanghai) Co., Ltd (羅欣藥業(上海)有限公司)), a wholly owned subsidiary of Shandong Luoxin Pharmaceutical Group Stock Co., Ltd. (HKEX: 8058, delisted), from October 2014 to October 2017. From November 2006 to October 2014, Dr. Zhu held multiple positions at Sino-American Shanghai Squibb Pharmaceuticals Limited, a subsidiary of Bristol-Myers Squibb (NYSE: BMY), and her last position held was senior medical director. Dr. Zhu worked as a physician at AstraZeneca Pharmaceutical Co., Ltd. in China from April 2005 to November 2006.

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Dr. Zhu received her M.D. in clinical medicine in July 1996 and her Ph.D. in clinical medicine and internal medicine in July 2001, both from Shanghai Medical University (now known as Fudan University, School of Medicine). Dr. Zhu completed her post-doctoral fellowship training at the Division of Nephrology, University of Texas Southwestern Medical Center in Dallas, Texas, United States in December 2004.

In addition to Dr. Zhu's numerous achievements, she has also made contribution to the growth of the Company, especially in research and development in internal medicine, and her background and experience as a scientist leading research and development and business development for companies in the biotechnology and biopharmaceutical industry. In December 2020, the China Center for Drug Evaluation ("CDE") of China National Medical Products Administration ("NMPA") granted Breakthrough Therapy Designation ("BTD") for Nefecon for the treatment of IgA nephropathy ("IgAN"). In November 2022, the Company received an acceptance from the NMPA for its NDA of Nefecon for the treatment of primary IgAN in adults at risk of rapid disease progression. The rapid clinical and regulatory advancements for Nefecon, as well as positive clinical progress for Etrasimod for ulcerative colitis and Ralinepag for pulmonary arterial hypertension, serve as a testament to Dr. Zhu's contribution and leadership.

Listing and future development

The success of the Listing marked a monumental step in the continued growth and success of the Group. Since the Listing, the Company has made significant progress with respect to its drug pipeline and business operations. Throughout 2022 and the first quarter of 2023, our development team excelled in both clinical and regulatory execution, advancing our potentially best-in-class and first-in-class investigational treatments in Asia for renal and infectious diseases, as well as advancing our mRNA technology, including:

Nefecon (TarpeyoTM), our anchor drug candidate in the renal therapeutic area, is a novel oral formulation of budesonide in development for the treatment of primary IgAN.

- On 6 April 2022, the Company announced the findings of reduction in proteinuria and stabilization of estimated glomerular filtration rate ("eGFR") in a Chinese subpopulation after nine months of treatment with Nefecon are in line with topline results from Part A of the pivotal global phase 3 clinical trial NefIgArd, which were reported in November 2020 by Calliditas.
- In November and December 2022, the Company received an acceptance and recommendation for priority review from the China NMPA for its New Drug Application ("NDA") of Nefecon for the treatment of primary IgAN in adults at risk of rapid disease progression.

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- In November 2022, the Taiwan Food and Drug Administration has granted Accelerated Approval Designation to Nefecon and the Ministry of Food and Drug Safety (“MFDS”) in South Korea granted Orphan Drug Designation to Nefecon, subsequently, MFDS granted Fast Track Designation to Nefecon on 10 February 2023.

Eravacycline (Xerava), is a novel, fully synthetic fluorocycline intravenous antibiotic for the treatment of infections caused by susceptible gram-positive, gram-negative and anaerobic pathogens including those multidrug resistant (“MDR”) isolates.

- On 11 August 2022, the Taiwan Food and Drug Administration had accepted its submission of an NDA for Xerava (eravacycline) for the treatment of cIAI. In addition, the Company has entered into an exclusive partnership agreement with TTY for the commercialization of Xerava in Taiwan. TTY is one of the largest local pharmaceutical companies in Taiwan and has led the successful commercialization of other novel anti-infective products in the region, such as Brosym (cefoperazone +sulbactam), Colistin (colimycin) and Cubicin (daptomycin).
- On 8 October 2022, the Department of Health of the Hong Kong Special Administrative Region, China, has approved an NDA for Xerava for the treatment of cIAI in adult patients in Hong Kong.
- On 16 March 2023, the Company announced that NMPA of China has approved its NDA for Xerava for the treatment of cIAI in adult patients.

mRNA Platform

- mRNA technology platform is one of the Company’s key strategic focus areas. The Company has made significant progress, including the industrial scale technology transfer of its mRNA platform, localized processing and analytical testing, as well as direct procurement from raw material suppliers, which will enable the Company to independently develop and produce mRNA vaccines and innovative drugs. In a head-to-head Phase II clinical study conducted by Providence, our monovalent COVID-19 vaccine candidate was statistically non-inferior to Pfizer/BioNTech’s Comirnaty® in terms of safety and efficacy.
- The Company is developing an Omicron-based bivalent booster candidate, EVER-COVID19-M1.2. In addition to its COVID-19 program, the Company will continue to harness the full potential of its mRNA technology platform to drive development of preventive and therapeutic vaccines against various infectious diseases and cancers.
- On 15 December 2022, the Company announced it had achieved the pre-clinical proof-of-concept milestones for the mRNA rabies vaccine program. The rabies program is the first non-COVID 19 vaccine developed with our clinically validated mRNA platform, highlighting the in-house discovery capabilities of the Company.

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Looking forward to 2023 and beyond, we expect to achieve several major catalysts that will drive the progress towards our corporate goal of becoming a leading biopharmaceutical company.

In 2023, we will continue to advance current and initiate new clinical trials, as well as drive the regulatory approval process to bring therapies and vaccines to the market as fast as possible. We are anticipating the regulatory approvals of Xerava in Taiwan and Nefecon by multiple country and regions' regulatory authorities, which will accelerate Everest's transformation to a revenue generating company. We look forward to completion of the phase 3 trial enrollment of etrasimod, the potential NDA filing of taniborbactam, as well as possible IND and emergency use authorization submission of EVER-COVID19-M1 in China. Meanwhile, the commercialization of Xerava and Nefecon are under preparation to ensure successful product launch.

Transitioning into the next phase of growth as a commercial-stage company, we built a lean and industry-leading commercial team with two key therapeutical areas in internal medicines and infectious diseases. We are building a dedicated commercial team for Xerava, and expect to launch Xerava at 3rd quarter in 2023. The team will be further expanded when approaching the expected approval of Nefecon in Mainland China.

Renal diseases and mRNA platform are the focus directions of research and discovery in Everest. Our in-house discovery team will continue their efforts on novel renal targets as well as mRNA prophylactic vaccines and therapeutic cancer vaccines. We expect to advance some of our discovery projects to Investigational New Drug (“IND”) enabling stage in 2023. We believe our discovery efforts will support our long-term goal of establishing an internal pipeline of drug candidates with global rights.

We will continue actively exploring business development opportunities by leveraging our existing strengths in renal disease and mRNA technology. In addition, we will source and evaluate opportunistic and value enhancing deals in general.

Retention and recognition of the Grantees

The Board considered that the retention and motivation of the Grantees as an indispensable part of the senior management and research and development team of the Group is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of leadership.

The Board proposed to remunerate the Grantees with the 2022 Proposed Grants and the 2023 Proposed Grants after considering the respective benefits of granting the Options and Awards and the complementary effect of the 2022 Proposed Grants and the 2023 Proposed Grants as part of the remuneration package. In particular, the 2022 Proposed Grants and the 2023 Proposed Option Grant together represent the medium to long-term incentive portion of Mr. Luo's remuneration package in leading the Group into its next stage of development, through the challenges brought about by the pandemic.

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Further, the grant of Awards will provide the Grantees with certainty of monetary benefits regardless of Share price performance. The 2022 Proposed Performance Target Award Grant and the 2023 Proposed Performance Target Award Grants will provide Mr. Luo and the Connected Performance Target Award Grantees with incentive to maximize Shareholder value and drive Share price performance. Such grants that can be realized and are readily available at the end of the vesting period is akin to payment of a deferred bonus and hence an effective incentive.

In addition, the 2022 Proposed Grants and the 2023 Proposed Grants will further align the interests of the Grantees and the long-term interests of the Shareholders, ensuring a better linkage between the Company's long-term strategic and financial goals and executive compensation. In particular, given that the Options proposed to be granted to Mr. Luo (i) under the 2022 Proposed Option Grant are subject to exercise at an exercise price which is at a premium of approximately 13.43% over the closing price on the date of the 2022 Proposed Option Grant, and (ii) under the 2023 Proposed Option Grant are subject to exercise at an exercise price which is at a premium of approximately 11.34% over the closing price on the date of the 2023 Proposed Option Grant, Mr. Luo will not receive any benefit from the Options granted unless there is further increase in the share price of the Company over the exercise price. Furthermore, to achieve the lowest and highest market capitalization of HK\$12.5 billion to HK\$18 billion (equivalent to stock price targets of approximately HK\$40.0 to HK\$57.6 per Share) of the Performance Target Awards, the Company's stock price will have to increase by approximately 223.1% and 365.3%, respectively, from the stock price of HK\$12.38 as at the Latest Practicable Date. The Board believes that these are appropriately challenging targets.

The number of Options and Awards proposed to be granted to the Grantees under the 2022 Proposed Grants and the 2023 Proposed Grants was determined by the Directors and the Remuneration Committee taking into account all of the aforementioned factors and the remuneration packages of CEOs and executive directors of other biopharmaceutical companies listed on the Stock Exchange under Chapter 18A of the Listing Rules, as well as grants of options and awards to connected persons by other biotechnology and pharmaceutical companies listed on the Stock Exchange, including companies listed under Chapter 18A of the Listing Rules. Specifically, the Directors and the Remuneration Committee considered:

- (i) *the remuneration packages of executives in biotechnology and pharmaceutical companies*

It is common practice for biotechnology and pharmaceutical companies listed on the Main Board of the Stock Exchange to grant options, share awards and/or restricted shares to their connected key personnel or employees. Given that the 2022 Proposed Grants and the 2023 Proposed Grants will enable the Company to prevent cash outflow of the Group, while at the same time provide the Grantees with certainty of monetary benefits and align the interests of the Grantees and the long-term interests of the Shareholders and growth of the

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Company, the Directors and the Remuneration Committee consider the 2022 Proposed Grants and the 2023 Proposed Grants as an appropriate incentive method.

(ii) the annual remunerations of the CEOs of comparable companies

The average annual remunerations of CEOs of other biopharmaceutical companies listed on the Stock Exchange under Chapter 18A of the Listing Rules for the year ended 31 December 2021 was approximately RMB25.85 million.

(iii) the annual remuneration of executive directors of comparable companies

The annual remuneration of the Company's former executive Director and Chief Executive Officer for the year ended 31 December 2021 was approximately RMB66.16 million. Taking reference of the average annual remunerations of executive directors of other biopharmaceutical companies listed on the Stock Exchange under Chapter 18A of the Listing Rules for the year ended 31 December 2021 was approximately RMB7.02 million, and taking into account the experience and expected time commitment and responsibilities of the Grantees, details of which are set out above, the Directors and Remuneration Committee consider the number of Options and Awards to be granted to the Grantees under the 2022 Proposed Grants and the 2023 Proposed Grants to be fair and reasonable.

(iv) other biopharmaceutical and biotechnology companies which had granted options and awards to directors and senior management

Among the other biopharmaceutical and biotechnology companies listed on the Stock Exchange, including companies listed under Chapter 18A of the Listing Rules, which had granted awards to directors and senior management in the period from December 2021 to December 2022, the value of the total grant shares to directors and senior management over market capitalization of comparable companies ranged from approximately 0% to approximately 0.66% with an average of approximately 0.18%. The Directors and Remuneration Committee noted that the total value of 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants represents approximately 0.21% of the Company's market capitalization as at the grant date of the 2023 Proposed Grants, which is within range but above the average however consider it appropriate given the reasons stated in the section headed "Purpose of the 2022 Proposed Grants and 2023 Proposed Grants" which could result in the building of a strong infrastructure for the long-term and sustainable development of the Group.

Taking into account the responsibilities, experience and contribution of each of the Grantees, the Directors and Remuneration Committee consider the number of Options and Awards proposed to be granted to each of them to be fair and reasonable and provides sufficient incentive to retain and motivate them to participate in the formulation of

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strategy and long-term development of the Company. Each of the Grantees has extensive experience in the biopharmaceutical industry and/or financial, business and/or operational management which complements the skills and experience of other Board and senior management members and has allowed them to contribute significantly to the building of a strong infrastructure for the long-term, sustainable development of the Group.

Listing Rules Implications

The 2022 Proposed Option Grant and the 2023 Proposed Option Grant

Pursuant to the terms of the Post-IPO Share Option Scheme (which entrenched Rule 17.04(1) under the previous Chapter 17 of the Listing Rules (before the amendments took effect on 1 January 2023)), each grant of options to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, must be approved by independent non-executive Directors. Accordingly, each of the 2022 Proposed Option Grant and the 2023 Proposed Option Grant has been approved by the independent non-executive Directors.

Pursuant to the terms of the Post-IPO Share Option Scheme (which entrenched the Note to Rule 17.03(4) under the previous Chapter 17 of the Listing Rules (before the amendments took effect on 1 January 2023)), where the total number of Shares issued and to be issued upon exercise of the Options granted to a person (including both exercised and outstanding Options) in any 12-month period exceeds 1% of the relevant class of Shares in issue, such grant must be approved by the Shareholders in general meeting and the grantee and his associates must abstain from voting.

Upon the exercise of the Options granted to him in the 12-month period up to and including the date of grant of the 2022 Proposed Option Grant, Mr. Luo will be entitled to subscribe for 4,700,000 Shares, representing approximately 1.53% of the Shares in issue as at the date of the 2022 Proposed Option Grant. Assuming the 2022 Proposed Option Grant is approved, upon the exercise of all the Options granted to him in the 12-month period up to and including the date of grant of the 2023 Proposed Option Grant, Mr. Luo will be entitled to subscribe for 6,259,349⁽¹⁾ Shares, representing approximately 2.0% of the Shares in issue as at the date of the 2023 Proposed Option Grant.

Since (i) the 2022 Proposed Option Grant would result in the Shares issued and to be issued in respect of all options granted to Mr. Luo in the 12-month period up to and including the date of the said grant representing in aggregate over 1% of the issued Shares, and (ii) the 2023 Proposed Option Grant would result in the Shares issued and to be issued in respect of all options granted (including the 2022 Proposed Option Grant) to Mr. Luo in the 12-month period up to and including the date of the said grant representing in aggregate over 1% of the issued Shares, each of the 2022 Proposed Option Grant and the 2023 Proposed Option Grant is subject to Independent Shareholders' approval at the AGM and Mr. Luo and his associates shall abstain from voting.

Note (1): Among the 6,259,349 Shares, 4,700,000 Shares represent Shares which shall be issued upon exercise of the 2022 Proposed Option Grant.

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The 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant

Mr. Luo has been appointed as executive Director with effect from 19 September 2022, and is therefore a connected person of the Company. Accordingly, each of the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement, circular and the Independent Shareholders' approval requirements.

At the date of the grants, save for Mr. Luo, no Director was considered to be interested in the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant and therefore none of them abstained from voting on the relevant Board resolution. Pursuant to Chapter 14A of the Listing Rules, a Shareholder with a material interest in the transaction is required to abstain from voting on the resolutions at the general meeting to approve the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Luo and his associates is not interested in any Shares or underlying Shares. Accordingly, no Shareholder is required under the Listing Rules to abstain from voting at the general meeting on the resolutions approving the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant.

The 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants

The Connected Award Grantees are Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park, respectively, and each of them is/was a director/supervisor of a subsidiary of the Company, and therefore a connected person of the Company.

The Connected Performance Target Award Grantees are (a) Mr. Ian Ying Woo, who is an executive Director, and (b) Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu, each of them is a director/supervisor of a subsidiary of the Company, and therefore a connected person of the Company.

Accordingly, each of the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement, circular and the Independent Shareholders' approval requirements. Pursuant to Chapter 14A of the Listing Rules, a Shareholder with a material interest in the transaction is required to abstain from voting on the resolutions at the AGM to approve the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants.

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No Director is considered to be interested in the 2023 Proposed Award Grants and therefore none of them abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park are interested in 49,908, 44,849, 3,946 and 33,279 Shares held by his/her associate respectively and the options and awards for which no voting rights may be exercisable. Accordingly, (i) Mr. Yuan Gao and his associates shall abstain from voting at the AGM on the resolution approving the 2023 Proposed Award Grant to Mr. Yuan Gao; (ii) Ms. Min Yu and her associates shall abstain from voting at the AGM on the resolution approving the 2023 Proposed Award Grant to Ms. Min Yu; (iii) Mr. Zixin Qiao and his associates shall abstain from voting at the AGM on the resolution approving the 2023 Proposed Award Grant to Mr. Zixin Qiao; and (iv) Ms. Heasun Park and her associates shall abstain from voting at the AGM on the resolution approving the 2023 Proposed Award Grant to Ms. Heasun Park. Save for Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park, no other Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the 2023 Proposed Award Grants and transactions contemplated therein.

Mr. Ian Ying Woo did not vote on the Board resolution approving the 2023 Proposed Performance Target Award Grant to Mr. Ian Ying Woo. No other Director is considered to be interested in this grant and therefore none of them other than Mr. Ian Ying Woo abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Ian Ying Woo and his associates is not interested in any Shares or underlying Shares, except for Mr. Ian Ying Woo's interest in 74,521 Shares held by his associate and the options and awards for which no voting rights may be exercisable. Accordingly, save for Mr. Ian Ying Woo and his associates, no other Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the 2023 Proposed Performance Target Award Grant to Mr. Ian Ying Woo and transactions contemplated therein.

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No Director is considered to be interested in the 2023 Proposed Performance Target Award Grants (other than the 2023 Proposed Performance Target Award Grant to Mr. Ian Ying Woo) therefore none of them abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu are interested in 44,849, 3,946, 33,279 and 410,299 Shares held by his/her associate respectively and the options and awards for which no voting rights may be exercisable. Accordingly, (i) Ms. Min Yu and her associates shall abstain from voting at the AGM on the resolution approving the 2023 Proposed Performance Target Award Grant to Ms. Min Yu; (ii) Mr. Zixin Qiao and his associates shall abstain from voting at the AGM on the resolution approving the 2023 Proposed Performance Target Award Grant to Mr. Zixin Qiao; (iii) Ms. Heasun Park and her associates shall abstain from voting at the AGM on the resolution approving the 2023 Proposed Performance Target Award Grant to Ms. Heasun Park; and (iv) Ms. Zhengying Zhu and her associates shall abstain from voting at the AGM on the resolution approving the 2023 Proposed Performance Target Award Grant to Ms. Zhengying Zhu. Save for Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park and Ms. Zhengying Zhu, no Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the 2023 Proposed Performance Target Award Grants (other than the 2023 Proposed Performance Target Award Grant to Mr. Ian Ying Woo) and transactions contemplated therein.

Dilution effect

Assuming all the Shares under the 2022 Proposed Grants and the 2023 Proposed Grants are exercised/vested in full, the number of such underlying Shares would amount to 8,984,728, or approximately 2.85% of the total issued share capital of the Company as at the Latest Practicable Date. Assuming such underlying Shares will be newly issued, such Shares will represent approximately 2.77% of the total issued share capital of the Company upon completion of issue of such Shares.

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The table below sets out the shareholding in the Company assuming (i) the Shares under the 2022 Proposed Grants and the 2023 Proposed Grants were exercised/vested in full; (ii) no other Shares are issued or repurchased by the Company; and (iii) there are no other changes to the issued share capital of the Company (calculated based on the number of Shares in issue on the Latest Practicable Date):

Name of Shareholders	As at the Latest Practicable Date ^(Note 1)		Upon exercise of the Options under the 2022 Proposed Option Grant in full ^(Note 2)		Upon vesting of the Shares under the 2022 Proposed Award Grant in full ^(Note 3)		Upon vesting of the Shares under the 2022 Proposed Performance Target Award Grant in full ^(Note 4)		Upon exercise of the Options under the 2023 Proposed Option Grant in full ^(Note 5)		Upon vesting of the Shares under the 2023 Proposed Award Grants in full ^(Note 6)		Upon vesting of the Shares under the 2023 Proposed Performance Target Award Grants in full ^(Note 7)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>Grantees – Executive Directors</i>														
Mr. Luo	—	—	4,700,000	1.47	5,560,474	1.73	6,760,474	2.10	8,319,823	2.57	8,319,823	2.57	8,319,823	2.56
Mr. Ian Ying Woo ^(Note 8)	74,521	0.02	74,521	0.02	74,521	0.02	74,521	0.02	74,521	0.02	74,521	0.02	355,204	0.11
<i>Grantees – Employees ^(Note 9)</i>														
Mr. Yuan Gao	49,908	0.02	49,908	0.02	49,908	0.02	49,908	0.02	49,908	0.02	79,908	0.02	79,908	0.02
Ms. Min Yu	44,849	0.01	44,849	0.01	44,849	0.01	44,849	0.01	44,849	0.01	84,849	0.03	108,849	0.03
Mr. Zixin Qiao	3,946	0.00	3,946	0.00	3,946	0.00	3,946	0.00	3,946	0.00	44,896	0.01	68,896	0.02
Ms. Heasun Park	33,279	0.01	33,279	0.01	33,279	0.01	33,279	0.01	33,279	0.01	57,429	0.02	71,429	0.02
Ms. Zhengying Zhu	410,299	0.13	410,299	0.13	410,299	0.13	410,299	0.13	410,299	0.13	410,299	0.13	597,421	0.18
<i>Other Shareholders – Substantial Shareholders</i>														
CBC Group	133,526,552	42.30	133,526,552	41.68	133,526,552	41.57	133,526,552	41.42	133,526,552	41.22	133,526,552	41.20	133,526,552	41.13
Janchor Partners Limited	17,421,444	5.52	17,421,444	5.44	17,421,444	5.42	17,421,444	5.40	17,421,444	5.38	17,421,444	5.38	17,421,444	5.37
<i>Other Shareholders – Non-Substantial Shareholders</i>														
	164,075,408	51.98	164,075,408	51.22	164,075,408	51.08	164,075,408	50.89	164,075,408	50.65	164,075,408	50.63	164,075,408	50.54
Total	315,640,206	100.00	320,340,206	100.00	321,200,680	100.00	322,400,680	100.00	323,960,029	100.00	324,095,129	100.00	324,624,934	100.00

Notes:

- Assuming that no Shares are issued pursuant to any of the 2022 Proposed Grants and the 2023 Proposed Grants.
- Assuming that no Shares are issued other than pursuant to the 2022 Proposed Option Grant.
- Assuming that no Shares are issued other than pursuant to the 2022 Proposed Award Grant.
- Assuming that no Shares are issued other than pursuant to the 2022 Proposed Performance Target Award Grant.
- Assuming that no Shares are issued other than pursuant to the 2023 Proposed Option Grant.
- Assuming that no Shares are issued other than pursuant to the 2023 Proposed Award Grants.
- Assuming that no Shares are issued other than pursuant to the 2023 Proposed Performance Target Award Grants.
- Mr. Ian Ying Woo's interest in options and awards for which no voting rights may be exercisable are not included.
- Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu are interested in 49,908, 44,849, 3,946, 33,279 and 410,299 Shares held by his/her associate(s), respectively. Their respective interest in options and awards for which no voting rights may be exercisable are not included.
- Certain figures included in the table above have been rounded to the nearest two decimal places. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

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11. The calculation is based on the total number of 315,640,206 Shares in issue as at the Latest Practicable Date.
12. Except for executive Directors, each of the Grantees is an employee participant.

As illustrated above, (i) the shareholding of the non-substantial Shareholders would be diluted from approximately 51.98% to approximately 51.22% assuming all the Options under only the 2022 Proposed Option Grant is exercised in full; (ii) the shareholding of the non-substantial other Shareholders would be diluted from approximately 51.98% to approximately 51.08% assuming all the Awards under the 2022 Proposed Award Grant are vested in full; (iii) the shareholding of the non-substantial Shareholders would be diluted from approximately 51.98% to approximately 50.89% assuming all the Awards under only the 2022 Proposed Performance Target Award Grant are vested in full and subject to achievement of stock price targets of the market capitalization of HK\$12.5 billion to HK\$18.0 billion (equivalent to stock price targets of approximately HK\$40 to HK\$57.6 per Share) and certain operational targets; (iv) the shareholding of the other Shareholders would be diluted from approximately 51.98% to approximately 50.65% assuming all the Options under only the 2023 Proposed Option Grant are exercised in full; (v) the shareholding of the non-substantial Shareholders would be diluted from approximately 51.98% to approximately 50.63% assuming all the Awards under only the 2023 Proposed Award Grants are vested in full; (vi) the shareholding of the non-substantial Shareholders would be diluted from approximately 51.98% to approximately 50.54% assuming all the Awards under only the 2023 Proposed Performance Target Award Grants are vested in full and subject to achievement of stock price targets of the market capitalization of HK\$12.5 billion to HK\$18 billion (approximately HK\$40 to HK\$57.6 per Share) and certain operational target. However, the percentage of the market value of Shares granted under the 2022 Proposed Performance Target Award Grant and the 2023 Proposed Performance Target Award Grants in terms of market capitalization of HK\$12.5 billion to HK\$18.0 billion (equivalent to stock price targets of approximately HK\$40 to HK\$57.6 per Share) would only be approximately 0.09% and approximately 0.06%, and approximately 0.06% and approximately 0.04% respectively. Taking into account (i) the purpose of the 2022 Proposed Grants and the 2023 Proposed Grants and terms and conditions of the 2022 Proposed Grants and the 2023 Proposed Grants as discussed above; (ii) the terms of the 2022 Proposed Grants and the 2023 Proposed Grants including vesting period and conditions are fair and reasonable as analysed above; and (iii) there will not be any actual cash outflows by the Group under the 2022 Proposed Grants and the 2023 Proposed Grants, the dilution to the Independent Shareholders upon the vesting of the Options and Awards under the 2022 Proposed Grants and the 2023 Proposed Grants to be acceptable.

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The vesting of the Options under the 2022 Proposed Option Grant and the 2023 Proposed Option Grant, the Awards under the 2022 Proposed Award Grant and the 2023 Proposed Award Grants, and the Performance Target Awards under the 2022 Performance Target Award Grant and the 2023 Performance Target Award Grants remains subject to acceptance by the Grantees and the approval of the Independent Shareholders at the AGM. In the event of (i) a change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer or (ii) any Grantee ceasing to be an eligible person by reason of illness, death or disability, the vesting of the Options and/or Awards may be accelerated at the sole discretion of the Board.

The Shares to be allotted and issued upon the exercise/vesting of the Options under the 2022 Proposed Option Grant and the 2023 Proposed Option Grant, the Awards under the 2022 Proposed Award Grant and the 2023 Proposed Award Grants, and the Performance Target Awards under the 2022 Performance Target Award Grant and the 2023 Performance Target Award Grants will be subject to all the provisions of the Articles of Association for the time being in force and will rank pari passu with the fully paid Shares in issue. The Options and/or Awards themselves shall not entitle the Grantees to any voting rights, or rights to participate in any dividends or other distributions.

Director's Views

The Directors and the Remuneration Committee believe that the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Award Grants will retain, motivate and incentivize the Grantees, and will benefit the long term development of the Group. Having reviewed the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Award Grants as part of the remuneration package to each of the Grantees and taking into account (i) the level of remuneration paid by comparable companies to their CEOs, directors and senior management; (ii) the time commitment, responsibilities and achievements of Mr. Luo in the past months, the Connected Award Grantees and the Connected Performance Award Grantees in the past couple of years; (iii) the market practice regarding executive remuneration package structures of comparable companies; and (iv) based on their experience and knowledge of the industry, the importance of a biopharmaceutical company like the Group, which depends significantly highly educated and skilled individuals with the requisite biopharmaceutical and industry knowledge, to retain, motivate and incentivize the Directors and senior management to run the Company successfully for the long term benefit of the Group:

- (i) the Directors (excluding Mr. Luo and the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) and the Remuneration Committee consider that the terms of the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

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- (ii) the Directors (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) consider that the terms of the 2023 Proposed Award Grants to each of the Connected Award Grantees are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.
- (iii) the Directors (excluding Mr. Ian Ying Woo and the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) and the Remuneration Committee consider that the terms of the 2023 Proposed Performance Target Award Grant to Mr. Ian Ying Woo on the attainment of the aforementioned performance targets are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.
- (iv) the Directors (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) consider that the terms of the 2023 Proposed Performance Target Award Grants (other than the 2023 Proposed Performance Target Award Grant to Mr. Ian Ying Woo) are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee, comprising Mr. Shidong Jiang, Mr. Yifan Li and Ms. Hoi Yam Chui, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants, the 2023 Proposed Performance Target Award Grants. Elstone Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Shares available for future grant under the Share Schemes and listing approval

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of the Company is 28,369,038, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes). As at the Latest Practicable Date (after taking into account of the 2022 Proposed Option Grant and the 2023 Proposed Option Grant), 8,742,909 Shares were available for grant under the Post-IPO Share Option Scheme. The Stock Exchange has previously granted its approval for the listing of, and permission to deal in, the Shares to be issued under the Post-IPO Share Option Scheme on 8 October 2020.

LETTER FROM THE BOARD

The maximum number of Shares in respect of which Awards may be granted under this Pre-IPO ESOP shall not exceed 22,932,908 Shares in the aggregate, subject to any adjustments in the event of any alteration in the capital structure of the Company. As at the Latest Practicable Date (after taking into account of the 2023 Proposed Performance Target Award Grants), 2,223,982 Awards are available for future grant under the aforementioned scheme mandate limit.

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Awards which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 18,684,519 Shares without Shareholders' approval subject to an annual limit of 3% of the total number of issued Shares at the relevant time. As at the Latest Practicable Date (after taking into account of the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant and the 2023 Proposed Award Grants), 7,229,265 Awards were available for future grant under the aforementioned scheme mandate limit. Among the 18,684,519 Shares under the said scheme mandate, the Stock Exchange has previously granted its approval for the listing of, and permission to deal in, the 14,184,519 Shares on 8 October 2020. The Company has yet to apply for listing approval for the remaining 4,500,000 Shares under the said scheme mandate (which will not be utilized for the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant and the 2023 Proposed Award Grants), and will apply for listing approval for these Shares when appropriate.

Information about the Company

The Company is a biopharmaceutical company focused on developing, manufacturing and commercializing transformative pharmaceutical products and vaccines that address critical unmet medical needs for patients in Asian markets. The management team of the Company has deep expertise and an extensive track record from both leading global pharmaceutical companies and local Chinese pharmaceutical companies in high-quality discovery, clinical development, regulatory affairs, CMC, commercialization, mRNA platform, business development, and operations. The Company has built a portfolio of potentially global first-in-class or best-in class molecules in the Company's core therapeutic areas of renal diseases, infectious diseases and autoimmune disorders.

13. SUPPLEMENTAL INFORMATION ON GRANT OF OPTIONS AND GRANT OF AWARDS

Further to the April Announcement, the Company would like to supplement the following information for the 7,361,575 Options granted to 170 option grantees under the Post-IPO Share Option Scheme (the "**April Option Grants**"), the 4,134,634 Awards in aggregate granted under the Pre-IPO ESOP and/or the Post-IPO Share Award Scheme to 212 non-connected grantees (the "**Non-connected Award Grants**") and the 1,064,058 Performance Target Awards granted under the Pre-IPO ESOP to 37 non-connected grantees (the "**Non-connected Performance Target Award Grants**") on 3 April 2023:

LETTER FROM THE BOARD

(a) Vesting period:

- (i) April Option Grants 25% of the Options will vest on each anniversary of the commencement date as stipulated in the offer letter of each grantee, meaning that the first vesting will occur one year after the commencement date.

As stated under the sections headed “(1) GRANT OF OPTIONS” in the April Announcement, the commencement dates range between 14 February 2022 to 1 April 2023. Among the relevant grants of Options, 347,830 Options with the first vesting date falling on or before the date of grant (i.e. with commencement dates falling between 14 February 2022 to 3 April 2022), 25% of which shall become immediately vested on the date of grant (i.e. 3 April 2023). The remaining Options with commencement dates falling between 4 April 2022 to 1 April 2023 shall vest within a range of period (i.e. 25% shall vest on each anniversary of the commencement date), with the first vesting date being the first anniversary of the commencement date as stipulated in the offer letter of each grantee.

- (ii) Non-connected Award Grants 25% of the Awards will vest on each anniversary of the commencement date as stipulated in the grant letter of each grantee, meaning that the first vesting will occur one year after the commencement date.

As stated under the sections headed “(3) GRANT OF SHARE AWARDS” in the April Announcement, The commencement dates range between 4 January 2022 to 1 April 2023. Among the relevant grants of Awards, 680,473 Awards with the first vesting date falling on or before the date of grant (i.e. with commencement dates falling between 4 January 2022 to 3 April 2022), 25% of which shall become immediately vested on the date of grant (i.e. 3 April 2023). The remaining Awards with commencement dates falling between 4 April 2022 to 1 April 2023 shall vest within a range of period (i.e. 25% shall vest on each anniversary of the commencement date), with the first vesting date being the first anniversary of the commencement date as stipulated in the grant letter of each grantee.

LETTER FROM THE BOARD

The commencement date mentioned above falling before 1 April 2023 is determined with reference to the employment date of the individual grantee which is a practice consistent with the Company's remuneration policies. For the avoidance of doubt, no vesting had occurred prior to the date of grant (i.e. 3 April 2023). Certain vesting dates of the April Option Grants and the Non-connected Award Grants as stated above are less than 12 months from the date of grant (i.e. 3 April 2023). The Board and the Remuneration Committee consider such arrangement to be appropriate as all the previous grants under its existing share schemes were granted with the same mechanism to award the employees who delivered their services. The current vesting schedule is consistent with the prior practices and approach of the Company so that the Company can attract, retain, incentivize, reward and remunerate the grantees and enhance operational efficiency, which aligns with the purpose of the Post-IPO Share Option Scheme, the Pre-IPO ESOP and the Post-IPO Share Award Scheme, respectively. Accordingly, the Board and the Remuneration Committee are of the view that the aforementioned vesting periods of the April Options Grants and the Non-connected Award Grants of less than 12 months are fair and reasonable and in the interests of the Company and the Shareholders as whole.

(b) Performance targets in relation to the Non-connected Performance Target Award Grants

The Non-connected Performance Target Award Grants will become vested upon the achievement of certain operational targets and/or business milestones during the specified period (which will not be more than 3 years) as stipulated in the grant letter. The Company has set different operational targets (such as, with reference to financial benchmarks, etc.) and business milestones (including but not limited to references to achieving various development stage(s) of certain products) for different grantees depending on their position, seniority and department.

For the avoidance of doubt, the above April Option Grants, the Non-connected Award Grants and the Non-connected Performance Target Award Grants are not subject to approval by the Shareholders.

14. AGM AND PROXY ARRANGEMENT

The notice of the AGM is set out on pages 110 to 120 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the AGM in the manner prescribed under the Listing Rules.

LETTER FROM THE BOARD

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.everestmedicines.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

15. RECOMMENDATION

The Directors consider that the proposed re-election of retiring Directors and the proposed granting of the Repurchase Mandate, the proposed Sale Mandate and the proposed re-appointment of auditor are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

The Directors (including independent non-executive Directors but excluding Mr. Luo in relation to the 2022 Proposed Option Grant and the 2023 Proposed Option Grant) are of the view that the 2022 Proposed Option Grant and the 2023 Proposed Option Grant are in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors (save in respect of any resolution in relation to a Director himself) recommend the Independent Shareholders to vote in favour of the relevant resolutions at the AGM so as to approve the 2022 Proposed Option Grant and the 2023 Proposed Option Grant.

The Directors (including independent non-executive Directors after taking into account the advice of the Independent Financial Adviser but excluding (i) Mr. Luo in relation to the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant, and (ii) Mr. Ian Ying Woo in relation to the 2023 Proposed Performance Target Award Grants to Mr. Ian Ying Woo) are of the view that the 2022 Proposed Award Grants, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants are in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors (save in respect of any resolution in relation to a Director himself) recommend the Independent Shareholders to vote in favour of the relevant resolutions at the AGM so as to approve the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants.

LETTER FROM THE BOARD

Elstone Capital Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants and considers that the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Your attention is drawn to the letter of advice from Elstone Capital Limited containing its recommendation and the principal factors and reasons it has taken into account in arriving at its recommendation are set out in this circular.

Yours faithfully,
By Order of the Board
Everest Medicines Limited
Wei Fu
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



EVEREST MEDICINES

云 頂 新 耀

Everest Medicines Limited

雲頂新耀有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1952)

31 May 2023

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as the Independent Board Committee to advise Independent Shareholders in connection with the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants, details of which are set out in the circular of the Company to the Shareholders dated 31 May 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Elstone Capital Limited, the independent financial adviser of the Company in relation to the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants, the Grantees’ contribution to the Group and the reasons and rationale of the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants, we are of the view that the terms of the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants are fair and reasonable so far as the Independent Shareholders are concerned, and that the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants are made on normal commercial terms, in the ordinary and usual course of the Group’s business, and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve the 2022 Proposed Award Grant, the 2022 Proposed Performance Target Award Grant, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants.

Yours faithfully,

Mr. Shidong Jiang
*Independent non-executive
Director*

Mr. Yifan Li
*Independent non-executive
Director*

Ms. Hoi Yam Chui
*Independent non-executive
Director*

LETTER FROM ELSTONE CAPITAL LIMITED

The following is the full text of a letter of advice from Elstone Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Award Grants (as defined below), which has been prepared for the purpose of incorporation in this circular.



31 May 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**(1) 2022 PROPOSED GRANT OF SHARE AWARDS TO
A CONNECTED PERSON UNDER THE POST-IPO SHARE AWARD SCHEME;
(2) 2022 PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO
A CONNECTED PERSON UNDER THE POST-IPO SHARE AWARD SCHEME;
(3) 2023 PROPOSED GRANT OF SHARE AWARDS TO
CONNECTED PERSONS UNDER THE POST-IPO SHARE AWARD SCHEME;
AND
(4) 2023 PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO
CONNECTED PERSONS UNDER THE PRE-IPO ESOP**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the (i) 2022 Proposed Award Grant; (ii) 2022 Proposed Performance Target Award Grant; (iii) 2023 Proposed Award Grants; and (iv) 2023 Proposed Performance Target Award Grants (collectively, the “**Proposed Award Grants**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 31 May 2023 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the Letter from the Board, the Company announced on 19 September 2022 that it has resolved to grant (i) 860,474 Awards to Mr. Luo under the Post-IPO Share Award Scheme; and (ii) a maximum number of 1,200,000 Performance Target Awards to Mr. Luo under the Post-IPO Share Award Scheme, subject to acceptance by Mr. Luo and the Independent Shareholders’ approval at the AGM. Mr. Luo is an executive Director and the chief executive officer of the Company, and therefore a connected person of the Company under the Listing Rules. Accordingly, the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant and the transactions contemplated thereunder constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders’ approval requirements under the Listing Rules.

LETTER FROM ELSTONE CAPITAL LIMITED

As further stated in the Letter from the Board, the Company announced on 3 April 2023 that it has resolved to grant (i) 135,100 Awards to 4 Connected Award Grantees under the Post-IPO Share Award Scheme; and (ii) a maximum number of 529,805 Performance Target Awards to 5 Connected Performance Target Award Grantees under the Pre-IPO ESOP, subject to acceptance by the Connected Award Grantees and the Connected Performance Target Award Grantees respectively and the Independent Shareholders' approval at the AGM. The Connected Award Grantees are directors of subsidiaries of the Company and the Connected Performance Target Award Grantees are Directors or directors of subsidiaries of the Company, therefore are connected persons of the Company under the Listing Rules. Accordingly, the 2023 Proposed Award Grants and the 2023 Proposed Performance Target Award Grants and the transactions contemplated thereunder constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprises Mr. Shidong Jiang, Mr. Yifan Li and Ms. Hoi Yam Chui, all being independent non-executive Directors. It has been established to advise the Independent Shareholders on whether the Proposed Award Grants are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole, and advise the Independent Shareholders as to voting. We, Elstone Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

We are not associated with the Company, its directors, subsidiaries, associates or substantial shareholders or their respective associates and Mr. Luo, the Connected Award Grantees, the Connected Performance Target Award Grantees or their respective close associates, associates or core connected persons (all as defined under the Listing Rules). Apart from acting as the Independent Financial Adviser, we also acted once as an independent financial adviser to advise the independent board committee of the Company and the independent shareholders during the last two years and up to the date hereof, details of which is set out in the Company's circular dated 24 May 2022. Apart from normal professional fees paid or payable to us in connection with such appointments as the independent financial adviser, no arrangements exist whereby we had received any fees or benefits from the Group. As at the Latest Practicable Date, we did not have any relationships or interests with the Group that could reasonably be regarded as hindrance to our independence. Accordingly, we are considered to be eligible to give independent advice in respect of the Proposed Award Grants.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the management of the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all

LETTER FROM ELSTONE CAPITAL LIMITED

statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided, opinion expressed, representations made to us or referred to in the Circular and that all information provided, opinion expressed or representations made, to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Group or any of their respective subsidiaries and associates.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposed Award Grants, we have taken into account the principal factors and reasons set out below:

1. Background of the Group

The Group is a biopharmaceutical company focused on developing, manufacturing and commercializing transformative pharmaceutical products and vaccines that address critical unmet medical needs for patients in Asian markets. The management team of the Company has deep expertise and an extensive track record from both leading global pharmaceutical companies and local Chinese pharmaceutical companies in high-quality clinical discovery, clinical development, regulatory affairs, chemistry, manufacturing and controls processes in pharmaceutical products (CMC), commercialization, mRNA platform, business development and operations. The Company has built a portfolio of potentially global first-in-class or best-in-class molecules in the Company's core therapeutic areas of renal diseases, infectious diseases and autoimmune disorders.

LETTER FROM ELSTONE CAPITAL LIMITED

Key business development milestones and achievements

As stated in the Letter from the Board, the success of the Listing marked a monumental step in the continued growth and success of the Group. Since the Listing, the Company has made significant progress with respect to its drug pipeline and business operations. Throughout 2022 and first quarter of 2023, Company's development team excelled in both clinical and regulatory execution, advancing the potentially best-in-class and first-in-class investigational treatments in Asia for renal and infectious diseases, as well as advancing the mRNA technology, including:

- (i) **Nefecon** (TarpeyoTM), the Company's anchor drug candidate in the renal therapeutic area, is a novel oral formulation of budesonide in development for the treatment of primary IgAN. Further details of the key milestones and developments of Nefecon are set out in the Letter from the Board.
- (ii) **Eravacycline** (Xerava), is a novel, fully synthetic fluorocycline intravenous antibiotic for the treatment of infections caused by susceptible gram-positive, gram-negative and anaerobic pathogens including those multidrug resistant ("MDR") isolates. Further details of the key milestones and developments of Xerava are set out in the Letter from the Board.
- (iii) mRNA technology platform, one of the Company's key strategic focus areas. The Company has made significant progress, including the industrial scale technology transfer of its mRNA platform, localized processing and analytical testing, as well as direct procurement from raw material suppliers, which will enable the Company to independently develop and produce mRNA vaccines and innovative drugs. Further details of the key milestones and developments of the mRNA technology platform are set out in the Letter from the Board.

In 2023, the Company will continue to advance current and initiate new clinical trials, as well as drive the regulatory approval process to bring therapies and vaccines to the market as fast as possible. In addition, the Company expects to launch Xerava at 3rd quarter in 2023 in order to transitioning to the next phase of growth as a commercial-stage company.

2. Reasons for and rationale and benefits for the Proposed Award Grants

The Proposed Award Grants are part of the Company's remuneration policy. It enables the Company to attract, retain, incentivize, reward and remunerate the Grantees, and encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

As stated in the Letter from the Board, the Directors believe that the future success and continuous development of the Company is closely linked to the continuous commitment and efforts of its management team. Given the limited number of individuals in the biopharmaceutical industry with the breadth of expertise and experience required to

LETTER FROM ELSTONE CAPITAL LIMITED

successfully develop, gain regulatory approval of, manufacture and commercialize drug products and formulate strategy as well as operate the Company to support the development of the drug products, the Board considers that the retention and motivation of the Grantees as an indispensable part of the senior management and research and development team of the Group is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of leadership. In particular, the Company places a high priority on selecting, recruiting and retaining a high-caliber industry veteran such as Mr. Luo and cultivating an entrepreneurial and reward-for-performance culture.

As stated in the Letter from the Board, the Board proposed to remunerate the Grantees after considering the Grantees' respective management roles in the Group and their respective background and experience in the biopharmaceutical industry which contribute to the success of the Group. In determining the remuneration of the Grantees, the Board took into consideration a variety of factors, including but not limited to (i) the importance of the roles and responsibilities of the Grantees; (ii) their past performance and contributions; and (iii) their expected contribution to the Company's future development.

Further, the Directors believe that the grant of Awards will provide the Grantees with certainty of monetary benefits regardless of Share price performance. The 2022 Proposed Performance Target Award Grant and the 2023 Proposed Performance Target Award Grants will provide Mr. Luo and the Connected Performance Target Award Grantees with incentive to maximize Shareholder value and drive Share price performance. Such grants that can be realized and are readily available at the end of the vesting period is akin to payment of a deferred bonus and hence an effective incentive.

In addition, the Proposed Award Grants will further align the interests of the Grantees and the long-term interests of the Shareholders, ensuring a better linkage between the Company's long-term strategic and financial goals and executive compensation. In particular, to achieve the lowest and highest stock price targets of the market capitalisation of HK\$12.5 billion to HK\$18 billion (approximately HK\$40 to HK\$57.6 per Share) of the Performance Target Awards, the Company's stock price will have to increase by approximately 223.1% and 365.3%, respectively, from the stock price of HK\$12.38 as at the Latest Practicable Date. The Board believes that these are appropriately challenging targets.

Having considered (i) the Proposed Award Grants provide a mixture of awards with time-based and performance-based elements; and (ii) the principal terms of the Proposed Award Grants and the information of the Grantees as discussed below, we concur with the Directors on the reasons, rationale and benefits of the Proposed Award Grants and could further align the interests of the Grantees with the interests of both the Company and the Shareholders as a whole.

LETTER FROM ELSTONE CAPITAL LIMITED

3. Principal terms of the Proposed Award Grants

2022 Proposed Award Grant

On 19 September 2022, the Company proposed to grant 860,474 Awards to Mr. Luo under the Post-IPO Share Award Scheme, subject to acceptance by Mr. Luo and Independent Shareholders' approval at the AGM. The details of the 2022 Proposed Award Grant are set out below:

Date of grant:	19 September 2022
Number of Awards proposed to be granted:	860,474 Awards to Mr. Luo, an executive Director and chief executive officer of the Company
Purchase price of the Awards proposed to be granted:	Nil
Market price of the Shares on the date of the grant:	HK\$8.89 per Share As discussed with the management of the Company, based on the closing price of HK\$8.89 per Share as quoted on the Stock Exchange on the date of grant on 19 September 2022, the market value of the Shares underlying the Awards under the 2022 Proposed Award Grant to Mr. Luo amounts to approximately HK\$7.6 million.
Vesting period:	The Awards shall vest on the first anniversary of the date of Mr. Luo's appointment as an executive Director and chief executive officer of the Company (i.e. 19 September 2023). Upon full vesting, the aforesaid Awards granted to Mr. Luo represented approximately 0.27% of the total number of issued Shares as at Latest Practicable Date.
Performance targets:	There are no performance targets attached to the Awards proposed to be granted. The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

LETTER FROM ELSTONE CAPITAL LIMITED

As the inherent nature of his role as an executive Director and chief executive officer requires him to, among others, lead, direct and supervise the Company's affairs to enable long term success (i.e. enhancing the value of the Company and the Shares) and to act in the best interests of the Shareholders, Mr. Luo will be involved in the day-to-day operations of the Group and the Board is confident that his extensive knowledge of and experience in the healthcare industry will allow him to will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group. Furthermore, the Awards are subject to the vesting period as set out above, which serves to ensure that Mr. Luo remains incentivized to contribute to the Company's development. Accordingly, the Remuneration Committee considers that the 2022 Proposed Award Grant without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the Post-IPO Share Award Scheme.

**Clawback
mechanism:**

Where the following events as specified in the rules of the Post-IPO Share Award Scheme arises, any outstanding Awards and related income not yet vested shall be immediately forfeited, any vested Awards shall be canceled, any earnings from selling of the Awards shall be owned by the Company and the Company have the right to request the Grantee to refund the Company, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice;
- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty; or
- (c) the grantee conducts, among others, activities that cause damage to our Group, or causes damages to the Group's interest or reputation.

LETTER FROM ELSTONE CAPITAL LIMITED

2022 Proposed Performance Target Award Grant

On 19 September 2022, the Company proposed to grant a maximum number of 1,200,000 Performance Target Awards to Mr. Luo under the Post-IPO Share Award Scheme, subject to acceptance by Mr. Luo and Independent Shareholders' approval at the AGM. The details of the 2022 Proposed Performance Target Award Grant are set out below:

Date of grant:	19 September 2022
Number of Performance Target Awards proposed to be granted:	<p>a maximum of 1,200,000 Performance Target Awards to Mr. Luo, an executive Director and chief executive officer of the Company, under the Post-IPO Share Award Scheme.</p> <p>The Performance Target Award represent the right to receive one Share on the date the Performance Target Award vests.</p>
Purchase price of the Performance Target Awards proposed to be granted:	<p>Nil</p> <p>The Shares underlying the Performance Target Awards are subject to limitations in the volume and value that may be sold within a prescribed period as determined by the Board from time to time.</p>
Market price of the Shares on the date of the grant:	<p>HK\$8.89 per Share</p> <p>As discussed with the management of the Company, for illustrative purpose only, based on the closing price of HK\$8.89 per Share as quoted on the Stock Exchange on 19 September 2022, the market value of the Shares underlying the Performance Target Awards under the 2022 Proposed Performance Target Award Grant to Mr. Luo amounts to approximately HK\$10.7 million. The above estimated values may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to (i) the review by the reporting accountant, and (ii) the likelihood of achieving the specific milestones at the date of approval by the shareholders.</p>

LETTER FROM ELSTONE CAPITAL LIMITED

Vesting period and performance targets:

To better encourage Mr. Luo to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholder as a whole, on 3 April 2023, the Board has resolved to amend the vesting schedule of the said grant, the new vesting period and performance targets of such grant are as follows:

- (a) 70% of the Performance Target Awards shall vest upon the achievement of seven operational targets during the specified periods stipulated in the offer letter. Such operational targets relate to the research and development and registration progress of drug candidates of the Group, approval and commercial launch of a product, and the achievement of certain revenue targets for a specific product after commercial launch; and
- (b) 30% of the Performance Target Awards shall vest equally upon the achievement of three different stock price targets, more specifically by achieving a market capitalisation in the range of HK\$12.5 billion to HK\$18.0 billion (equivalent to a stock price target of approximately HK\$40.0 to HK\$57.6 per Share).

The performance period for each of the performance targets above is no more than 3 years and the performance targets are expected to be achieved over a 3-year period from the date of the amendment (i.e. 3 April 2023). Upon full vesting, the 2022 Proposed Performance Target Award Grant to Mr. Luo represented approximately 0.38% of the total number of issued Shares as at the Latest Practicable Date.

The Board considers that these performance targets set out above are attainable without a share consolidation, based on various factors, including but not limited to the overall business planning and growth prospects of the Group, and the experience and expected time commitment and responsibilities of Mr. Luo.

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As advised by the management of the Company, the market capitalisation = 30 trading day rolling average adjusted for turnover ($\Sigma 30$ days (closing price * turnover) / $\Sigma(30$ days turnover)) * previous month ending common shares outstanding (the amount of common shares outstanding as disclosed in the “monthly return of equity issuer on movements in securities” published by the Company)

Having considered that:

- (i) the Company has made significant business progress, details are set out in the Letter from the Board and our letter under section headed “1. *Background of the Group*” above;
- (ii) since Mr. Luo’s joining, as chief executive officer and executive director of the Company with extensive knowledge and relevant experience, has led and is expected that he will continue to lead the Group into its next stage of development to enable long term success, in particular, we understood from the Company that under Mr. Luo’s leadership, the Group has received multiple clinical and regulatory approvals from regulatory authorities for drug candidates;
- (iii) in respect of the operational targets, approximately 10% each shall vest upon achievement of certain business milestones with reference to research and development and registration progress of drug candidates of the Group, approval and commercial launch of products and financial benchmarks such as achievement of certain revenue targets, during various specified periods (which will not be more than three years);

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- (iv) as noted from the Comparable Grants as set out in the below sub-section headed “*Overall assessment on the Proposed Award Grants*”, majority of the Comparable Grants set certain group level performance conditions or individual performance indicators which are required to be fulfilled before the award shares to be vested, we consider that such vesting conditions of the 2022 Proposed Performance Target Award Grant are comparable to the market and will strengthen the incentive for Mr. Luo to use his efforts to achieve the performance targets, which will contribute to the growth and development of the Group;
- (v) in respect of the share price targets, to achieve the stock price targets of market capitalisation in the range of HK\$12.5 billion to HK\$18.0 billion (approximately HK\$40.0 to HK\$57.6 per Share) of the Performance Target Awards, the Company’s share price will have to increase by approximately 223.1% and 365.3%, respectively, from HK\$12.38 as at the Latest Practicable Date, which appear to be challenging targets; we note that under the leadership of Mr. Luo in approximately six months since his appointment, the closing price of the Shares increased from HK\$8.89 on 19 September 2022 to HK\$14.04 on 3 April 2023, representing an increase of approximately 57.9%. Although the stock price target might be challenging, we consider that it may be achievable subject to factors such as market condition and the Company’s further business development and financial performance and hence the Performance Target Awards serve as an incentive to encourage Mr. Luo to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholder as a whole; and

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(vi) our analysis on the section headed “*Assessment on the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant to Mr. Luo*” below,

we are of the view that the amendments to the performance targets for the 2022 Proposed Performance Target Award Grant are fair and reasonable and align with the purpose of the Post-IPO Share Award Scheme, and the inclusion of the operational targets are in line with the market practice.

**Clawback
mechanisms:**

Where the following events as specified in the rules of the Post-IPO Share Award Scheme arises, any outstanding Awards and related income not yet vested shall be immediately forfeited, any vested Awards shall be canceled, any earnings from selling of the Awards shall be owned by the Company and the Company have the right to request the Grantee to refund the Company, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice;
- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty; or
- (c) the grantee conducts, among others, activities that cause damage to the Group, or causes damages to the Group’s interest or reputation.

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2023 Proposed Award Grants

On 3 April 2023, the Company proposed to grant 135,100 Awards to 4 Connected Award Grantees (as stated below) under the Post-IPO Share Award Scheme, each subject to acceptance by the Connected Award Grantees and Independent Shareholders' approval at the AGM.

Name of Connected Award Grantee	Capacity	No. of Awards	Percentage of total no. of Shares in issue (Note 1)	Market value of the 2023 Proposed Award Grants based on the closing price of HK\$14.04 per Share on the date of grant (HK\$)
Mr. Yuan Gao	Employees of the	30,000	0.01%	421,200
Ms. Min Yu	Company and directors	40,000	0.01%	561,600
Mr. Zixin Qiao	of subsidiaries of the	40,950	0.01%	574,938
Ms. Heasun Park	Company	<u>24,150</u>	<u>0.01%</u>	<u>339,066</u>
		<u>135,100</u>	<u>0.04%</u>	<u>1,896,804</u>

Note:

- The calculation is based on the total number of 315,640,206 Shares in issue as at the Latest Practicable Date.

The details of the 2023 Proposed Award Grants are set out below:

Date of grant: 3 April 2023

Number of Awards proposed to be granted: 135,100 Awards to 4 Connected Award Grantees under the Post-IPO Share Award Scheme

Purchase price of the Awards proposed to be granted: Nil

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Market price of the Shares on the date of the grant:	<p>HK\$14.04 per Share</p> <p>Based on the closing price of HK\$14.04 per Share as quoted on the Stock Exchange on the date of grant on 3 April 2023, the market value of the Shares underlying the Awards under the 2023 Proposed Award Grant to the 4 Connected Award Grantees amount to approximately HK\$1.9 million in aggregate.</p>
Vesting period:	<p>25% of the Awards will vest on 1 April 2024 and on each anniversary of such date thereafter.</p> <p>The Remuneration Committee notes that the first vesting date (1 April 2024) is less than 12 months from the date of grant (3 April 2023), and considers such arrangement to be appropriate as all the previous regular grants under its existing share schemes were made on 1 April, by setting 1 April as the vesting dates is consistent with the prior practices and approach of the Company so that the Company can better manage all the vesting schedules and enhance operational efficiency.</p> <p>Upon full vesting, the aforesaid Awards granted to 4 Connected Award Grantees represented approximately 0.04% of the total number of issued Shares as at the Latest Practicable Date.</p>
Performance targets:	<p>There are no performance targets attached to the Awards granted.</p> <p>The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.</p>

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As senior managers who have been with the Group for a number of years, the Connected Award Grantees are, and will continue to be, involved in the day-to-day operations of the Group and the Board is familiar with the abilities and expertise of the Connected Award Grantees in the pharmaceutical/legal/finance industry and is confident each of the them will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group. Furthermore, the Awards are subject to the vesting period as set out above, which serves to ensure that each Connected Award Grantee remains incentivized to contribute to the Company's development. Accordingly, the Remuneration Committee considers that the 2023 Proposed Award Grants without performance targets are market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the Post-IPO Share Award Scheme.

**Clawback
mechanism:**

Where the following events as specified in the rules of the Post-IPO Share Award Scheme arises, any outstanding Awards and related income not yet vested shall be immediately forfeited, any vested Awards shall be canceled, any earnings from selling of the Awards shall be owned by the Company and the Company have the right to request the Grantee to refund the Company, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice,
- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty, or
- (c) the grantee conducts, among others, activities that cause damage to the Group, or causes damages to the Group's interest or reputation.

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2023 Proposed Performance Target Award Grants

On 3 April 2023, the Company proposed to grant a maximum number of 529,805 Performance Target Awards to 5 Connected Performance Target Award Grantees under the Pre-IPO ESOP, each subject to acceptance by the Connected Performance Target Award Grantees and Independent Shareholders' approval at the AGM.

Name of Connected Performance Target Award Grantee	Capacity	No. of Awards	Percentage of total no. of Shares in issue (Note 1)	Market value of the 2023 Proposed Performance Target Award Grants based on the closing price of HK\$14.04 per Share on the date of grant (HK\$)
Mr. Ian Ying Woo	Executive Director and chief financial officer	280,683	0.09%	3,940,789
Ms. Min Yu	Employees of the	24,000	0.01%	336,960
Mr. Zixin Qiao	Company and directors	24,000	0.01%	336,960
Ms. Heasun Park	of subsidiaries of the	14,000	0.004%	196,560
Dr. Zhengying Zhu	Company	<u>187,122</u>	<u>0.06%</u>	<u>2,627,193</u>
		<u>529,805</u>	<u>0.17%</u>	<u>7,438,462</u>

Note:

- The calculation is based on the total number of 315,640,206 Shares in issue as at the Latest Practicable Date.

The details of the 2023 Proposed Performance Target Award Grants are set out below:

Date of grant: 3 April 2023

**Number of
Performance
Target Awards
proposed to be
granted:** a maximum number of 529,805 Performance Target Awards to 5 Connected Performance Target Award Grantees under the Pre-IPO ESOP

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Purchase price of the Performance Target Awards proposed to be granted:

Nil

Market price of the Shares on the date of the grant:

HK\$14.04 per Share

The Shares underlying the Performance Target Awards are subject to limitations in the volume and value that may be sold within a prescribed period as determined by the Board from time to time.

As discussed with the Company, for illustrative purpose only, based on the closing price of HK\$14.04 per Share as quoted on the Stock Exchange on 3 April 2023, the market value of the Shares underlying the Awards under the 2023 Proposed Performance Target Award Grants to 5 Connected Performance Target Award Grantees amount to approximately HK\$7.4 million in aggregate. The above estimated values may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to (i) the review by the reporting accountant, and (ii) the likelihood of achieving the specific milestones at the date of approval by the shareholders.

Vesting period and performance targets:

The Performance Target Awards granted to the Connected Performance Target Award Grantees (other than Mr. Ian Ying Woo, Mr. Zixin Qiao and Ms. Min Yu) shall become immediately vested upon the achievement of certain operational targets and/or business milestones during the specified period (which will not be more than 3 years) as stipulated in the grant letter. The Company has set different operational targets and business milestones (including but not limited to references to the development of certain products).

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For the grant to Mr. Ian Ying Woo, Mr. Zixin Qiao and Ms. Min Yu (a) 70% of the Performance Target Awards shall vest equally upon the achievement of seven operational targets during the specified periods stipulated in the offer letter. Such operational targets relate to the research and development and registration progress of drug candidates of the Group, approval and commercial launch of a product, and the achievement of certain revenue targets for a specific product after commercial launch or the achievement of certain financial targets; and (b) 30% of the Performance Target Awards shall vest equally upon the achievement of three stock price targets, more specifically by achieving a market capitalisation in the range of HK\$12.5 billion to HK\$18 billion (approximately HK\$40.0 to HK\$57.6 per Share).

The performance period for each of the performance targets above is no more than 3 years and the performance targets are expected to be achieved over the 3-year period from the date of grant.

Given the nature of the Performance Target Awards, vesting may occur at any time within the 12-month period from the date of grant. The Remuneration Committee considers that since vesting is subject to the achievement of certain performance targets which aligns the interests of the grantees with that of the Company and the Shareholders, reward and provide incentive to the grantees to work towards success of the Group, and reinforce their commitment to long-term services of the Group, the Remuneration Committee is of the view that such arrangement is in line with the purpose of the Pre-IPO ESOP.

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As advised by the management of the Company, the market capitalisation = 30 trading day rolling average adjusted for turnover ($\Sigma 30$ days (closing price * turnover) / $\Sigma(30$ days turnover)) * previous month ending common shares outstanding (the amount of common shares outstanding as disclosed in the “monthly return of equity issuer on movements in securities” published by the Company)

**Clawback
mechanism:**

Pursuant to the Pre-IPO ESOP, subject to determination of the Board, if any grantee ceases to be an employee due to termination for cause, then any Award (whether vested or unvested) held by the grantee shall immediately lapse or be canceled except as otherwise resolved by the Board in its sole discretion.

In respect of each of the above Proposed Award Grants, in the event of (i) a change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, or (ii) any Grantees ceasing to be an eligible person by reason of illness, death or disability, the vesting of the Awards may be accelerated at the sole discretion of the Board.

The Shares to be allotted and issued upon vesting of the Awards will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue. The Awards themselves shall not entitle the Grantees to any voting rights, or rights to participate in any dividends or other distributions.

Further details of each of the Proposed Award Grants are set out in the Letter from the Board and this letter below. Details of the Post-IPO Share Award Scheme and the Pre-IPO ESOP are set out in the Company’s prospectus dated 25 September 2020 (the “**Prospectus**”) and the 2022 Annual Report.

4. Information on the Grantees

Information on Mr. Luo

As stated in the Letter from the Board, Mr. Luo is an executive Director and the chief executive officer of the Company. He is also a director of certain subsidiaries of the Company.

Mr. Luo has more than 25 years of experience in the healthcare industry. Mr. Luo was previously the president and general manager of Greater China of Bii Biosciences Limited (HKEX: 2137) from 11 September 2020 to 15 September 2022 and its executive director from 30 March 2021 to 15 September 2022, and the chief

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executive officer of a subsidiary of Brie Biosciences Limited, TSB Therapeutics, from December 2021 to 15 September 2022. From September 2016 to September 2020, he was the global vice president and general manager of China of Gilead Sciences, Inc., during which he helped to build Gilead Sciences, Inc.'s presence in China. He led the clinical development, regulatory approval process and successful commercial launch of eight innovative products as well as established a unique business model encompassing science, commercialization and patient access. Prior to that, he held senior positions in multiple multinational pharmaceutical companies including Roche and Novartis.

As at the Latest Practicable Date, Mr. Luo is entitled to receive up to 6,259,349 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to shareholders' approval in the AGM. The aforesaid share options are with a validity period of seven years. Save for the above interest relating to granted share options, Mr. Luo has no direct equity interest in the Shares as at the Latest Practicable Date, the proposed grant of Awards and Performance Target Awards to Mr. Luo could allow the Group to further tie his compensation to the performance of the Group, which is beneficial to the Group and the Shareholders as a whole.

Based on our review on the background of Mr. Luo and his experiences in clinical development, regulatory approval process and successful commercial launch of eight innovative products as well as established a unique business model encompassing science, commercialization and patient access, we concur with the Directors' view that Mr. Luo, as an executive Director and the chief executive officer of the Company, his experiences in biopharmaceutical industry is invaluable to the Group's business development efforts and may lead the Group into its next stage of development through the challenges brought about by the pandemic. Mr. Luo is crucial to ensuring long-term sustainable development of the Company.

Information on Mr. Ian Ying Woo

As stated in the Letter from the Board, Mr. Ian Ying Woo is an executive and the chief financial officer of the Company. Mr. Ian Ying Woo is also a director of certain subsidiaries of the Company.

Mr. Ian Ying Woo has made contribution to the growth of the Group, especially in financial management, investor relations and external communications. His extensive background and experience in equity financial at financial advisory and asset management firm with a focus in the biotechnology and biopharmaceutical industry helped the Company raise US\$310 million in Series C financing and complete a successful listing on the Stock Exchange. His experience and network built over an 18-year career advising on mergers & acquisitions transactions have helped the Company in its licensing and corporate development efforts. The establishment of internal financial control and management systems, addition of leading investors into the Company, and cooperation with strategic partners serve as

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a testament to Mr. Ian Ying Woo's contribution and leadership. Further details of the biographical information of Mr. Ian Ying Woo are set out in the Letter from the Board.

Information on Dr. Zhengying Zhu

As stated in the Letter from the Board, Dr. Zhengying Zhu has served as the chief medical officer of the Group, internal medicine since November 2017. Dr. Zhengying Zhu is also a director of certain subsidiaries of the Company.

Dr. Zhengying Zhu has made important contribution to the growth of the Group, especially in research and development in internal medicine, and her background and experience as a scientist leading research and development and business development for companies in the biotechnology and biopharmaceutical industry. In December 2020, the CDE of NMPA granted BTB for Nefecon for the treatment of IgAN. In November 2022, the Company received an acceptance from the NMPA for its NDA of Nefecon for the treatment of primary IgAN in adults at risk of rapid disease progression. The rapid clinical and regulatory advancements for Nefecon, as well as positive clinical progress for Etrasimod for ulcerative colitis and Ralinepag for pulmonary arterial hypertension, serve as a testament to Dr. Zhengying Zhu's contribution and leadership. Further details of the biographical information of Dr. Zhengying Zhu are set out in the Letter from the Board.

Information on Mr. Yuan Gao

Mr. Yuan Gao has served as vice president of regulatory affairs for infectious disease of the Company since March 2018. He was a director of certain subsidiaries of the Company.

Mr. Yuan Gao has made important contribution in leading drug registration for infectious disease drug candidates including the NDA submission of XeravaTM for the treatment of cIAI in China as the first NDA of the Company in 2021 which was subsequently filed in Hong Kong, the NDA approval of XeravaTM in Singapore in 2020 and several clinical trial application approvals. In the future, Mr. Yuan Gao will continually take important responsibilities to achieve infection disease pipeline market approval in China and Asia. Further details of the biographical information of Mr. Yuan Gao are set out in the Letter from the Board.

Information on Ms. Min Yu

Ms. Min Yu has served as the executive director of finance from October 2020 until her promotion to Vice President, Finance in 2022. Ms. Min Yu is a director/supervisor of certain subsidiaries of the Company.

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Ms. Min Yu expanded the finance team to support company growth after the listing, particularly in the recruitment of talents for commercialization preparation. Ms. Min Yu has been leading the SAP implementation project with support from the senior management team and other functions. She will continue to work on cash optimization and suitable supply chain model to support product launch across Asia. Further details of the biographical information of Ms. Min Yu are set out in the Letter from the Board.

Information on Mr. Zixin Qiao

Mr. Zixin Qiao joined the Company as legal director in January 2020 prior to his promotion to Vice President, Legal in 2022. Mr. Zixin Qiao is a director/supervisor of certain subsidiaries of the Company.

Mr. Zixin Qiao made significant contributions in managing legal and compliance including building a legal and compliance team, establishing essential legal and compliance policies for the company, creating the Company's contract management process and system. Mr. Zixin Qiao was a key execution team member during the Listing. In addition to aforementioned achievements, he also played an important role in reviewing strategic collaboration agreements. Mr. Zixin Qiao will continue to support business development and the operation of the Company from legal and compliance aspects. Further details of the biographical information of Mr. Zixin Qiao are set out in the Letter from the Board.

Information on Ms. Heasun Park

Ms. Heasun Park is the director and general manager of Everest Medicines Korea, LLC. She is responsible for the overall management of Korea affiliate, as well as the overseas market of the Company since January 2021.

Ms. Park's industry and leadership experience is very relevant for the Company as the Company builds its organization and business in Korea. Under her leadership, Everest Medicines Korea, LLC. was incorporated in July 2021 and established to commercialize the Group's products in Korea. She played a critical role in ODD and fast track designation (FTD) by the MFDS of South Korea for Trodelvy in April 2021, and the Biologics License Application (BLA) submission and acceptance by MFDS. She led pre-marketing activities for Trodelvy including advisory board meetings, market research, and pharmaco-economics analysis. Ms. Park has worked closely with the global R&D team for successful patient recruitment for clinical trials of Trodelvy and Etrasimod. She also worked extensively with global business development team to actively pursue Nefecon Korea rights. She contributed to the Company's reputation as an innovative Chinese biotech company by giving a thorough introduction on the Company's strengths, visions as well as its pipelines at an interview with two influential Korean media press.

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Korea is the third largest pharmaceutical market in the Asia Pacific region with a well-developed healthcare system. Ms. Park has robust experiences and a rich network in the Korean pharmaceutical industry, which has been invaluable to the Group's success in Korea. With her strong leadership, the Group can make its products accessible to patients and in realizing operation success for Korea. Further details of the biographical information of Ms. Heasun Park are set out in the Letter from the Board.

As stated in the Letter from the Board, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Ian Ying Woo, Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Dr. Zhengying Zhu are interested in 74,521, 44,908, 44,849, 3,946, 33,279 and 410,299 Shares held by his/her associate respectively and the options and awards for which no voting rights may be exercisable. The Proposed Award Grants allow the Group to tie their total compensation to the performance of the Group, which is beneficial to the Group and the Shareholders as a whole.

Based on our review on the Grantees' respective background and the Group's major achievements as disclosed in the Prospectus, the 2022 Annual Report and various published announcements, we concur with the Director's view that the Grantees' respective management roles in the Group and their respective background and experience in the biopharmaceutical industry has contributed and will continue to contribute to the success of the Group. The retention of these key management team members is critical to the development and expansion of the Company.

5. Assessment of fairness and reasonableness of the Proposed Award Grants

As stated in the Letter from the Board, the Directors and the Remuneration Committee reviewed the Proposed Award Grants as part of the remuneration package to each Grantee and taking into account, among others, (i) the time commitment, responsibilities and achievements of the Grantees in the past; and (ii) based on their experience and knowledge of the industry, the importance of a biopharmaceutical company like the Group which depends significantly highly educated and skilled individuals with the requisite biopharmaceutical and industry knowledge, to retain, motivate and incentivize the Directors and senior management to run the Company successfully for the long term benefit of the Group.

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To further assess the fairness and reasonableness of the Proposed Award Grants, we have conducted the assessment on the Proposed Award Grants below:

Assessment on the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant to Mr. Luo

Set out below is the breakdown of the remuneration package of Mr. Luo for the year ended 31 December 2022, including the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant to Mr. Luo:

	Salaries, contributions, and other benefits <i>(RMB'000)</i>	Performance related bonus <i>(RMB'000)</i>	Share-based payment expenses <i>(RMB'000)</i>	Total remuneration <i>(RMB'000)</i>
<i>Scenario 1: Considering the 2022 Proposed Award Grant to Mr. Luo only</i>				
Cash	2,118	1,310	—	3,428
Share options	—	—	4,574	4,574
Economic value of the 2022 Proposed Award Grant	—	—	6,439	6,439 <i>(Note 1)</i>
Total	2,118	1,310	11,013	14,441

<i>Scenario 2: Considering the 2022 Proposed Performance Target Award Grant to Mr. Luo only</i>				
Cash	2,118	1,310	—	3,428
Share options	—	—	4,574	4,574
Economic value of the 2022 Proposed Performance Target Award Grant	—	—	2,993	2,993 <i>(Note 2)</i>
Total	2,118	1,310	7,567	10,995

Sources: 2022 Annual Report and announcements of the Company dated 19 September 2022 and 3 April 2023

Notes:

- The estimated economic value of the 2022 Proposed Award Grant to Mr. Luo is based on (i) the 860,747 Awards granted on 19 September 2022; (ii) the closing share price of the Company (i.e. HK\$8.89 per Share) on the date of grant of the 2022 Proposed Award Grant (i.e. 19 September 2022); and (iii) annualisation by dividing the aforesaid share awards by the vesting period of up to 1 year. For illustrative purpose, the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.188.

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2. For illustrative purpose, the estimated economic value of the 2022 Proposed Performance Target Award Grant to Mr. Luo is based on (i) the 1,200,000 Performance Target Awards granted on 19 September 2022, (ii) the closing share price of the Company (i.e. HK\$8.89 per Share) on the date of grant of the Proposed Performance Target Award Grant (i.e. 19 September 2022); and (iii) annualisation by dividing the aforesaid awards by the vesting period of up to 3 years. The estimated value may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to (i) the review by the reporting accountant, and (ii) the likelihood of achieving the specific milestones at the date of approval by the shareholders. For illustrative purpose, the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.188.

As shown in the above table, the total remuneration of Mr. Luo for the year ended 31 December 2022 including the annualised value of the proposed Awards to Mr. Luo was approximately RMB14.4 million and RMB11.0 million respectively under the two scenarios as shown in the table above.

In assessing the fairness and reasonableness of the 2022 Proposed Award Grant to Mr. Luo and the 2022 Proposed Performance Target Award Grant to Mr. Luo, we compared the remuneration package of Mr. Luo with that of the key management personnel of biopharmaceutical companies listed on the Stock Exchange under Chapter 18A of the Listing Rules (the “**CEO Comparable Companies**”). We have considered the remuneration packages of key management personnel, who (i) are both executive director and chief executive officers or (ii) have assumed a similar role under another title (the “**CEO(s)**”), of the CEO Comparable Company(ies) as disclosed in the latest available annual reports or prospectuses.

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Set out below is a summary of (i) the remuneration packages of the CEO of the CEO Comparable Companies; (ii) the proportions of total remuneration over total operating expenses of the CEO Comparable Companies; and (iii) the proportions of share-based payment over total remuneration packages of the CEO for the financial year as disclosed in latest available annual reports or the prospectuses of the CEO Comparable Companies:

Name of the CEO	Title of the CEO	Name of the CEO Comparable Companies (Stock code)	Remuneration packages for the financial year as disclosed in the latest available annual reports or the prospectuses					Total operating expenses for the most recent financial year <small>(Note 1)</small> (RMB million)	Percentage of total remuneration over total operating expenses (%)	Percentage of share-based payment over total remuneration package (%)
			Fees, salaries, other allowances and contributions (RMB million)	Performance related bonus (RMB million)	Share-based payment expense (RMB million)	Total	Total			
1	Dr. Yinxiang Wang	Founder, executive director, chairman of the board and chief executive officer	Jacobio Pharmaceuticals-B (1167.HK)	2.4	0.5	0.8	3.8	571.3	0.7	21.7
2	Dr. James Qun Xue	Executive director, chairman of the board and chief executive director	CANbridge Pharmaceuticals-B (1228.HK)	5.1	0	8.0	13.1	538.4	2.4	61.2
3	Dr. Gong Zhaolong	Executive director, chairman of the board and chief executive director	3D Medicines-B (1244.HK)	1.8	0	102.5	104.3	964.7	10.8	98.3
4	Mr. Ye Liu	Executive director and chief executive officer	Ocumension Therapeutics-B (1477.HK)	2.6	2.5	144.1	149.2	558.2	26.7	96.6
5	Dr. Liu Jun	Executive director and chief executive officer	TOT BIOPHARM International-B (1875.HK)	3.0	0.06	1.9	4.9	417.7	1.2	38.3
6	Dr. Yiping James Li	Executive director, chairman of the board and chief executive officer	JW (Cayman) Therapeutics-B (2126.HK)	3.4	2.4	25.3	31.1	778.5	4.0	81.4
7	Dr. Zhi Hong	Executive director, chairman of the board and chief executive officer	Brii Biosciences-B (2137.HK)	6.9	2.5	4.9	14.3	636.1	2.2	34.2
8	Dr. Jingson Wang	Executive director and chief executive officer	HBM Holdings-B (2142.HK)	5.3	0	4.5	9.8	1,165.3	0.8	45.9
9	Dr. Sui Ziyue	Executive director and chief executive officer	LEPU-Biopharma-B (2157.HK)	2.1	0.7	6.0	8.8	665.6	1.3	68.8
10	Mr. Chen Guoming	Executive director and chief executive officer	MicroPort CardioFlow Medtech Corporation-B (2160.HK)	1.2	0.7	1.6	3.5	504.3	0.7	45.4
11	Dr. Liang Bo	Executive director, chairman of the board and general manager	Suzhou Basecare Medical-B (2170.HK)	2.8	0.2	0	3.0	282.3	1.1	0

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Remuneration packages for
the financial year as disclosed in
the latest available annual reports or the prospectuses

Name of the CEO	Title of the CEO	Name of the CEO Comparable Companies (Stock code)	Fees, salaries, other allowances and contributions	Performance related bonus	Share- based payment expense	Total	Total operating expenses for the most recent financial year	Percentage of total remuneration over total operating expenses	Percentage of share-based payment over total remuneration package
			(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(Note 1)	(%)
12 Mr. Yong Liu	Chairman, Executive director and general manager	Jiangsu Recbio Technology-B (2179.HK)	1.8	1.8	14.5	18.1	880.4	2.1	80.4
13 Dr. Wang Hao	Executive director and chief executive officer	Mabpharm-B (2181.HK)	1.1	0	2.2	3.3	266.7	1.2	65.6
14 Mr. Philip Li Wang	Executive director, chairperson, chief executive officer and general manager	Shanghai Bio-heart-B (2185.HK)	0.7	0.03	85.5	86.2	252.3	34.2	99.1
15 Dr. Jonathon Zhong Zhao	Executive director, chairman of the board and chief executive officer	Zylox-Tonbridge Medical Technology-B (2190.HK)	3.0	3.0	15.2	21.2	484.3	4.4	71.7
16 Mr. Joshua Liang	Executive director and chief executive officer	Clover Biopharmaceuti- cals-B (2197.HK)	8.1	0	22.1	30.3	2,469.2	1.2	73.1
17 Mr. Guowei Zhan	Executive director and chief executive officer	Broncus-B (2216.HK)	1.6	0	0	1.6	200.0	0.8	0
18 Dr. Zheng Pan	Executive director, chairman of the board and chief executive officer	MicroTech Medical-B (2235.HK)	1.1	0	0	1.1	220.3	0.5	0
19 Mr. Zhang Dalei	Executive director, chairman of the board and chief executive officer	Beijing Airdoc-B (2251.HK)	0.5	0	0	0.5	305.7	0.2	0
20 Dr. He Chao	Executive director, president and chief executive officer	Shanghai MicroPort MedBot-B (2252.HK)	1.6	0.9	38.0	40.5	1,16.9	3.6	93.8
21 Dr. Xu Yao-Chang	Executive director, chairman of the board and chief executive officer	Abbisko-B (2256.HK)	10.6	0	28.4	39.0	538.5	7.2	72.9
22 Dr. Yang Lu	Executive director and chief executive officer	Sirnaomics-B (2257.HK)	3.5	0	0.4	3.9	596.3	0.7	9.6
23 Mr. Huo Yunfei	Executive director, chairman of the board and chief executive officer	Rainmed Medical-B (2297.HK)	2.0	6.1	1.3	9.5	220.2	4.3	14.0
24 Dr. Shen Yuelei	Executive director, chairman of the board, chief executive officer and general manager	Biocytogen Pharmaceuticals-B (2315.HK)	1.9	0.6	0	2.6	1,012.8	0.3	0
25 Mr. Zhenjun Zi	Executive director and general manager	Venus Medtech (Hangzhou)-B (2500.HK)	0.8	0.08	0	0.9	1,537.8	0.1	0

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Remuneration packages for
the financial year as disclosed in
the latest available annual reports or the prospectuses

Name of the CEO	Title of the CEO	Name of the CEO Comparable Companies (Stock code)	Fees, salaries, other allowances and contributions (RMB million)	Performance related bonus (RMB million)	Share- based payment expense (RMB million)	Total (RMB million)	Total operating expenses for the most recent financial year (Note 1) (RMB million)	Percentage of total remuneration over total operating expenses (%)	Percentage of share-based payment over total remuneration package (%)	
26	Dr. Li Chen	Executive director and chief executive officer	Hua Medicine-B (2552.HK)	5.2	6.0	11.4	22.6	275.1	8.2	50.4
27	Dr. Jianxin Yang (appointed on 25 August 2022)	Executive director, chief executive officer	CStone Pharmaceuticals-B (2616.HK)	3.1	2.1	14.9	20.1	1,191.3	1.7	73.9
28	Dr. Frank Ningjun Jiang (resigned on 25 August 2022)	Executive director, chief executive officer	CStone Pharmaceuticals-B (2616.HK)	2.5	0	59.4	41.9	1,191.3	5.2	95.9
29	Dr. Shui On Leung	Executive director, chairman of the board and chief executive officer	SinoMab BioScience- B (3681.HK)	5.2	0	0	5.2	328.9	1.6	0
30	Mr. Wang Guohui	Executive director, chairman of the board and chief executive officer	Shanghai Heartcare – B (6609.HK)	1.2	0.3	0	1.4	252.5	0.6	0
31	Dr. Li Xiaoyi	Executive director, chairman of the board and chief executive officer	Zhaoke Ophthalmology -B (6622.HK)	7.0	2.9	11.3	21.2	412.5	5.1	53.1
32	Dr. Xueming Qian	Executive director and chief executive officer	Transcenta-B (6628.HK)	3.0	2.2	0.4	5.7	462.2	1.2	7.3
33	Dr. Yang Dajun	Executive director, chairman of the board and chief executive officer	Ascentage Pharma -B (6855.HK)	4.0	0	0	4.0	1,088.8	0.4	0
34	Mr. Zhu Jun	Executive director, chief executive officer and general manager	Cryofocus Medtech -B (6922.HK)	2.4	0	9.6	12.0	148.5	8.1	80.0
35	Dr. Wang Yu	Executive director and chief executive officer	Immunotech Biopharm-B (6978.HK)	4.5	0	0	4.5	287.7	1.6	0
36	Dr. Jay Mei	Executive director, chairman of the board and chief executive officer	Antengene Corporation-B (6996.HK)	6.8	2.7	5.9	15.4	1,026.4	1.5	38.1
37	Dr. Guo Feng	Executive director, chairman of the board and chief executive officer	Genor Biopharma – B (6998.HK)	5.9	1.5	24.8	32.2	801.2	4.0	77.1
38	Mr. LV Shiwen	Executive director, chairman of the board, chief executive officer	Jenscare Scientific – B (9877.HK)	2.0	0.5	219.4	221.9	551.4	43.4	98.9

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Remuneration packages for
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the latest available annual reports or the prospectuses

Name of the CEO	Title of the CEO	Name of the CEO Comparable Companies (Stock code)	Fees, salaries, other allowances and contributions (RMB million)		Performance related bonus (RMB million)	Share- based payment expense (RMB million)	Total financial year most recent (Note 1) (RMB million)	Percentage of total remuneration over total operating expenses (%)	Percentage of share-based payment over total remuneration package (%)	
39	Dr. Youzhi Tong	Executive director, chairman of the board, chief executive officer	Kintor Pharmaceutical-B (9939.HK)	6.6	0.5	0	7.1	981	0.7	0
40	Dr. Jisong Cui	Executive director, chairman of the board, chief executive officer	InnoCare Pharma-B (9969.HK)	4.2	3.2	16.1	23.6	1,550.4	1.5	68.3
41	Dr. Fang Jianmin	Executive director, chief executive officer and chief scientific officer	RemeGen-B (9995.HK)	5.5	1.4	18.3	25.2	1,711.3	1.5	72.8
42	Dr. Yi zhang	Executive director, chairman of the board, chief executive officer	Peijia Medical-B (9996.HK)	1.5	0	0	1.5	738.2	0.2	0
						Maximum	221.9		43.4%	99.1%
						Minimum	0.5		0.1%	0.0%
						Average	24.8		4.7%	45.0%
						Median	9.8		1.5%	48.2%
						The CEO Adjusted Range ^(Note 4)			Maximum	99.1%
									Minimum	7.3%
									Average	62.9%
									Median	70.2%
		The Company (1952.HK)								
Mr. Luo	Executive Director and chief executive officer of the Company	Scenario 1 – 2022 Proposed Award Grant	2.1	1.3	11.0 ^(Note 2)	14.4	1,413.0	1.0%	76.3%	
		Scenario 2 – 2022 Proposed Performance Target Award Grant	2.1	1.3	7.6 ^(Note 3)	11.0	1,413.0	0.8%	68.8%	

Source: Latest annual reports and/or prospectuses of the respective CEO Comparable Companies and the Company

Notes:

- Total operating expenses of the CEO Comparable Companies include selling and distribution expenses, research and development costs, administrative expenses and other expenses, excluding finance costs, income tax expense, listing and reorganization expenses and loss on fair value changes of financial assets and liabilities which are considered non-operating in nature.
- The estimated economic value of the 2022 Proposed Award Grant to Mr. Luo is based on (i) the 860,747 Awards granted on 19 September 2022; (ii) the closing share price of the Company (i.e. HK\$8.89 per Share) on the date of grant of the 2022 Proposed Award Grant (i.e. 19 September 2022); and (iii) annualisation by dividing the aforesaid share awards by the vesting period of up to 1 year. For illustrative purpose, the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.188.

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3. For illustrative purpose, the estimated economic value of the 2022 Proposed Performance Target Award Grant to Mr. Luo is based on (i) the 1,200,000 Performance Target Awards granted on 19 September 2022; (ii) the closing share price of the Company (i.e. HK\$8.89 per Share) on the date of grant of the 2022 Proposed Performance Target Award Grant (i.e. 19 September 2022); and (iii) annualisation by dividing the aforesaid awards by the vesting period of up to 3 years. The estimated value may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to (i) the review by the reporting accountant; and (ii) the likelihood of achieving the specific milestones at the date of approval by the shareholders. For illustrative purpose, the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.188.
4. We note that 12 out of 42 CEO Comparable Companies do not have share-based payment, for illustrative purposes, we have excluded the 12 CEO Comparable Companies, which are Suzhou Basecare Medical-B (2170.HK), Broncus-B (2216.HK), MicroTech Medical-B (2235.HK), Beijing Airdoc-B (2251.HK), Bioytingen Pharmaceuticals-B (2315.HK), Venus Medtech (Hangzhou)-B (2500.HK), SinoMab BioScience-B (3681.HK), Shanghai Heartcare-B (6609.HK), Ascentage Pharma-B (6855.HK), Immunotech Biopharm-B (6978.HK), Kintor Pharmaceutical-B (9939.HK) and Peijia Medical-B (9996.HK), to calculate the adjusted percentage of share-based payment over total remuneration package (the “**CEO Adjusted Range**”).
5. For illustrative purpose, the translation of the United States dollars into the RMB in the table above are based on the exchange rate of US\$1 to RMB6.462.

We have considered the proportions of (i) total remunerations of the CEOs over total operating expenses of the CEO Comparable Companies; and (ii) share-based payment of the CEOs over total remunerations of the CEO Comparable Companies in evaluating the fairness and reasonableness of Mr. Luo’s total remuneration. As shown in the table above, total remunerations of the CEO over total operating expenses of the CEO Comparable Companies for the financial year as disclosed in the latest available annual reports ranged from approximately 0.1% to approximately 43.4% with a median and average of approximately 1.5% and 4.7%, respectively. Mr. Luo’s total remuneration package taking into account of the 2022 Proposed Award Grant and 2022 Proposed Performance Target Award Grant constituted approximately 1.0% and 0.8% of the Group’s total operating expenses for the year ended 31 December 2022, respectively, which is within the range and below the median and the average of those of the CEO Comparable Companies.

As shown in the table above, the percentage of the share-based payment to the CEOs over total remunerations of the CEO Comparable Companies ranged from 0% to 99.1% with a median and average of approximately 48.2% and 45.0%, respectively. We note that 12 out of 42 CEO Comparable Companies do not have share-based payment. After excluding the aforesaid 12 CEO Comparable Companies, the CEO Adjusted Range was approximately 7.3% to 99.1% with a median and average of approximately 70.2% and 62.9%, respectively. The share-based payment to Mr. Luo for the year ended 31 December 2022 taking into account of the 2022 Proposed Award Grant and 2022 Proposed Performance Target Award Grant accounted for approximately 76.3% and 68.8% of his total remuneration respectively, which is within the CEO Adjusted Range of that of the CEO Comparable Companies and close to the adjusted median but slightly above the adjusted average.

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In assessing the fairness and reasonableness of the 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant to Mr. Luo, we consider that the analysis should not be only focused on the share-based payment but, more importantly, also the total remuneration. As shown in the table above, the annual remunerations of the CEOs of the CEO Comparable Companies ranged from approximately RMB0.5 million to RMB221.9 million and have an average of approximately RMB24.8 million. Mr. Luo's total remuneration will be approximately RMB14.4 million and RMB11.0 million under the 2022 Proposed Award Grant and 2022 Proposed Performance Target Award Grant, respectively, which are within the range of the CEO Comparable Companies and below the average.

As set out in the Letter from the Board, the grant of Awards is part of the Company's remuneration policy. The 2022 Proposed Award Grant and the 2022 Proposed Performance Target Award Grant to Mr. Luo aim to provide sufficient incentive to retain and motivate Mr. Luo to participate in the formulation of strategy and long-term development of the Company, leading the Company into its next stage.

Taking into account that (i) Mr. Luo's total remuneration to the Group's total operating expenses is within the range and below the average and median of the CEO Comparable Companies; (ii) the percentage of share-based payment in Mr. Luo's total remuneration package is within the CEO Adjusted Range and close to the adjusted median and slightly above the adjusted average of the CEO Comparable Companies; (iii) Mr. Luo's total remuneration is within the range and below the average of those of the CEOs among the CEO Comparable Companies; (iv) the background and experience of Mr. Luo as discussed above; and (v) the reasons and benefits of the 2022 Proposed Award Grant and 2022 Proposed Performance Target Award Grant as mentioned above, we consider his remuneration, including the 2022 Proposed Award Grant and 2022 Proposed Performance Target Award Grant to Mr. Luo, to be fair and reasonable.

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Assessment on the 2023 Proposed Award Grants to Connected Award Grantees and the 2023 Proposed Performance Target Award Grants to Connected Performance Target Award Grantees

Set out below is the aggregate remuneration package of the Connected Award Grantees and the Connected Performance Target Award Grantees for the year ended 31 December 2022, including the 2023 Proposed Award Grants and 2023 Proposed Performance Target Award Grants:

	Salaries, contributions, bonus and other benefits (RMB'000)	Share-based payment expenses (RMB'000)	Total remuneration (RMB'000)
<i>Considering the 2023 Proposed Award Grant to Connected Award Grantees</i>			
Aggregate remuneration package of the Connected Award Grantees	11,525	10,079	21,604
Economic value of the 2023 Proposed Award Grants	–	399	399 <i>(Note 1)</i>
Total	11,525	10,478	22,003

Considering the 2023 Proposed Performance Target Award Grant to Connected Performance Target Award Grantees

Aggregate remuneration package of the Connected Performance Target Award Grantees	25,058	25,529	50,587
Economic value of the 2023 Proposed Performance Target Award Grants	–	2,088	2,088 <i>(Note 2)</i>
Total	25,058	27,617	52,675

Source: Provided by the Company, 2022 Annual Report and the announcement of the Company dated 3 April 2023

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Notes:

1. For illustrative purpose, the share-based payments included the estimated economic value of the 2023 Proposed Award Grants which are based on (i) the 135,100 Awards granted to 4 Connected Award Grantees on 3 April 2023, respectively; (ii) the closing share price of the Company (i.e. HK\$14.04 per Share) on the date of grant of the 2023 Proposed Award Grants (i.e. 3 April 2023); and (iii) annualisation by dividing the aforesaid share awards by the vesting period of up to 4 years. The above estimated values may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to the review by the reporting accountant. For illustrative purpose, the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.188.
2. For illustrative purpose, the share-based payments included the estimated economic value of the 2023 Proposed Performance Target Award Grants which are based on (i) the 529,805 Performance Target Awards granted to the 5 Connected Performance Target Award Grantees on 3 April 2023, respectively; (ii) the closing share price of the Company (i.e. HK\$14.04 per Share) on the date of grant of the 2023 Proposed Performance Target Award Grants (i.e. 3 April 2023); and (iii) annualisation by dividing the aforesaid share awards by the vesting period of up to 3 years. The above estimated values may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to (i) the review by the reporting accountant; and (ii) the likelihood of achieving the specific milestones at the date of approval by the shareholders. For illustrative purpose, the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.188.

The Connected Award Grantees are Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park, respectively, and each of them is/was a director/supervisor of a subsidiary of the Company, and therefore a connected person of the Company. The Connected Performance Target Award Grantees are (a) Mr. Ian Ying Woo, who is an executive Director and chief financial officer of the Company, and (b) Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu, each of them is a director/supervisor of a subsidiary of the Company, and therefore a connected person of the Company. In assessing the fairness and reasonableness of the 2023 Proposed Award Grants to the Connected Award Grantees and the 2023 Proposed Performance Target Award Grants to the Connected Performance Target Award Grantees, we have compared the remuneration packages of the Connected Award Grantees and Connected Performance Target Award Grantees with the executive directors of the pharmaceutical companies listed under Chapter 18A of the Listing Rules for the financial year as disclosed in the latest annual reports or prospectuses by ruling out the executive directors with roles of chief executive officers but including those with roles of C-suites (including chief financial officers and chief operating officers), general managers, deputy general managers and other senior management, etc. from the biopharmaceutical companies listed on the Stock Exchange under Chapter 18A of the Listing Rules (the “**ED Comparable Companies**”). Given the fact that (i) there is a lack of disclosure on the subsidiary directors’ total remuneration packages of the pharmaceutical companies listed under Chapter 18A of the Listing Rules; (ii) we have already compared the remuneration package of Mr. Luo with other chief executive officers in the above analysis; and (iii) the ED Comparable Companies including the roles of C-suites, we consider that it is fair and reasonable to compare the Connected Award Grantees and Connected Performance Target Award Grantees with the ED Comparable Companies.

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Set out below is a summary of the remuneration packages of the executive directors of the ED Comparable Companies in the financial year as disclosed in the annual reports:

	Name of ED Comparable Companies	Stock code	Aggregate remuneration of executive directors (Note 1) (RMB'000)	Share-based payment of executive directors (RMB'000)	Percentage of share-based payment to aggregate remuneration package of executive directors (RMB'000)
1	Jacobio Pharmaceuticals-B	1167.HK	6,115	1,496	24.5%
2	Ocumension Therapeutics-B	1477.HK	4,322	2,168	50.2%
3	TOT BIOPHARM International-B	1875.HK	2,702	0	0.0%
4	Brii Biosciences	2137.HK	11,315	5,323	47.0%
5	HBM Holdings-B	2142.HK	4,000	536	13.4%
6	Lepu-B	2157.HK	9,289	6,047	65.1%
7	MicroPort CardioFlow Medtech-B	2160.HK	5,149	2,393	46.5%
8	Suzhou Basecare Medical-B	2170.HK	1,761	0	0.0%
9	Jiangsu Recbio Technology-B	2179.HK	6,918	2,494	36.1%
10	Mabpharm-B	2181.HK	3,737	846	22.6%
11	Shanghai Bio-heart-B	2185.HK	17,326	15,932	92.0%
12	Zylox-Tonbridge Medical Technology-B	2190.HK	26,098	12,389	47.5%
13	Clover Biopharmaceuticals-B	2197.HK	10,445	0	0.0%
14	Broncus-B	2216.HK	1,383	0	0.0%
15	MicroTech Medical-B	2235.HK	2,958	0	0.0%
16	Beijing Airdoc-B	2251.HK	5,874	2,380	40.5%
17	Abbisko-B	2256.HK	62,058	49,221	79.3%
18	Sirnaomics-B	2257.HK	6,953	685	9.9%
19	Rainmed Medical-B	2297.HK	15,732	1,851	11.8%
20	Biocytogen Pharmaceuticals-B	2315.HK	863	0	0.0%
21	Venus Medtech-B	2500.HK	2,575	0	0.0%
22	Hua Medicine-B	2552.HK	6,034	251	4.2%
23	Shanghai Heartcare-B	6609.HK	4,517	2,421	53.6%
24	Zhaoke Ophthalmology-B	6622.HK	2,321	1,597	68.8%
25	Transcenta-B	6628.HK	8,396	1,011	12.0%
26	Immunotech Biopharm-B	6978.HK	6,502	0	0.0%
27	Antengene Corporation-B	6996.HK	19,002	8,184	43.1%

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Name of ED Comparable Companies	Stock code	Aggregate remuneration of executive directors <i>(Note 1)</i> <i>(RMB'000)</i>	Share-based payment of executive directors <i>(RMB'000)</i>	Percentage of share-based payment to aggregate remuneration package of executive directors <i>(RMB'000)</i>	
28	Genor Biopharma-B	6998.HK	730	0	0.0%
29	Jenscare Scientific-B	9877.HK	21,496	19,272	89.7%
30	Kintor Pharma-B	9939.HK	10,670	5,248	49.2%
31	InnoCare-B	9969.HK	2,906	0	0.0%
32	RemeGen-B	9995.HK	29,981	18,462	61.6%
33	Peijia Medical-B	9996.HK	2,227	1,403	63.0%
			Maximum		92.0%
				Minimum	0.0%
				Average	31.3%
				Median	24.5%
The ED Adjusted Range <i>(Note 4)</i>				Maximum	92.0%
				Minimum	4.2%
				Average	44.8%
				Median	47.0%
The Company	1952.HK				
	— Connected Award Grantees	22,003	10,478	<i>(Note 2)</i>	47.6%
	— Connected Performance Target Award Grantees	52,675	27,617	<i>(Note 3)</i>	52.4%

Source: 2022 Annual Report and the latest annual reports or prospectuses of the ED Comparable Companies

Notes:

1. The remuneration of the executive directors primarily included salaries and other allowances, performance-related bonus, retirement benefit scheme contributions and share-based payment expenses as extracted from the latest annual reports of the ED Comparable Companies.

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2. For illustrative purpose, the share-based payments included the estimated economic value of the 2023 Proposed Award Grants which are based on (i) the 135,100 Awards granted to 4 Connected Award Grantees on 3 April 2023, respectively; (ii) the closing share price of the Company (i.e. HK\$14.04 per Share) on the date of grant of the 2023 Proposed Award Grants (i.e. 3 April 2023); and (iii) annualisation by dividing the aforesaid share awards by the vesting period of up to 4 years. The above estimated values may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to the review by the reporting accountant. For illustrative purpose, the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.188.
3. For illustrative purpose, the share-based payments included the estimated economic value of the 2023 Proposed Performance Target Award Grants which are based on (i) the 529,805 Performance Target Awards granted to the 5 Connected Performance Target Award Grantees on 3 April 2023, respectively, (ii) the closing share price of the Company (i.e. HK\$14.04 per Share) on the date of grant of the 2023 Proposed Performance Target Award Grants (i.e. 3 April 2023); and (iii) annualisation by dividing the aforesaid share awards by the vesting period of up to 3 years. The above estimated values may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to (i) the review by the reporting accountant; and (ii) the likelihood of achieving the specific milestones at the date of approval by the shareholders. For illustrative purpose, the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.188.
4. We note that 10 out of 33 ED Comparable Companies do not have share-based payment, for illustrative purposes, we have excluded the 10 ED Comparable Companies, which are TOT BIOPHARM International-B (1875.HK), Suzhou Basecare Medical-B (2170.HK), Clover Biopharmaceuticals-B (2197.HK), Broncus-B (2216.HK), MicroTech Medical-B (2235.HK), Bioytigen Pharmaceuticals-B (2315.HK), Venus Medtech (Hangzhou)-B (2500.HK), Immunotech Biopharm-B (6978.HK), Genor Biopharm-B (6998.HK) and Innocare-B (9969.HK), to calculate the adjusted percentage of share-based payment over total remuneration package. (the “**ED Adjusted Range**”)
5. For illustrative purpose, the translation of the United States dollars into the RMB in the table above are based on the exchange rate of US\$1 to RMB6.462.

Although details with respect to each ED Comparable Companies and its executive director(s) such as responsibilities, experience and year of service of each executive director as well as product type, stage of clinical development and commercialisation and scale of each company may vary, we consider that the ED Comparable Companies can provide a general reference for common market practice in determining the remuneration packages of executive directors without chief executive officer role of biopharmaceutical companies.

As shown in the table above, the total remuneration of the executive directors of the ED Comparable Companies ranged from approximately RMB0.7 million to approximately RMB62.1 million for the year ended 31 December 2022 as disclosed in the latest available annual reports. The remuneration of the Connected Award Grantees taking into account of the 2023 Proposed Award Grants and the Connected Performance Target Award Grantees taking into account of the 2023 Proposed Performance Target Award Grants are within range among the executive directors of the ED Comparable Companies.

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As shown in the table above, the percentage of the share-based payment to the executive directors over total remunerations of the ED Comparable Companies ranged from 0% to 92.0% with a median and average of approximately 24.5% and 31.3%, respectively. We note that 10 out of 33 ED Comparable Companies do not have share-based payment. After excluding the aforesaid 10 ED Comparable Companies, the ED Adjusted Range was approximately 4.2% to 92.0% with a median and average of approximately 47.0% and 44.8%, respectively. The share-based payment to the Connected Award Grantees and the Connected Performance Target Award Grantees for the year ended 31 December 2022 taking into account of the 2023 Proposed Award Grants and 2023 Proposed Performance Target Award Grants accounted for approximately 47.6% and 52.4% of their total remuneration respectively, which is within the ED Adjusted range of that of the ED Comparable Companies and close to the adjusted median but slightly above the adjusted average.

As set out in the Letter from the Board, the grant of Awards is part of the Company's remuneration policy. The 2023 Proposed Award Grants and 2023 Proposed Performance Target Award Grants aim to provide sufficient incentive to retain and motivate the Connected Award Grantees and Connected Performance Target Award Grantees to participate in the formulation of strategy and long-term development of the Company and to recognise their contributions to the growth of the Company. Given the respective background and experiences in the biopharmaceutical industry of the Connected Award Grantees and Connected Performance Target Award Grantees and they have contributed and will continue to contribute to the success of the Group, the retention of these key management team members is critical to the development and expansion of the Company.

Having considered (i) the remuneration package of the Connected Award Grantees and Connected Performance Target Award Grantees (taking into account of the 2023 Proposed Award Grants and 2023 Proposed Performance Target Award Grants) is within range among the executive directors of the ED Comparable Companies; (ii) the percentage of share-based payment of the 2023 Proposed Award Grants and 2023 Proposed Performance Target Award Grants in total remuneration package of the Connected Award Grantees and Connected Performance Target Award Grantees is within ED Adjusted Range of the ED Comparable Companies and close to the adjusted median but slightly above the adjusted average; (iii) the respective background and experience with their significant achievements and contribution to the growth of the Group as discussed above; and (iv) the reasons and benefits of the 2023 Proposed Award Grants and 2023 Proposed Performance Target Award Grants as mentioned above, we are of the view that the 2023 Proposed Award Grants and 2023 Proposed Performance Target Award Grants in relation to the Connected Award Grantees and Connected Performance Target Award Grantees are fair and reasonable.

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Overall assessment on the Proposed Award Grants

To assess the fairness and reasonableness of terms of the Proposed Award Grants (including but not limited to the relevant remuneration package and vesting periods), we have conducted a research on grants of share award and restricted shares to connected persons by the listed companies on the Main Board of the Stock Exchange which belong to (i) the “Biotechnology and Pharmaceuticals” sector of the Bloomberg Industry Classification System and/or (ii) biopharmaceutical companies listed under Chapter 18A of the Listing Rules on a best effort basis from one year prior to 19 September 2022 and up to the Latest Practicable Date (the “**Comparable Grants**”). The listed issuers in the Comparable Grants may vary in terms of market capitalisation, profitability, financial position, product type, stage of clinical development and commercialization and scale of operations, the Comparable Grants selected under the similar nature of operations of the Company could provide a general reference to the terms and size of the grants to connected persons. A number of the grantees in the Comparable Grants involved the non-executive directors and independent non-executive directors of the listed companies being the connected relevant grantees, these grantees do not involve in the day-to-day operation of these listed companies and the grants were of relatively smaller portion comparing to the grants to other connected grantees in the Comparable Grants in terms of number of awarded shares. Given the Grantees under the Proposed Award Grants mainly comprise of executive Directors (chief executive officer and chief financial officer) and directors of the subsidiaries of the Company and the Grantees held significant roles and have either assumed the role of C-suite or directorship within the Group, for the purpose of comparison, we have compared the values and the vesting periods of the Comparable Grants which related to connected parties that are neither non-executive directors nor independent non-executive directors.

The above review period covered more than one year prior to the announcements of the Company dated 19 September 2022 and 3 April 2023 in relation to the Proposed Award Grants and up to the Latest Practicable Date and we have identified eighteen Comparable Grants during our review period, which met the above criteria and they are exhaustive, fair and representative. We consider this review period is adequate to capture prevailing market conditions because (i) it demonstrates the recent market practice in relation to grants of share award and restricted shares; and (ii) the review period is long enough to provide a sufficient sample size for comparison purpose.

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Based on the above selection criteria, we have identified eighteen Comparable Grants as set out below.

Date of announcement	Company name (stock code)	Grant date	Value of total connected grant shares as at grant date <i>(Note 1)</i> <i>(HK\$ million)</i>	Market capitalisation as at grant date <i>(HK\$ million)</i>	Value of total connected grant shares over market capitalisation as at grant date <i>(%)</i>	Percentage of value of total connected grant shares over market capitalisation as at grant date per head <i>(Note 5)</i> <i>(%)</i>	Details of grantees involved in the connected grants	Vesting period (years)	Other vesting conditions <i>(Note 6)</i>	Clawback mechanism <i>(Note 7)</i>
15 December 2021	Wuxi Aptec (2359.HK) <i>(Note 3)</i>	15 December 2021	110.5	51,278.95	0.22%	0.02%	13 connected grantees, comprising executive directors, chief executive officer, chief financial officer and directors of subsidiaries of the company	1 to 4 years	Individual performance indicators	Yes
03 January 2022	Transcenta-B (6628.HK)	01 January 2022	9.20	4,097.0	0.22%	0.22%	1 connected grantee, executive director	1 to 4 years	Group level performance conditions	Yes
20 January 2022	Brii Biosciences – B (2137.HK)	20 January 2022	34.53	17,563.32	0.20%	0.10%	2 connected grantees, comprising, chief executive officer and executive directors	1 to 3 years	Individual performance indicators and group level performance conditions	No
30 March 2022	Innovent Biologics (1808.HK)	30 March 2022	79.3	44,868.0	0.18%	0.09%	2 connected grantees, comprising, chief executive officer, chief financial officer, executive directors	1 to 4 years	Individual performance indicators	No
19 April 2022	BeiGene (6160.HK)	14 April 2022	31.32	151,409.00	0.02%	0.02%	1 connected grantee, executive director	1 to 4 years	N/A	Yes
19 April 2022	SciClone Pharmaceuticals (6600.HK)	19 April 2022	4.67	5,329.30	0.09%	0.09%	1 connected grantee, executive director and chief executive officer	1 to 2 years	N/A	No
27 July 2022	HBM – B (2142.HK)	27 July 2022	4.4	2,672.4	0.17%	0.08%	2 connected grantees, comprising, executive directors & chief executive officer	1 to 4 years	N/A	No
15 August 2022	Wuxi Aptec (2359.HK) <i>(Note 3)</i>	15 August 2022	136.0	37,589.6	0.36%	0.03%	14 connected grantees, comprising, executive directors, chief executive officer, chief financial officer, directors of subsidiaries and senior management	1 to 4 years	Individual performance indicators	Yes
09 September 2022	Ocumension – B (1477.HK)	09 September 2022	46.9	7,068.8	0.66%	0.33%	2 connected grantees, comprising, executive directors and chief executive officer	Immediate to 4 years	Individual performance indicators and group level performance conditions	Yes
21 September 2022	Brii Biosciences – B (2137.HK)	21 September 2022	1.92	4,081.5	0.05%	0.05%	1 connected grantee, comprising, executive director and chief executive officer	1 to 4 years	Group level performance conditions	Yes
01 November 2022	TOT Biopharm – B (1875.HK)	01 November 2022	7.66	1,981.9	0.39%	0.39%	1 connected grantee, comprising, executive director	1 to 3 years	Group level performance conditions	No
09 November 2022	Simcere Pharmaceutical (2096.HK)	09 November 2022	41.25	30,913.6	0.13%	0.01%	9 connected grantees, comprising, executive directors, chief executive officer, chief financial officer, directors of subsidiaries and senior management	1 to 3 years	Individual performance indicators and group level performance conditions	No

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Date of announcement	Company name (stock code)	Grant date	Value of total connected grant shares as at grant date <i>(Note 1)</i> <i>(HK\$ million)</i>	Market capitalisation as at grant date <i>(HK\$ million)</i>	Value of total connected grant shares over market capitalisation as at grant date <i>(%)</i>	Percentage of value of total connected grant shares over market capitalisation as at grant date per head <i>(Note 5)</i> <i>(%)</i>	Details of grantees involved in the connected grants	Vesting period (years)	Other vesting conditions <i>(Note 6)</i>	Clawback mechanism <i>(Note 7)</i>
11 November 2022	CANbridge – B (1228.HK)	11 November 2022	2.15	912.1	0.24%	0.24%	1 connected grantee, comprising, executive director and chief executive officer	1 to 4 years	Not disclosed	No
24 November 2022	Simaomics – B (2257.HK)	24 November 2022	19.83	5,146.1	0.39%	0.08%	5 connected grantees, comprising, executive directors, chief executive officer and senior management	1st batch – 1 to 2 years 2nd batch – 1 to 4 years <i>(Note 4)</i>	N/A	No
19 December 2022	Transcenta – B (6628.HK)	19 December 2022	13.20	1,259.8	1.05%	1.05%	1 connected grantee, comprising, executive director and chief financial officer	1 to 4 years	Group level performance conditions	Yes
30 December 2022	Wuxi Aptec (2359.HK) <i>(Note 3)</i>	30 December 2022	116.98	32,589.6	0.36%	0.03%	14 connected grantees, comprising, executive directors, chief executive officer, chief financial officer, directors of subsidiaries and senior management	1 to 4 years	Individual performance indicators	Yes
31 March 2023	Innovent Biologics (1801.HK)	31 March 2023	108.66	53,803.6	0.20%	0.10%	2 connected grantees, comprising, chief executive officer, chief financial officer, executive directors	3 to 4 years	Individual performance indicators	Yes
11 April 2023	Clover Biopharm – B (2197.HK)	11 April 2023	3.71	2,353.8	0.16%	0.08%	2 connected grantees, comprising, chief executive officer, executive directors and substantial shareholder	1 to 4 years	Individual performance indicators and group level performance conditions	Yes
				Maximum	1.05%	1.05%				
				Minimum	0.02%	0.01%				
				Average	0.28%	0.17%				
				Median	0.21%	0.09%				

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Date of announcement	Company name (stock code)	Grant date	Value of total connected grant shares as at grant date (HK\$ million)	Market capitalisation as at grant date (HK\$ million)	Value of total connected grant shares over market capitalisation as at grant date (%)	Percentage of value of total connected grant shares over market capitalisation as at grant date per head (Note 5) (%)	Details of grantees involved in the connected grants	Vesting period (years)
19 September 2022	The Company (1952.HK)	19 September 2022 (2022 Proposed Award Grants)	7.6	2,782.6	0.27	0.27	1 connected Grantee, comprising executive Directors and chief executive officer	1 year
3 April 2023	The Company (1952.HK)	3 April 2023 (2023 Proposed Award Grants)	1.9	4,394.5	0.04	0.01	4 connected Grantees, comprising directors of the subsidiaries of the Company	4 years

Date of announcement	Company name (stock code)	Grant date	Value of total connected grant shares as at grant date (HK\$ million)	Market capitalisation (Note 2) (HK\$ million)	Value of total connected grant shares over market capitalisation (Note 2) (%)	Percentage of value of total connected grant shares over market capitalisation per head (Notes 2, 5) (%)	Details of grantees involved in the connected grants	Vesting period (years)
19 September 2022	The Company (1952.HK)	19 September 2022 (2022 Proposed Performance Target Award Grants)	10.7	12,500	0.09	0.09	1 connected Grantee, comprising executive Directors and chief executive officer	3 years
3 April 2023	The Company (1952.HK)	3 April 2023 (2023 Proposed Performance Target Award Grants)	7.4	12,500	0.06	0.01	5 connected Grantees, comprising executive Directors and directors of the subsidiaries of the Company	3 years

Sources: Website of the Stock Exchange

Notes:

- The value of the total connected grant shares as at grant date is calculated based on the closing price of the grant date of the respective Comparable Grants excluding the value of the connected shares granted to non-executive directors or independent non-executive directors.
- The Awards grant under the 2022 Proposed Performance Target Award Grant and the 2023 Proposed Performance Target Award Grants would be subject to achievement of stock price targets of the market capitalisation of HK\$12.5 billion to HK\$18 billion (approximately HK\$40 to HK\$57.6 per Share) and certain business milestones. For illustrative purpose, we used the lowest stock price targets of the market capitalisation of HK\$12.5 billion for reference.
- The shares of WuXi AppTec Co., Ltd. (2359.HK) has been listed in both Hong Kong Stock Exchange and Shanghai Stock Exchange. For illustrative purpose, only the market capitalisation of the H-shares is considered.

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4. Two vesting schedules of different vesting periods were noted for the denoted Comparable Grants.
5. The percentage of value of the total connected grant shares over market capitalisation as at the grant date per connected grantee is calculated by dividing the percentage of value of the total connected grant shares over market capitalisation as at the grant date by number of connected grantees (excluding the non-executive directors or independent non-executive directors).
6. The Comparable Grants with other vesting conditions include individual performance indicators and group level performance conditions. The individual performance indicators include the terms such as passing the performance evaluation in annual assessment and achievement of individual performance target stipulated in the award letters between the grantees and the company. The group level performance conditions include the terms such as obtaining market approval and commercialization progress of the various product pipelines, clinical trial and development progress of various product pipelines.
7. The Comparable Grants with clawback mechanism include the terms such as awards not yet vested shall be immediately forfeited if the grantee cease to be an employee due to resignation or by reason of death, or the grantee has been convicted of any criminal offence involving his or her integrity or honesty.

We note from the above table that it is not uncommon for the companies listed on the Main Board of the Stock Exchange which belong to the “Biotechnology and Pharmaceuticals” sector of the Bloomberg Industry Classification System or biopharmaceutical companies and listed under Chapter 18A of the Listing Rules to grant share awards or restricted shares to their connected key personnel or employees.

As illustrated in the table above, the value of the total grant shares to connected persons over market capitalisation of the Comparable Grants ranged from approximately 0.02% to approximately 1.05% with an average of approximately 0.28%. We note that the value of the 2022 Proposed Award Grant and 2023 Proposed Award Grants represents approximately 0.27% and 0.04%, respectively, of the Company’s market capitalisation as at the respective grant date (i.e. 19 September 2022 and 3 April 2023), which are within range and below the average of the Comparable Grants. We also note that the value of the 2022 Proposed Performance Target Award Grant and 2023 Proposed Performance Target Award Grants represents approximately 0.09% and 0.06%, respectively, of the market capitalisation of HK\$12.5 billion, which is within range and below the average of the Comparable Grants.

For illustration purpose, the percentage of value of the total connected grant shares over market capitalisation as at grant date per connected grantee of the Comparable Grants ranged from approximately 0.01% to approximately 1.05% with an average of approximately 0.17%. We note that the value of the 2022 Proposed Award Grant and 2023 Proposed Award Grants per Grantee represents approximately 0.27% and 0.01%, respectively, of the Company’s market capitalisation as at the respective grant date (i.e. 19 September 2022 and 3 April 2023), which is within range and below the average of the Comparable Grants. We also note that the value of the 2022 Proposed Performance Target Award Grant and 2023 Proposed

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Performance Target Award Grants per Grantee represent approximately 0.09% and 0.01%, respectively, of the market capitalisation of HK\$12.5 billion, which is within range and below the average of the Comparable Grants.

As illustrated in the table above, the vesting periods of the Comparable Grants ranged from approximately immediate to 4 years. Under the Proposed Award Grants, the relevant shares shall be transferred to the Grantees until the end of the respective vesting periods ranging from approximately 1 year to 4 years from the respective date of grant (i.e. 19 September 2022 and 3 April 2023), subject to the satisfaction of the relevant vesting conditions as may be specified by the Board at the respective time including but not limited to, the Grantees shall remain as directors or employees of the Company until the end of their respective vesting periods. Accordingly, the vesting periods of the Proposed Award Grants fall within the range of the Comparable Grants.

In addition, we note that 13 out of 18 of the Comparable Grants set certain group level performance conditions or individual performance indicators that are required to be fulfilled before the award shares to be vested. We also note that 10 out of 18 of the Comparable Grants have similar clawback mechanism in nature as the Company. Therefore, we consider that majority of the Comparable Grants are having similar terms in performance targets and clawback mechanism and the inclusion of performance target and clawback mechanism in the Proposed Award Grants are in line with market practice.

Based on the factors above, we consider that the Proposed Award Grants to be generally in line with market practices, fair and reasonable and in the ordinary and usual course of business of the Group.

6. Financial effects of the Proposed Award Grants

The Proposed Award Grants by way of allotment and issuance of the new shares will have no impact on the cash flow of the Group.

In respect of the 2022 Proposed Award Grant, compensation expenses would be recognised over the respective vesting periods of the new Shares by graded vesting method based on the respective fair values of the grant date. Based on the closing price of the Shares of HK\$8.89 per Share as at the date of the 2022 Proposed Award Grant (i.e. 19 September 2022), the economic value relating to the 2022 Proposed Award Grant is approximately HK\$7.6 million, which is to be adjusted by forfeiture rate and expected to decrease the net profit of the Group over the vesting period or increase the net loss of the Group over the vesting period, as the case may be.

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In respect of the 2022 Proposed Performance Target Award Grants, compensation expenses would be recognised over the respective vesting periods of the new Shares by graded vesting method based on the respective fair values of the grant date. As discussed with the Company, for illustrative purpose only, based on the closing price of the Shares of HK\$8.89 per Share as at the date of the 2022 Proposed Performance Target Award Grants (i.e. 19 September 2022), the total economic value relating to the 2022 Proposed Performance Target Award Grants is approximately HK\$10.7 million in aggregate, subject to the review by the reporting accountant, which are to be adjusted by forfeiture rate and expected to decrease the net profit of the Group over the vesting period or increase the net loss of the Group over the vesting period, as the case may be. The above value may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to (i) the review by the reporting accountant; and (ii) the likelihood of achieving the specific milestones at the date of approval by the shareholders.

In respect of the 2023 Proposed Award Grants, compensation expenses would be recognised over the respective vesting periods of the new Shares by graded vesting method based on the respective fair values of the grant date. Based on the closing price of the Shares of HK\$14.04 per Share as at the date of the 2023 Proposed Award Grants (i.e. 3 April 2023), the total economic value relating to the 2023 Proposed Award Grants is approximately HK\$1.9 million in aggregate, which are to be adjusted by forfeiture rate and expected to decrease the net profit of the Group over the vesting period or increase the net loss of the Group over the vesting period, as the case may be.

In respect of the 2023 Proposed Performance Target Award Grants, compensation expenses would be recognised over the respective vesting periods of the new Shares by graded vesting method based on the respective fair values of the grant date. As discussed with the Company, for illustrative purpose only, based on the closing price of the Shares of HK\$14.04 per Share as at the date of the 2023 Proposed Performance Target Award Grants (i.e. 3 April 2023), the total economic value relating to the 2023 Proposed Performance Target Award Grants is approximately HK\$7.4 million in aggregate, subject to the review by the reporting accountant, which are to be adjusted by forfeiture rate and expected to decrease the net profit of the Group over the vesting period or increase the net loss of the Group over the vesting period, as the case may be. The above value may be different from the values of the share-based payments to be recorded in the annual reports in the future subject to factors, including to but not limited to (i) the review by the reporting accountant, and (ii) the likelihood of achieving the specific milestones at the date of approval by the shareholders.

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7. Potential dilution effect of the Proposed Award Grants

Assuming all the Shares under the Proposed Award Grants vested in full, the number of such underlying Shares would amount to 2,725,379, or approximately 0.86% of the total issued share capital of the Company as at the Latest Practicable Date.

The table below sets out the shareholding in the Company assuming (i) the Shares under the 2022 Proposed Grants and the 2023 Proposed Grants were exercised/vested in full; (ii) no other Shares are issued or repurchased by the Company; and (iii) there are no other changes to the issued share capital of the Company (calculated based on the number of Shares in issue on the Latest Practicable Date):

Name of Shareholders	As at the Latest Practicable Date ^(Note 1)		Upon vesting of the Shares under the 2022 Proposed Award Grant in full ^(Note 2)		Upon vesting of the Shares under the 2022 Proposed Performance Target Award Grant in full ^(Note 3)		Upon vesting of the Shares under the 2023 Proposed Award Grants in full ^(Note 4)		Upon vesting of the Shares under the 2023 Proposed Performance Target Award Grants in full ^(Note 5)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Grantees —										
Executive Directors										
Mr. Luo	–	–	5,560,474	1.73	6,760,474	2.10	8,319,823	2.57	8,319,823	2.56
Mr. Ian Ying Woo ^(Note 6)	74,521	0.02	74,521	0.02	74,521	0.02	74,521	0.02	355,204	0.11
Grantees —										
Employees ^(Note 7)										
Mr. Yuan Gao	49,908	0.02	49,908	0.02	49,908	0.02	79,908	0.02	79,908	0.02
Ms. Min Yu	44,849	0.01	44,849	0.01	44,849	0.01	84,849	0.03	108,849	0.03
Mr. Zixin Qiao	3,946	0.00	3,946	0.00	3,946	0.00	44,896	0.01	68,896	0.02
Ms. Heasun Park	33,279	0.01	33,279	0.01	33,279	0.01	57,429	0.02	71,429	0.02
Ms. Zhengying Zhu	410,299	0.13	410,299	0.13	410,299	0.13	410,299	0.13	597,421	0.18
Other Shareholders										
— Substantial Shareholders										
CBC Group	133,526,552	42.30	133,526,552	41.57	133,526,552	41.42	133,526,552	41.20	133,526,552	41.13
Janchor Partners Limited	17,421,444	5.52	17,421,444	5.42	17,421,444	5.40	17,421,444	5.38	17,421,444	5.37
Other Shareholders										
— Non-substantial Shareholders										
	<u>164,075,408</u>	<u>51.98</u>	<u>164,075,408</u>	<u>51.08</u>	<u>164,075,408</u>	<u>50.89</u>	<u>164,075,408</u>	<u>50.63</u>	<u>164,075,408</u>	<u>50.54</u>
Total	<u>315,640,206</u>	<u>100.00</u>	<u>321,200,680</u>	<u>100.00</u>	<u>322,400,680</u>	<u>100.00</u>	<u>324,095,129</u>	<u>100.00</u>	<u>324,624,934</u>	<u>100.00</u>

Notes:

1. Assuming that no Shares are issued pursuant to any of the 2022 Proposed Grants and the 2023 Proposed Grants.
2. Assuming that all 4,700,000 Options under the 2022 Proposed Option Grant exercised in full by Mr. Luo and no Shares are issued other than pursuant to the 2022 Proposed Award Grant.
3. Assuming that all 4,700,000 Options under the 2022 Proposed Option Grant exercised in full by Mr. Luo and no Shares are issued other than pursuant to the 2022 Proposed Performance Target Award Grant.
4. Assuming that all 6,259,349 Options under the 2022 Proposed Option Grant and 2023 Proposed Option Grant exercised in full by Mr. Luo and no Shares are issued other than pursuant to the 2023 Proposed Award Grants.

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5. Assuming that all 6,259,349 Options under the 2022 Proposed Option Grant and 2023 Proposed Option Grant exercised in full by Mr. Luo and no Shares are issued other than pursuant to the 2023 Proposed Performance Target Award Grants.
6. Mr. Ian Ying Woo's interest in options and awards for which no voting rights may be exercisable are not included.
7. Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu are interested in 49,908, 44,849, 3,946, 33,279 and 410,299 Shares held by his/her associate respectively. Their respective interest in options and awards for which no voting rights may be exercisable are not included.
8. Certain figures included in the table above have been rounded to the nearest two decimal places. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.
9. The calculation is based on the total number of 315,640,206 Shares in issue as at the Latest Practicable Date.

As illustrated above,

- (i) the shareholding of the other Shareholders would be diluted from approximately 51.98% to approximately 51.08% assuming all the Shares under the 2022 Proposed Award Grant are vested in full;
- (ii) the shareholding of the other Shareholders would be diluted from approximately 51.98% to approximately 50.89% assuming all the Shares under only the 2022 Proposed Performance Target Award Grant are vested in full and subject to achievement of stock price targets of the market capitalisation of HK\$12.5 billion to HK\$18 billion (approximately HK\$40 to HK\$57.6 per Share) and certain business milestones operational targets;
- (iii) the shareholding of the other Shareholders would be diluted from approximately 51.98% to approximately 50.63% assuming all the Shares under only the 2023 Proposed Award Grants are vested in full; and
- (iv) the shareholding of the other Shareholders would be diluted from approximately 51.98% to approximately 50.54% assuming all the Shares under only the 2023 Proposed Performance Target Award Grants are vested in full and subject to achievement of stock price targets of the market capitalisation of HK\$12.5 billion to HK\$18 billion (approximately HK\$40 to HK\$57.6 per Share) and certain business milestones operational target.

Taking into account (i) the reasons and benefits of the Proposed Award Grants and terms and conditions of the Proposed Award Grants as discussed above; (ii) the terms of the Proposed Award Grants including vesting period and conditions are fair and reasonable as analysed above; and (iii) there will not be any actual cash outflows by the Group under the Proposed Award Grants, we consider the dilution to the Independent Shareholders upon the vesting of the Shares under the Proposed Award Grants to be acceptable.

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OPINION AND RECOMMENDATION

Having considered on an overall basis the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) the Proposed Award Grants are conducted with the aim to recognise the Grantees for their contribution and encourage the Grantees to continue work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole;
- (ii) Mr. Luo possesses a full spectrum of complementary skillsets from clinical development to product registration and management which is relevant to the Group. The Grantees, led by Mr. Luo, are capable of having a significant influence on and contribution to the development and growth of the Group, leading the Group into its next stage;
- (iii) save for the relatively low equity interest held by associates of the Connected Award Grantees and Connected Performance Target Award Grantees, the Grantees have no direct equity interest in the Shares as at the Latest Practicable Date, the Proposed Award Grants allows the Group tie their total compensation to the performance of the Group, which is beneficial to the Group and the Shareholders as a whole;
- (iv) the remuneration packages of Mr. Luo, the Connected Award Grantees and Connected Performance Target Award Grantees, taking into account of the Proposed Award Grants are within the range of those of the CEO Comparable Companies and the ED Comparable Companies, respectively;
- (v) the total value of the grant shares of the 2022 Proposed Award Grant and 2023 Proposed Award Grants over the market capitalisation as at the respective date of grant, such value per Grantee and the respective vesting periods in the 2022 Proposed Award Grant and 2023 Proposed Award Grants are generally in line with that of the Comparable Grants;
- (vi) the total value of the grant shares of the 2022 Proposed Performance Target Award Grant and 2023 Proposed Performance Target Award Grants over the stock price targets of market capitalisation of HK\$12.5 billion, such value per Grantee and the respective vesting periods in the 2022 Proposed Performance Target Award Grant and 2023 Proposed Performance Target Award Grants are generally in line with that of the Comparable Grants;

LETTER FROM ELSTONE CAPITAL LIMITED

- (vii) the Proposed Award Grants by way of allotment and issue of the new Shares will have no effect on the cash flow of the Group other than the compensation expenses recognised over the vesting period; and
- (viii) the potential dilution effect of the Proposed Award Grants to the other Shareholders is acceptable,

we consider that (i) the Proposed Award Grants are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Proposed Award Grants are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM in relation to the Proposed Award Grants.

Yours faithfully,
For and on behalf of
ELSTONE CAPITAL LIMITED
Fanny Lee
Managing Director

Ms. Fanny Lee has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006. She has participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the Annual General Meeting.

- (1) **Mr. Wei Fu (傅唯)**, aged 40, is an executive Director, chairman of the Board, chairperson of the nomination committee and member of the remuneration committee of the Company. Mr. Fu was appointed as our Director in July 2017 and was re-designated as an executive Director in July 2020. Mr. Fu is also a director of certain subsidiaries of the Company.

Mr. Fu has served as the chief executive officer and managing director of CBC Group, a healthcare dedicated private equity firm, since April 2014. From August 2011 to December 2013, Mr. Fu served as the general manager of the investment department at a wholly-owned subsidiary of Far East Horizon Limited, a financial services organization listed on the Stock Exchange (HKEX: 3360). From March 2008 to April 2010, Mr. Fu worked as an associate director at Standard Chartered Business Consulting (Beijing) Co., Ltd., where he was mainly responsible for private equity investments in infrastructure projects. From July 2006 to March 2008, Mr. Fu worked at Macquarie Capital (Singapore) Pte. Limited, where his last position was as a business analyst. Mr. Fu has been a director of I-Mab (NASDAQ: IMAB) since June 2018.

Mr. Fu received his bachelor's degree in electrical and electronic engineering from Nanyang Technological University in Singapore in February 2005.

Mr. Fu has entered into a service agreement with the Company on 22 September 2020. The term of appointment shall be for an initial term of three years from the Listing Date (subject to retirement as and when required under the Articles of Association), which will be automatically renewed for successive periods of three (3) years until terminated in accordance with the terms of the service agreement. Mr. Fu is not entitled to receive any remuneration in his capacity as an executive Director and Mr. Fu is entitled to the reimbursement of all reasonable out-of-pocket expenses incurred in relation to the discharge of his duties in connection with the business of the Company under his service agreement.

As at the Latest Practicable Date, Mr. Fu has in his capacity as founder of a discretionary trust, deemed interests in 133,526,552 Shares held by controlled corporations, C-Bridge Investment Everest Limited (50,000,000 Shares), C-Bridge IV Investment Two Limited (37,244,704 Shares), C-Bridge IV Investment Nine Limited (15,277,778 Shares), Everest Management Holding Co., Ltd. (23,539,292 shares) and other corporations (7,464,778 Shares in total), which, in aggregate, represent approximately 42.30% of the total issued share capital of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Fu does not have any other interests in the Shares, underlying Shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Fu has confirmed that he does not (i) hold any other position in the Company or its subsidiaries; (ii) hold any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) have any other major appointments and professional qualifications; (iv) have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholders of the Company; or (v) have any other information which is discloseable nor has he been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and the Company is not aware of any other matters concerning Mr. Fu's standing for re-election as Director that need to be brought to the attention of the Shareholders.

- (2) **Mr. Ian Ying Woo (何穎)**, aged 50, is an executive Director of our Company and our president and chief financial officer. Mr. Woo was appointed as our Director in December 2018 and was re-designated as an executive Director in July 2020.

Mr. Woo is also a director of certain subsidiaries of the Company. Mr. Woo is an operating partner of CBC Group and served as a managing director of CBC Group from June 2018 to June 2019. Prior to joining our Company in June 2018, Mr. Woo served as a managing director in the healthcare advisory team at Lazard Frères & Co. LLC (“LFNY”), a subsidiary of the financial advisory and asset management firm Lazard Ltd (NYSE: LAZ). Mr. Woo joined LFNY in March 2005 and was based in New York until June 2018, other than from January 2012 to June 2016 during which period he worked at Lazard Asia (Hong Kong) Limited, LFNY's Hong Kong office and an SFC licensed corporation. Mr. Woo is an independent director of Prenetics Global Ltd. (NASDAQ: PRE) since May 2022.

Mr. Woo received his bachelor's degree in biology from Tufts University in the United States in May 1994, his master's degree in cellular, molecular and biomedical studies from the Columbia University Graduate School of Arts and Sciences in the United States in May 1998 and his master of business administration degree from the Columbia University Graduate School of Business in the United States in May 2003.

Mr. Woo has entered into a service agreement with the Company on 22 September 2020. The term of appointment shall be for an initial term of three years from the Listing Date (subject to retirement as and when required under the Articles of Association), which will be automatically renewed for successive periods of three (3) years until terminated in accordance with the terms of the service agreement. Mr. Woo is not entitled to receive any remuneration in his capacity as an executive Director and Mr. Woo is entitled to the reimbursement of all reasonable out-of-pocket expenses incurred in relation to the discharge of his duties in connection with the business of the Company under his service agreement.

As at the Latest Practicable Date, Mr. Woo has (i) personal interest in 74,521 Shares, (ii) share options with respect to 110,000 Shares pursuant to the Pre-IPO Share Schemes and 1,118,078 Shares pursuant to the Post-IPO Share Option Scheme; and (iii) share awards with respect to 83,163 Shares and performance share awards with respect to 933,333 shares pursuant to the Post-IPO Share Award Scheme and performance share awards with respect to 280,683 shares pursuant to the Pre-IPO ESOP which, in aggregate represent approximately 0.82% of the total issued share capital of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Woo does not have any other interests in the Shares, underlying Shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Woo has confirmed that he does not (i) hold any other position in the Company or its subsidiaries; (ii) hold any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) have any other major appointments and professional qualifications; (iv) have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholders of the Company; or (v) have any other information which is discloseable nor has he been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and the Company is not aware of any other matters concerning Mr. Woo's standing for re-election as Director that need to be brought to the attention of the Shareholders.

- (3) **Mr. Yifan Li (李軼梵)**, aged 55, was appointed as an independent non-executive Director, chairperson of the audit committee and member of the nomination committee of our Company in September 2020.

Mr. Li has been chief financial & investment advisor of Human Horizons Group Inc. since April 2022, after serving as its chief financial officer between April 2021 and March 2022. He served as a vice president of Zhejiang Geely Holding Group Co., Ltd. from October 2014 to April 2021, a chief financial officer of Sanpower Group Limited from May 2014 to September 2014, and of China Zenix Auto International Limited (NYSE: ZXAIY) from December 2010 to February 2014. Mr. Li has been an independent non-executive director of Frontage Holdings Corporation (HKEX: 1521) since April 2018 and Xinyuan Property Management Service (Cayman) Ltd. (HKEX: 1895) since September 2019. He has also been an independent director of Xinyuan Real Estate Co., Ltd. (NYSE: XIN) since February 2017, Qudian Inc. (NYSE: QD) since October 2017, Sunlands Technology Group (formerly known as Sunlands Online Education Group) (NYSE: STG) since July 2019, and 36Kr Holdings Inc. (NASDAQ: KRKR) since November 2019. Mr. Li was a director of Zhejiang Qianjiang Motorcycle Co., Ltd. (SZSE: 000913) from November 2016 to April 2018. He was an independent director of Heilongjiang Interchina Water Treatment Co., Ltd. (SSE: 600187) from May 2015 to May 2021 and Zhejiang Tiantie Industry Co., Ltd. (SZSE: 300587) from December 2017 to April 2021 and Shanghai International

Port Group Co., Ltd. (SSE: 600018) from September 2015 to September 2021. He was also an independent non-executive director of ZhongAn Online P & C Insurance Co., Ltd. (HKEX: 6060) from December 2016 to July 2021.

Mr. Li received his bachelor's degree of economics in world economy from Fudan University in China in July 1989, his master's degree in management and administrative sciences from the University of Texas at Dallas in the United States in May 1994 and his master of business administration from the University of Chicago in the United States in June 2000.

Mr. Li is a certified public accountant in the United States and a chartered global management accountant with the American Institute of Certified Public Accountants.

Mr. Li has entered into an appointment letter with the Company for a term of three years commencing from 25 September 2020 (subject to retirement as and when required under the Articles of Association), which will be automatically renewed for successive periods of three (3) years until terminated in accordance with the terms of the appointment letter. According to the terms of Mr. Li's appointment, Mr. Li is entitled to a director's fee of US\$50,000 per annum and Mr. Li is entitled to the reimbursement of all reasonable out-of-pocket expenses incurred in relation to the discharge of his duties in connection with the business of the Company.

In accordance with the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Li had share options with respect to 40,000 Shares pursuant to the Post-IPO Share Option Scheme, which, in aggregate represent approximately 0.01% of the total issued capital of the Company. Save as disclosed above, Mr. Li does not have any other interests in the Shares, underlying Shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Li has confirmed that he does not (i) hold any other position in the Company or its subsidiaries; (ii) hold any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) have any other major appointments and professional qualifications; (iv) have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholders of the Company; or (v) have any other information which is discloseable nor has he been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and the Company is not aware of any other matters concerning Mr. Li's standing for re-election as Director that need to be brought to the attention of the Shareholders.

- (4) **Mr. Yongqing Luo (羅永慶)**, aged 53, was appointed as an executive Director and Chief Executive Officer of the Company on 19 September 2022. He is a director of certain subsidiaries of the Company. Mr. Luo has more than 25 years of experience in the healthcare industry. Mr. Luo was previously the president and general manager of Greater China of Bii Biosciences Limited (HKEX: 2137) from 11 September

2020 to 15 September 2022 and its executive director from 30 March 2021 to 15 September 2022, and the chief executive officer of a subsidiary of Brie Biosciences Limited, TSB Therapeutics, from December 2021 to 15 September 2022. From September 2016 to September 2020, he was the global vice president and general manager of China of Gilead Sciences, Inc., during which he helped to build Gilead Sciences, Inc.'s presence in China. He led the clinical development, regulatory approval process and successful commercial launch of eight innovative products as well as established a unique business model encompassing science, commercialization and patient access. Prior to that, he held senior positions in multiple multinational pharmaceutical companies including Roche and Novartis.

Mr. Luo received his medical education from Xiangya School of Medicine, Central-South University, in China and graduated in July 1992, and then served for three years as a surgeon at St. Luke's Hospital, Shanghai, from July 1992 to July 1995. He obtained an executive master of business administration from China Europe International Business School in China in September 2006.

Mr. Luo has entered into a service contract as an executive Director with the Company for a term of three years commencing from 19 September 2022 or until the third annual general meeting of the Company after his appointment date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice. Mr. Luo is not entitled to receive any remuneration in his capacity as an executive Director and Mr. Luo is entitled to the reimbursement of all reasonable out-of-pocket expenses incurred in relation to the discharge of his duties in connection with the business of the Company under his service agreement.

As at the Latest Practicable Date, Mr. Luo has (i) share options with respect to 6,259,349 Shares pursuant to the Post-IPO Share Option Scheme and (ii) share awards with respect to 860,474 Shares and performance share awards with respect to 1,200,000 Shares pursuant to the Post-IPO Share Award Scheme, which, in aggregate represent approximately 2.64% of the total issued share capital of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Luo does not have any other interests in the Shares, underlying Shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Luo has confirmed that he does not (i) hold any other position in the Company or its subsidiaries; (ii) hold any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) have any other major appointments and professional qualifications; (iv) have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholders of the Company; or (v) have any other information which is discloseable nor has he been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the

Listing Rules and the Company is not aware of any other matters concerning Mr. Luo's standing for re-election as Director that need to be brought to the attention of the Shareholders.

- (5) **Ms. Hoi Yam Chui (徐海音)**, aged 55, was appointed as an independent non-executive Director, chairperson of the remuneration committee and member of the audit and nomination committees of the Company with effect from 19 January 2023.

Ms. Chui, has been an executive director of China Biotech Services Holdings Limited* (中國生物科技服務控股有限公司), a company listed on the GEM of the Stock Exchange (stock code: 8037), since December 2022. Previously, she was president of Harbin Pharmaceutical Group Co., Ltd.* (哈藥集團股份有限公司) ("**Harbin Pharmaceutical**"), a company listed on the Shanghai Stock Exchange (stock code: 600664), from March 2019 to May 2022 and a director of Harbin Pharmaceutical from January 2021 to May 2022, where she was responsible for the overall business operation. Ms. Chui has previously also worked in China Hewlett-Packard Co., Ltd. and Novartis International.

Ms. Chui received her bachelor's degree in Economic Administration and master's degree in Finance from Peking University, the People's Republic of China in July 1990 and July 2001, respectively.

Ms. Chui has entered into an appointment letter with the Company for a term of three years commencing from 19 January 2023 or until the third annual general meeting of the Company since the date of her appointment date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice. According to the terms of Ms. Chui's appointment, Ms. Chui is entitled to a director's fee of US\$50,000 per annum and Ms. Chui is entitled to the reimbursement of all reasonable out-of-pocket expenses incurred in relation to the discharge of her duties in connection with the business of the Company.

Save as disclosed above, Ms. Chui has confirmed that she does not (i) hold any other position in the Company or its subsidiaries; (ii) hold any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) have any other major appointments and professional qualifications; (iv) have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company; (v) have any interest in the Shares, underlying Shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO; or (vi) have any other information which is discloseable nor has she been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and the Company is not aware of any other matters concerning Ms. Chui's standing for re-election as Director that need to be brought to the attention of the Shareholders.

* For identification purposes only

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 315,640,206 Shares.

Subject to the passing of the ordinary resolution set out in item 4 of the notice of the AGM in respect of the granting of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, i.e. being 315,640,206 Shares, the Directors would be authorized under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, a total of 31,564,020 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders.

Shares repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF SHARE REPURCHASE

The Company may only apply funds legally available for share repurchase in accordance with its Articles of Association, the laws of Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE REPURCHASE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2022) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

Month	Highest HK\$	Lowest HK\$
2022		
May	23.50	15.40
June	25.10	18.12
July	24.00	16.14
August	17.44	10.82
September	12.14	7.27
October	7.94	5.98
November	12.70	6.19
December	17.64	11.00
2023		
January	30.00	16.80
February	28.95	16.30
March	21.15	14.80
April	17.58	13.34
May (<i>up to the Latest Practicable Date</i>)	14.84	12.22

6. INTENTION OF DIRECTORS AND CORE CONNECTED PERSONS TO SELL SHARES

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Cayman Islands.

7. TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As of the Latest Practicable Date, to the best knowledge of the Company, CBC Group is deemed to control approximately 42.30% of the total number of issued Shares. Assuming there will be no change in the number of issued Shares and the shareholding of CBC Group, and if the Repurchase Mandate is exercised in full, the shareholding of CBC Group would be increased to approximately 47.00%. The Directors believe that such increase in shareholding may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

8. SHARE REPURCHASE MADE BY THE COMPANY

During the 6 months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

1. RESPONSIBILITY STATEMENT

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

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

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

Name of Director	Capacity/ Nature of interest	Number of ordinary Shares	Approximate percentage of shareholding ⁽¹⁾	Long position/ short position
Mr. Wei Fu	Founder of a discretionary trust who can influence how the trustee exercises his discretion	133,526,552 ⁽²⁾	42.30%	Long position
Mr. Luo Yongqing	Beneficial owner	8,319,823 ⁽³⁾	2.64%	Long position
Mr. Ian Ying Woo	Beneficial owner	2,599,778 ⁽⁴⁾	0.82%	Long position
Mr. Shidong Jiang	Beneficial owner	40,000 ⁽⁵⁾	0.01%	Long position
Mr. Yifan Li	Beneficial owner	40,000 ⁽⁶⁾	0.01%	Long position

Notes:

- (1) The calculation is based on the total number of 315,640,206 Shares in issue as at the Latest Practicable Date.

- (2) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its General Partner is C-Bridge Healthcare Fund GP II, L.P.. The General Partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd. while TF Capital, Ltd. and TF Capital II, Ltd. (“**TF Capital II**”) jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by is C-Bridge Healthcare Fund IV, L.P. (“**CBH IV**”). The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by its General Partner C-Bridge Capital GP IV, Ltd. (“**CBC IV**”). The controlling shareholder of CBC IV is TF Capital IV Ltd. which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.
- (3) Mr. Yongqing Luo’s entitlement to receive up to (i) 4,700,000 shares pursuant to the exercise of options with exercise price at HK\$10.084 and (ii) 1,559,349 shares pursuant to the exercise of options with exercise price at HK\$15.632 under the Post-IPO Share Option Scheme, subject to the conditions of those options. Mr. Yongqing Luo is also entitled to receive 860,474 shares pursuant to the awards granted to him and up to 1,200,000 shares pursuant to the performance target awards granted to him under the Post-IPO Share Award Scheme. All of the aforementioned should be subject to Independent Shareholders’ approval at the AGM.
- (4) Mr. Ian Ying Woo’s entitlement to receive up to 110,000 Shares and 1,118,078 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes and the Post-IPO Share Option Scheme respectively, subject to the conditions of those options. The exercise prices of these options are USD2.26 (up to 110,000 Shares), HK\$72.49 (up to 338,403 Shares) and HK\$15.632 (up to 779,675 Shares). Mr. Woo is entitled to receive 166,325 share awards pursuant to the Post-IPO Share Award Scheme, among which 83,162 Shares awards were vested in July 2022 and April 2023, while the 83,163 Shares will be vested, in accordance with the conditions of those share awards. Mr. Woo is also entitled to receive up to (i) 1,000,000 Shares and (ii) 280,683 Shares under Post-IPO Share Award Scheme and Pre-IPO ESOP respectively, subject to the conditions of those performance target awards. As at the Latest Practicable Date, 66,667 Shares out of the 1,000,000 Shares were vested and the 280,683 Shares are subject to Independent Shareholders’ approval at the AGM.
- (5) Mr. Shidong Jiang’s entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of the 20,000 options granted on 14 July 2021 is HK\$72.49 and the exercise price of the 20,000 options granted on 1 April 2022 is HK\$23.17.
- (6) Mr. Yifan Li’s entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of the 20,000 options granted on 14 July 2021 is HK\$72.49 and the exercise price of the 20,000 options granted on 1 April 2022 is HK\$23.17.

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

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

None of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Group were made up, and none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

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

5. COMPETING INTERESTS

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

6. EXPERT AND CONSENT

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

Name	Qualification
Elstone Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Elstone Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Elstone Capital Limited did not have: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.everestmedicines.com/>) for 14 days from the date of this circular:

- (i) the Pre-IPO ESOP; and
- (ii) the Post-IPO Share Award Scheme.

9. LANGUAGE

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

NOTICE OF ANNUAL GENERAL MEETING



EVEREST MEDICINES

云 頂 新 耀

Everest Medicines Limited

雲頂新耀有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1952)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of Everest Medicines Limited (the “**Company**”) will be held at 16th Floor, CITIC Pacific Plaza, 1168 West Nanjing Road, Jing An District, Shanghai, China on Thursday, 29 June 2023 at 9:30 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2022 and the reports of the directors of the Company (the “**Directors**”) and the independent auditor of the Company (the “**Auditor**”) thereon.
- 2(a). To re-elect Mr. Wei Fu as an executive Director;
- 2(b). To re-elect Mr. Ian Ying Woo as an executive Director;
- 2(c). To re-elect Mr. Yifan Li as an independent non-executive Director;
- 2(d). To re-elect Mr. Yongqing Luo as an executive Director;
- 2(e). To re-elect Ms. Hoi Yam Chui as an independent non-executive Director; and
- 2(f). To authorize the board of Directors (the “**Board**”) to fix the remuneration of the Directors of the Company.
3. To re-appoint PricewaterhouseCoopers as the Auditor to hold office until the conclusion of the next annual general meeting of the Company and to authorize the Board to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares in accordance with all applicable laws, rules and regulations;
- (b) the total number of shares of the Company to be repurchased pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company; and
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

- 6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 4 and 5 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 5 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be allotted and issued or

NOTICE OF ANNUAL GENERAL MEETING

agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of the number of shares repurchased by the Company pursuant to the mandate referred to in resolution set out in item 4 of the Notice, provided that such number of shares shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution).”

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

“THAT

- (a) the grant of share options (the “**Options**”) to Mr. Yongqing Luo (“**Mr. Luo**”) to subscribe for 4,700,000 shares of the Company in accordance with the terms of the post-IPO share option scheme adopted by the shareholders of the Company (the “**Shareholders**”) on 20 September 2020 (the “**Post-IPO Share Option Scheme**”), subject to all applicable laws, rules, regulations and the applicable offer letter, be hereby approved and confirmed;
- (b) any one or more of the Directors, with the exception of Mr. Luo, be and is hereby authorized to exercise all rights and powers available to it as it may in its sole discretion consider necessary or expedient to give full effect to the grant of the Options to Mr. Luo and the issue of the Shares upon the exercise of the Options by Mr. Luo, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 7(a) above.”

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

“THAT

- (a) the grant of 860,474 share awards (the “**Awards**”) to Mr. Luo (the “**2022 Proposed Award Grant**”) in accordance with the terms of the post-IPO share award scheme adopted by the Shareholders on 21 September 2020 (the “**Post-IPO Share Award Scheme**”), subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors, with the exception of Mr. Luo, be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2022 Proposed Award Grant under the specific mandate granted to the Directors by the Shareholders pursuant to the unanimous written resolutions of all the Shareholders dated 21 September 2020 and on 24 May 2022 in accordance with the terms of the Post-IPO Share Award Scheme (the “**Post-IPO Share Award Scheme Mandate**”), such that the award shares to be issued pursuant to the 2022 Proposed Award Grant shall rank pari passu

NOTICE OF ANNUAL GENERAL MEETING

in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 8(a) above.”

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

“THAT

- (a) the grant of a maximum of 1,200,000 performance target awards (the **“Performance Target Awards”**) to Mr. Luo (the **“2022 Proposed Performance Target Award Grant”**) in accordance with the terms of the Post-IPO Share Award Scheme, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors, with the exception of Mr. Luo, be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2022 Proposed Performance Target Award Grant under the Post-IPO Share Award Scheme Mandate, such that the award shares to be issued pursuant to the 2022 Proposed Performance Target Award Grant shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 9(a) above.”

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

“THAT

- (a) the grant of Options to Mr. Luo to subscribe for 1,559,349 Shares in accordance with the terms of the Post-IPO Share Option Scheme, subject to all applicable laws, rules, regulations and the applicable offer letter, be hereby approved and confirmed;
- (b) any one or more of the Directors, with the exception of Mr. Luo, be and is hereby authorized to exercise all rights and powers available to it as it may in its sole discretion consider necessary or expedient to give full effect to the grant of the Options to Mr. Luo and the issue of the Shares upon the exercise of the Options by Mr. Luo, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 7(a) above.”

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

“THAT

- (a) the grant of Awards to Mr. Yuan Gao (the “**2023 Proposed Award Grant to Mr. Gao**”) in accordance with the terms of the Post-IPO Share Award Scheme, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors, with the exception of Mr. Gao, be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Award Grant to Mr. Gao under the Post-IPO Share Award Scheme Mandate, such that the award shares to be issued pursuant to the 2023 Proposed Award Grant to Mr. Gao shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 11(a) above.”

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

“THAT

- (a) the grant of Awards to Ms. Min Yu (the “**2023 Proposed Award Grant to Ms. Yu**”) in accordance with the terms of the Post-IPO Share Award Scheme, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Award Grant to Ms. Yu under the Post-IPO Share Award Scheme Mandate, such that the award shares to be issued pursuant to the 2023 Proposed Award Grant to Ms. Yu shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 12(a) above.”

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

“THAT

- (a) the grant of Awards to Mr. Zixin Qiao (the “**2023 Proposed Award Grant to Mr. Qiao**”) in accordance with the terms of the Post-IPO Share Award Scheme, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Award Grant to Mr. Qiao under the Post-IPO Share Award Scheme Mandate, such that the award shares to be issued pursuant to the 2023 Proposed Award Grant to Mr. Qiao shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 13(a) above.”

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

“THAT

- (a) the grant of Awards to Ms. Heasun Park (the “**2023 Proposed Award Grant to Ms. Park**”) in accordance with the terms of the Post-IPO Share Award Scheme, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Award Grant to Ms. Park under the Post-IPO Share Award Scheme Mandate, such that the award shares to be issued pursuant to the 2023 Proposed Award Grant to Ms. Park shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 14(a) above.”

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

“THAT

- (a) the grant of Performance Target Awards to Mr. Ian Ying Woo (the “**2023 Proposed Performance Target Award Grant to Mr. Woo**”) in accordance with the terms of the pre-IPO employee equity plan adopted on 25 December 2018, amended and restated on 17 February 2020 (the “**Pre-IPO ESOP**”), subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors, with the exception of Mr. Woo, be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Performance Target Award Grant to Mr. Woo under the specific mandate granted to the Directors by the Shareholders pursuant to the unanimous written resolutions of all the Shareholders dated 25 December 2018, amended and restated on 17 February 2020, in accordance with the terms of the Pre-IPO ESOP (the “**Pre-IPO ESOP Mandate**”), such that the award shares to be issued pursuant to the 2023 Proposed Performance Target Award Grant to Mr. Woo shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 15(a) above.”

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

“THAT

- (a) the grant of Performance Target Awards to Ms. Min Yu (the “**2023 Proposed Performance Target Award Grant to Ms. Yu**”) in accordance with the terms of the Pre-IPO ESOP, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Performance Target Award Grant to Ms. Yu under the Pre-IPO ESOP Mandate, such that the award shares to be issued pursuant to the 2023 Proposed Performance Target Award Grant to Ms. Yu shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 16(a) above.”

NOTICE OF ANNUAL GENERAL MEETING

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

“THAT

- (a) the grant of Performance Target Awards to Mr. Zixin Qiao (the “**2023 Proposed Performance Target Award Grant to Mr. Qiao**”) in accordance with the terms of the Pre-IPO ESOP, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Performance Target Award Grant to Mr. Qiao under the Pre-IPO ESOP Mandate, such that the award shares to be issued pursuant to the 2023 Proposed Performance Target Award Grant to Mr. Qiao shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 17(a) above.”

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

“THAT

- (a) the grant of Performance Target Awards to Ms. Heasun Park (the “**2023 Proposed Performance Target Award Grant to Ms. Park**”) in accordance with the terms of the Pre-IPO ESOP, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Performance Target Award Grant to Ms. Park under the Pre-IPO ESOP Mandate, such that the award shares to be issued pursuant to the 2023 Proposed Performance Target Award Grant to Ms. Park shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 18(a) above.”

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

“**THAT**

- (a) the grant of Performance Target Awards to Ms. Zhengying Zhu (the “**2023 Proposed Performance Target Award Grant to Ms. Zhu**”) in accordance with the terms of the Pre-IPO ESOP, subject to all applicable laws, rules, regulations and the applicable grant letter, be hereby approved and confirmed;
- (b) any one or more of the Directors be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the 2023 Proposed Performance Target Award Grant to Ms. Zhu under the Pre-IPO ESOP Mandate, such that the award shares to be issued pursuant to the 2023 Proposed Performance Target Award Grant to Ms. Zhu shall rank pari passu in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the award shares, and that he/she, be and is hereby authorised to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in 19(a) above.”

By Order of the Board
Everest Medicines Limited
Wei Fu
Chairman and Executive Director

Hong Kong, 31 May 2023

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint any number of proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF ANNUAL GENERAL MEETING

4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Monday, 26 June 2023 to Thursday, 29 June 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 June 2023.