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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
云顶新耀
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) PROPOSED ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION;**
- (5) NON-EXEMPTED CONNECTED TRANSACTIONS — PROPOSED GRANT OF AWARDS AND PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS; AND**
- (6) 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 capitalised 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 Friday, 28 June 2024 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 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. Treasury shares, if any and registered under the name of the Company, shall have no voting rights at the AGM. For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury Shares (if any) shall abstain from voting at the AGM.

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

Hong Kong, 5 June 2024

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DEFINITIONS

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

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at 16th Floor, CITIC Pacific Plaza, 1168 West Nanjing Road, Jing An District, Shanghai, China on Friday, 28 June 2024 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 75 to 81 of this circular, or any adjournment thereof
“associate”	has the meaning ascribed to it under the Listing Rules
“Award(s)”	awards(s), being a contingent right to receive Shares awarded under the Post-IPO Share Award Scheme
“Award Grantees”	grantees who are granted and proposed to be granted Awards under the Post-IPO Share Award Scheme
“Board”	the board of Directors
“CBC Group”	mainly comprises C-Bridge Healthcare Fund II, L.P., C-Bridge Investment Everest Limited, C-Bridge II Investment Eight Limited, C-Bridge Healthcare Fund IV, L.P., C-Bridge IV Investment Two Limited, C Bridge IV Investment Nine Limited Ltd., C-Bridge Capital Investment Management, Ltd., CBC Group Investment Management, Ltd, C-Bridge Value Creation Limited and Everest Management Holding Co., Ltd.
“Company”	Everest Medicines Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1952)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Grantees”	Mr. Yongqing Luo, Mr. Ian Ying Woo, Mr. Zixin Qiao and Ms. Heasun Park
“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

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, established to advise the Independent Shareholders on the Proposed Award Grants
“Independent Financial Adviser”	the independent financial adviser acceptable to the Stock Exchange appointed by the Company pursuant to Rule 14A.44 of the Listing Rules to advise the Independent Board Committee, and the Independent Shareholders on the Proposed Award Grants
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting on the resolutions relating to the Proposed Award Grants to be proposed at the AGM
“Latest Practicable Date”	31 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Memorandum and Articles” or “Memorandum and Articles of Association”	the seventh amended and restated memorandum and articles of association of the Company, currently in force
“New Memorandum and Articles of Association”	the eighth amended and restated memorandum and articles of association of the Company proposed to be adopted at the AGM
“Nomination Committee”	the nomination committee of the Company
“Performance Target Awards”	performance target awards granted to the Award Grantees in accordance with the Post-IPO Share Award Scheme
“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by the Shareholders on 21 September 2020
“Pre-IPO ESOP”	the pre-IPO employee equity plan adopted on 25 December 2018, and amended and restated on 17 February 2020, which terminated any future grant of options under the said plan upon the listing of the Company but not restricted stock units (as defined therein)
“Proposed Award Grant(s)”	the proposed grant of Awards and/or Performance Target Awards to the Grantees in accordance with the Post-IPO Share Award Scheme

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 (excluding any treasury Shares) 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 (including any sale and transfer of Shares out of treasury that are held as treasury Shares) of not exceeding 20% of the total number of issued shares of the Company (excluding any treasury Shares) as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the Annual General Meeting
“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
“treasury Shares”	has the meaning ascribed to it under the Listing Rules which will come into effect on 11 June 2024
“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. William Ki Chul Cho
Mr. Honggang Feng

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

5 June 2024

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) PROPOSED ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION;**
- (5) NON-EXEMPTED CONNECTED TRANSACTIONS — PROPOSED GRANT OF AWARDS AND PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS; AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the AGM to be held on Friday, 28 June 2024.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF DIRECTORS

In accordance with Article 16.19 of the Memorandum and Articles of Association, Mr. Shidong Jiang, Mr. Yifan Li and Ms. Hoi Yam Chui shall retire at the AGM. In addition, Mr. William Ki Chul Cho and Mr. Honggang Feng, who were appointed by the Board on 12 January 2024 and 9 February 2024 respectively, shall hold office until the AGM pursuant to Article 16.2 of the Company's Memorandum and Articles of Association. All of the above Directors, being eligible, will offer themselves for re-election at the AGM.

Mr. Shidong Jiang, 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. Shidong Jiang, 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. Shidong Jiang, Mr. Yifan Li and Ms. Hoi Yam Chui 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. Shidong Jiang, Mr. Yifan Li and Ms. Hoi Yam Chui at the AGM. The Board considers that Mr. Shidong Jiang, 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. Shidong Jiang, Mr. Yifan Li and Ms. Hoi Yam Chui to the Company, the Board is satisfied that Mr. Shidong Jiang, 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, Mr. Shidong Jiang 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. Shidong Jiang, 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.

LETTER FROM THE BOARD

3. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

On 29 June 2023, 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 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 (excluding any treasury Shares) 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 32,516,479 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 2023, 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 (including any sale or transfer of treasury 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 (including any sale or transfer of treasury Shares) of not exceeding 20% of the total number of issued Shares of the Company (excluding any treasury Shares) 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 65,032,958 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.

LETTER FROM THE BOARD

6. PROPOSED ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board has proposed to amend certain provisions of its Memorandum and Articles of Association by way of adoption of the New Memorandum and Articles of Association to (i) update and bring the Memorandum and Articles of Association in line with the amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers which came into effect on 31 December 2023; and (ii) make other consequential and housekeeping amendments.

The proposed adoption of the New Memorandum and Articles of Association is subject to the approval of the Shareholders by way of a special resolution at the AGM.

A summary of the proposed amendments to the Memorandum and Articles of Association is set out in Appendix III to this circular. The Chinese translation of the New Memorandum and Articles of Association is for reference only. In case of any discrepancy or inconsistency between the English and Chinese versions, the English version shall prevail.

7. PROPOSED GRANT OF AWARDS AND PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS

The Board announced that on 5 April 2024, the Company resolved to grant 237,695 Performance Target Awards to Mr. Yongqing Luo, 118,848 Performance Target Awards to Mr. Ian Ying Woo, and 46,000 Awards to 2 other Grantees under the Post-IPO Share Award Scheme, subject to acceptance by the Grantees and Independent Shareholders' approval at the AGM.

The details of the Proposed Award Grants are as follows:

Date of grant:	5 April 2024
Number of Awards proposed to be granted:	356,543 Performance Target Awards and 46,000 Awards
Purchase price of the Awards proposed to be granted:	Nil
Market price of the Shares on the date of grant:	HK\$21.85 per Share

LETTER FROM THE BOARD

Vesting period and performance targets:

237,695 Performance Target Awards and 118,848 Performance Target Awards proposed to be granted to Mr. Yongqing Luo and Mr. Ian Ying Woo, respectively, shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary thereafter, upon the achievement of specified company level performance targets and individual performance appraisal targets by the first vesting date. The company level performance targets relate to financial performance, clinical development milestones, capital market and operational and company organizational goals. The achievement of each company level performance target is scored and if the overall score is 80% or more and the individual performance appraisal is satisfactory, the Performance Target Awards shall vest accordingly. There are no performance targets attached to the 46,000 Awards proposed to be granted to the other 2 Grantees, and the Awards shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary of such date thereafter.

The Remuneration Committee notes that the first vesting date (1 April 2025) is less than 12 months from the proposed date of grant (5 April 2024), and considers such arrangement to be appropriate as it is consistent with the prior practices and approach of the Company and would enable the Company to better manage the vesting schedules of all of its share awards and enhance operational efficiency.

Having considered that the Grantees (except Mr. Yongqing Luo and Mr. Ian Ying Woo) are senior managers of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group, the Remuneration Committee considers that the Proposed Award Grants to each of the Grantees (except Mr. Yongqing Luo and Mr. Ian Ying Woo) 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.

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 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 Grantees are as follows:

Name of Grantee	Position	Number of Awards/ Performance Target Awards proposed to be granted	Percentage of total no. of Shares in issue	Market value based on the closing price of HK\$21.85 per Share on the date of grant (HK\$)
Mr. Yongqing Luo ("Mr. Luo")	Executive Director and chief executive officer	237,695	0.07%	5,193,636
Mr. Ian Ying Woo ("Mr. Woo")	Executive Director and chief financial officer	118,848	0.04%	2,596,829
Mr. Zixin Qiao ("Mr. Qiao")	Employee of the Company and director of a subsidiary in the last 12 months	29,000	0.009%	633,650
Ms. Heasun Park ("Ms. Park")	Employee of the Company and director of a subsidiary	17,000	0.005%	371,450
		<u>402,543</u>	<u>0.12%</u>	<u>8,795,565</u>

LETTER FROM THE BOARD

Reasons for and Benefits of 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.

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 discover, 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.

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 Awards proposed to be granted to the 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.

LETTER FROM THE BOARD

Rationale of the Proposed Award Grants

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 Proposed Award Grants after considering the respective benefits of granting the Awards and the complementary effect of the Proposed Award Grants as part of the remuneration package. In particular, the Proposed Award Grants 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.

The Board proposed to remunerate the Grantees with the Proposed Award 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 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; (iii) their expected contribution to the Company's future development; and (iv) the remuneration packages of executives in biotechnology and pharmaceutical companies listed on the Stock Exchange.

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.

Background and contribution of Mr. Luo

Mr. Luo 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.

LETTER FROM THE BOARD

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.

Background and contribution of Mr. Ian Ying Woo

Mr. Woo is an executive Director and president and chief financial officer of the Company. Mr. Woo was appointed as 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 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.

Background and contribution of Mr. Zixin Qiao

Mr. Qiao joined the Company as legal director in January 2020 prior to his promotion to vice president, legal in 2022. Mr. Qiao was a director/supervisor of certain subsidiaries of the Company in the past 12 months.

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.

LETTER FROM THE BOARD

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. 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. 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.

LETTER FROM THE BOARD

Dilution effect

Assuming all the Shares under the Proposed Award Grants are exercised/vested in full, the number of such underlying Shares would amount to 402,543, or approximately 0.12% 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 Proposed Award Grants are 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 Proposed Award Grants in full	
	No. of Shares	% ^(Note 2)	No. of Shares	% ^(Note 2)
<i>Grantees — Executive Directors</i>				
Mr. Luo Yongqing	980,474	0.30	1,218,169	0.37
Mr. Ian Ying Woo	202,589	0.06	321,437	0.10
<i>Grantees — Employees</i>				
Mr. Zixin Qiao	3,946	0.00	32,946	0.01
Ms. Heasun Park	33,279	0.01	50,279	0.02
<i>Substantial Shareholders</i>				
CBC Group	129,265,877	39.75	129,265,877	39.70
<i>Other Shareholders</i>				
	<u>194,678,628</u>	<u>59.87</u>	<u>194,678,628</u>	<u>59.80</u>
Total	<u>325,164,793</u>	<u>100.00</u>	<u>325,567,336</u>	<u>100.00</u>

Notes:

1. The calculation is based on the total number of 325,164,793 Shares in issue as at the Latest Practicable Date.
2. The percentage figures in this column are rounded to two decimal places. The total of 100% may not be the arithmetic total of the figures in this column.

Director's Views

In this regard, the Directors (excluding the independent non-executive Directors whose views are set out in the Letter from the Independent Board Committee below) consider that the Proposed Award Grants to each of the Grantees (excluding Mr. Yongqing Luo and Mr. Ian Ying Woo) are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of the Group's business and in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

In this regard, the Board (excluding Mr. Yongqing Luo and the independent non-executive Directors whose views are set out in the Letter from the Independent Board Committee below) and the Remuneration Committee consider that the Proposed Award Grant to Mr. Yongqing Luo is fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of the Group's business and in the best interests of the Company and the Shareholders as a whole.

In this regard, the Board (excluding Mr. Ian Ying Woo and the independent non-executive Directors whose views are set out in the Letter from the Independent Board Committee below) and the Remuneration Committee consider that the Proposed Award Grant to Mr. Ian Ying Woo is fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of the Group's business 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 Proposed 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 Grant under the Post-IPO Share Award Scheme

As at the Latest Practicable Date, 8,586,885 Shares were available for grant under the Post-IPO Share Award Scheme (after taking into account the Proposed Award Grants).

Listing Rules Implications

Each of Mr. Yongqing Luo and Mr. Ian Ying Woo is an executive Director, and each of Mr. Qiao and Ms. Park is a director or former director (in the last 12 months) of subsidiaries of the Company, respectively. Therefore, each of them is a connected person of the Company.

Accordingly, each of the Proposed 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.

No Director is considered to be interested in the Proposed Award Grants to Mr. Qiao and Ms. Park and therefore none of them abstained from voting on the relevant Board resolutions. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Qiao and Ms. Park are interested in 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. Qiao and his associates shall abstain from voting at the AGM on the resolution approving the Proposed Award Grant to Mr. Qiao; and (ii) Ms. Park and her associates shall abstain from voting at the AGM on the

LETTER FROM THE BOARD

resolution approving the Proposed Award Grant to Ms. Park. Save for Mr. Qiao and Ms. Park, no other Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the Proposed Award Grants to Mr. Qiao and Ms. Park.

Mr. Yongqing Luo did not vote on the Board resolution approving the Proposed Award Grant to Mr. Yongqing Luo. No other Director is considered to be interested in this grant and therefore none of them other than Mr. Yongqing Luo 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. Yongqing Luo and his associates is not interested in any Shares or underlying Shares, except for Mr. Yongqing Luo's interest in 980,474 Shares held by his associate and the options and awards for which no voting rights may be exercisable. Accordingly, save for Mr. Yongqing Luo and his associates, no other Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the Proposed Award Grant to Mr. Yongqing Luo.

Mr. Ian Ying Woo did not vote on the Board resolution approving the Proposed 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 202,589 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 Proposed Award Grant to Mr. Ian Ying Woo.

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, 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 THE BOARD

8. AGM AND PROXY ARRANGEMENT

The notice of the AGM is set out on pages 75 to 81 of this circular.

Pursuant to the Listing Rules and the Memorandum and 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. Treasury shares, if any and registered under the name of the Company, shall have no voting rights at the Company's general meetings. For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury Shares (if any) shall abstain from voting on matters that require shareholders' approval at the Company's general meetings. An announcement on the poll results will be published by the Company after the AGM in the manner prescribed under the Listing Rules.

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.

9. RECOMMENDATION

The Directors (including the independent non-executive Directors whose views on the Proposed Award Grants are set out in the Letter from the Independent Board Committee below) consider that the proposed re-election of retiring Directors and the proposed granting of the Repurchase Mandate, the proposed Sale Mandate, the proposed re-appointment of auditor and the Proposed Award Grants 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.

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)

5 June 2024

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 Proposed Award Grants, details of which are set out in the circular of the Company to the Shareholders dated 5 June 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Elstone Capital Limited, the independent financial adviser of the Company in relation to the Proposed Award Grants, the Grantees’ contribution to the Group and the reasons and rationale of the Proposed Award Grants, we are of the view that the terms of the Proposed Award Grants are fair and reasonable so far as the Independent Shareholders are concerned, and that the Proposed 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 Proposed 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, which has been prepared for the purpose of incorporation in this circular.



5 June 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

NON-EXEMPTED CONNECTED TRANSACTIONS — PROPOSED GRANT OF AWARDS AND PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of 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 5 June 2024 (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 5 April 2024 that it has resolved to grant (i) 237,695 Performance Target Awards to Mr. Yongqing Luo (“**Mr. Luo**”); (ii) 118,848 Performance Target Awards to Mr. Ian Ying Woo (“**Mr. Woo**”); and (iii) 46,000 Awards to 2 other Grantees under the Post-IPO Share Award Scheme, subject to acceptance by the Grantees and the Independent Shareholders’ approval at the AGM. Each of Mr. Luo and Mr. Woo is an executive Director, and each of Mr. Zixin Qiao and Ms. Heasun Park is a director or former director (in the last 12 months) of subsidiaries of the Company, respectively. Therefore, each of them is a connected person of the Company. Accordingly, each of the Proposed 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.

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

LETTER FROM ELSTONE CAPITAL LIMITED

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 the 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 twice 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 and 31 May 2023 respectively. 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 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

LETTER FROM ELSTONE CAPITAL LIMITED

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 discovery, clinical development, regulatory affairs, chemistry, manufacturing and controls processes in pharmaceutical products (CMC), 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.

Key business development milestones and achievements

As stated in the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), 2023 marked the Group's first year of commercialization in China with Xerava[®]'s launch in late-July and NEFECON[®]'s commercial launch in Macau in December.

According to the 2023 Annual Report, the Group recorded revenue of approximately RMB125.9 million for the year ended 31 December 2023, representing an increase of approximately RMB113.1 million, or 884%, from RMB12.8 million for the year ended 31 December 2022. Such substantial increase was primarily due to the launch of Xerava[®] in mainland China and Hong Kong, the launch of NEFECON[®] in Macau, sales growth of Xerava[®] in Singapore and sales of Trodelvy[®] during the transition period with Gilead Sciences, Inc. (“**Gilead**”) in Singapore.

LETTER FROM ELSTONE CAPITAL LIMITED

Throughout 2023 and first quarter of 2024, the development team of the Company 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, among others:

- (i) **NEFECON[®] (TARPEYO[®])**, the Company's anchor drug candidate in the renal therapeutic area, is a novel oral formulation of budesonide that targets the origin of immunoglobulin A nephropathy (IgAN). In November 2023, NEFECON[®] received the approval of New Drug Application (NDA) by National Medical Products Administration (NMPA) of China for the treatment of primary IgAN. In December 2023, NEFECON[®] issued its first prescription in Macau. In March 2024, NEFECON[®] received NDA approval in Singapore. In May 2024, NEFECON[®] has been commercially launched in Mainland China and successfully fulfilled its first prescription through an internet hospital. The Company will broadly and actively commercialize NEFECON[®] in China and other licensed territories in Asia, and bring this first-in-disease therapy to more patients as soon as possible.
- (ii) **Xerava[®] (eravacycline)**, 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 isolates. In March 2023, Xerava[®] received NDA approval by NMPA for the treatment of complicated intra-abdominal infections in adult patients. In July 2023, the Company launched Xerava[®] in China with its first prescription. The commercialization of Xerava[®] in China marks the Company's transformation into a commercial stage innovative biopharmaceutical company. In September 2023, Xerava[®] received NDA approval by Taiwan Food and Drug Administration. In February 2024, eravacycline's clinical breakpoint was officially approved by European Committee on Antimicrobial Susceptibility Testing, so that the drug can be used more accurately in clinical practice.
- (iii) mRNA technology platform, one of the Company's key strategic focus areas. The Company has made significant progress with its mRNA platform therapeutic vaccines for cancer and autoimmune diseases in 2023. In February 2024, the Company and Providence Therapeutics Holdings Inc. terminated their existing collaboration and license agreements. After the termination of the agreements, the Company will continue to develop its own products utilizing the mRNA platform, and will own full intellectual property rights and full global rights of those products.

LETTER FROM ELSTONE CAPITAL LIMITED

The business development efforts of the Group centered around renal diseases and autoimmune disorders in 2023. Going forward, the Group will continue to pursue first-in-class or best-in-class assets in their focused therapeutic areas, including commercial-stage products that could utilise the established commercial capabilities and complement the pipeline of the Group. By the end of 2024, the Group expects to have three commercialised products in the core therapeutic areas. The Group will focus on successfully commercializing NEFECON[®] in China, continuing to grow the sales of Xerava[®], while starting to commercialize etrasimod in the Greater Bay area.

2. Reasons for and rationale and benefits of 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 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 discover, 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.

As stated in the Letter from the Board, the Board proposed to remunerate the Grantees with the Proposed Award 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 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.

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

Proposed Award Grants

On 5 April 2024, the Company resolved to grant 237,695 Performance Target Awards to Mr. Luo, 118,848 Performance Target Awards to Mr. Woo, and 46,000 Awards to 2 other Grantees under the Post-IPO Share Award Scheme, subject to acceptance by the Grantees and Independent Shareholders' approval at the AGM.

Name of Grantee	Position	Number of Awards/ Performance Target Awards	Percentage of total number of Shares in issue <i>(Note 1)</i>	Market value based on the closing price of HK\$21.85 per Share on the date of grant <i>(HK\$)</i>
Mr. Luo	Executive Director and chief executive officer	237,695	0.07%	5,193,636
Mr. Woo	Executive Director and chief financial officer	118,848	0.04%	2,596,829
Mr. Zixin Qiao	Employee of the Company and director of a subsidiary in the last 12 months	29,000	0.009%	633,650
Ms. Heasun Park	Employee of the Company and director of a subsidiary	17,000	0.005%	371,450
		<u>402,543</u>	<u>0.12%</u>	<u>8,795,565</u>

Note:

- (1) The calculation is based on the total number of 325,164,793 Shares in issue as at the Latest Practicable Date.

LETTER FROM ELSTONE CAPITAL LIMITED

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

Date of grant:	5 April 2024
Number of Awards proposed to be granted:	356,543 Performance Target Awards and 46,000 Awards
Purchase price of the Awards proposed to be granted:	Nil
Market price of the Shares on the date of the grant:	HK\$21.85 per Share Based on the closing price of HK\$21.85 per Share as quoted on the Stock Exchange on the date of grant on 5 April 2024, the market value of the Shares underlying the Awards under the Proposed Award Grants to the Grantees amount to approximately HK\$8.8 million in aggregate.
Vesting period and performance targets:	<p>237,695 Performance Target Awards and 118,848 Performance Target Awards proposed to be granted to Mr. Luo and Mr. Woo respectively, shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary thereafter, upon the achievement of specified company level performance targets and individual performance appraisal targets by the first vesting date. The company level performance targets relate to financial performance, clinical development milestones, capital market and operational and company organizational goals. The achievement of each company level performance target is scored and if the overall score is 80% or more and the individual performance appraisal is satisfactory, the Performance Target Awards shall vest accordingly.</p> <p>There are no performance targets attached to the 46,000 Awards proposed to be granted to the other 2 Grantees, and the Awards shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary of such date thereafter.</p> <p>The Remuneration Committee notes that the first vesting date (1 April 2025) is less than 12 months from the date of grant (5 April 2024), and considers such arrangement to be appropriate as it is consistent with the prior practices and approach of the Company and would enable the Company to better manage the vesting schedules of all of its share awards and enhance operational efficiency.</p> <p>Upon full vesting, the aforesaid Awards granted to the Grantees represented approximately 0.12% of the total number of issued Shares as at the Latest Practicable Date.</p>

LETTER FROM ELSTONE CAPITAL LIMITED

- 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 Grantees 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.

In respect of the 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 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 are set out in the 2023 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 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, during which he helped to build Gilead'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.

Based on our review on the background of Mr. Luo, 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 and the major achievements of the Group as set out in the paragraph headed “*Key business development milestones and achievements*” in this letter and disclosed in the 2023 Annual Report, 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. Mr. Luo is crucial to ensuring long-term sustainable development of the Company.

Information on Mr. Woo

As stated in the Letter from the Board, Mr. Woo is an executive Director, president 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. Further details of the biographical information of Mr. Woo are set out in the Letter from the Board.

LETTER FROM ELSTONE CAPITAL LIMITED

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 was a director/supervisor of certain subsidiaries of the Company in the past 12 months.

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 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. Heasun 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 orphan drug designation and fast track designation by the Ministry of Food and Drug Safety (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. Heasun 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. Heasun 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. Luo, Mr. Woo, Mr. Zixin Qiao and Ms. Heasun Park are interested in 980,474, 202,589, 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. 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.

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Based on our review on the Grantees' respective background and the Group's major achievements as disclosed in the 2023 Annual Report and various published announcements, we concur with the Directors' 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 couple of years; 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.

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 proposed grant of Performance Target Awards to Mr. Luo

Set out below is the breakdown of the remuneration package of Mr. Luo for the year ended 31 December 2023, including the proposed grant of Performance Target Awards to Mr. Luo:

	Salaries, contributions, and other benefits (RMB'000)	Performance related bonus (RMB'000)	Share-based payment expenses (RMB'000)	Total remuneration (RMB'000)
<i>Considering the proposed grant of Performance Target Awards to Mr. Luo only</i>				
Cash	7,396	3,600	—	10,996
Share options	—	—	19,726	19,726
Economic value of the proposed grant of Performance Target Awards	—	—	1,177	1,177 ^(Note 1)
Total	7,396	3,600	20,903	31,899

Source: 2023 Annual Report and announcement of the Company dated 5 April 2024

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Note:

1. For illustrative purpose, the estimated economic value of the proposed grant of Performance Target Awards to Mr. Luo is based on (i) the 237,695 Performance Target Awards granted on 5 April 2024; (ii) the closing share price of the Company (i.e. HK\$21.85 per Share) on the date of grant of the proposed grant of Performance Target Awards (i.e. 5 April 2024); and (iii) annualisation by dividing the aforesaid awards by the vesting period of up to 4 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\$1.103.

As shown in the above table, the total remuneration of Mr. Luo for the year ended 31 December 2023 including the annualised value of the proposed grant of Performance Target Awards to Mr. Luo was approximately RMB31.9 million.

In assessing the fairness and reasonableness of the proposed grant of Performance Target Awards 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 officer 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.

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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 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				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 (%)
				Fees, salaries, other allowances and contributions (RMB million)	Performance related bonus (RMB million)	Share-based payment expense (RMB million)	Total (RMB million)			
1	Dr. Yinxiang Wang	Founder, executive director, chairman of the board and chief executive officer	Jacobio-B (1167.HK)	2.8	0.4	0.2	3.4	418.9	0.8%	7.2%
2	Dr. James Qun Xue	Executive director, chairman of the board and chief executive director	CANbridge-B (1228.HK)	5.8	—	3.7	9.5	430.7	2.2%	38.7%
3	Mr. Ye Liu	Executive director and chief executive officer	Ocumension-B (1477.HK)	2.6	2.5	67.9	73.0	546.2	13.4%	93.0%
4	Dr. Tian Wenzhi	Executive director and chief executive officer	Immuneoncov-B (1541.HK)	3.0	0.7	40.2	43.9	372.4	11.8%	91.7%
5	Dr. Liu Jun	Executive director and chief executive officer	TOT Biopharm-B (1875.HK)	3.8	0.1	3.6	7.5	613.2	1.2%	47.5%
6	Dr. Lu Chris Xiangyang	Executive director and chief executive officer	Laeka-B (2105.HK)	2.3	0.4	5.0	7.7	306.4	2.5%	64.9%
7	Dr. Yiping James Li	Executive director, chairman of the board and chief executive officer	JW Therap-B (2126.HK)	3.9	2.2	14.9	21.0	666.9	3.1%	71.2%

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

	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 (%)
8	Dr. Zhi Hong	Executive director, chairman of the board and chief executive officer	Brii-B (2137.HK)	7.5	2.3	8.3	18.2	600.6	3.0%	45.9%
9	Dr. Jingson Wang	Executive director and chief executive officer	HBM Holdings-B (2142.HK)	6.6	—	4.7	11.2	467.8	2.4%	41.5%
10	Dr. Sui Ziye	Executive director and chief executive officer	LEPU-Bio-B (2157.HK)	2.0	0.7	4.2	6.9	588.0	1.2%	60.9%
11	Mr. Chen Guoming (resigned on 29 August 2023) Mr. Jeffrey R Lindstrom (appointed on 29 August 2023)	Executive director and chief executive officer	CardioFlow-B (2160.HK)	3.2	1.6	1.8	6.6	585.2	1.1%	27.2%
12	Dr. Liang Bo	Executive director, chairman of the board and general manager	Bascare-B (2170.HK)	2.6	0.4	—	3.0	339.3	0.9%	— (Note 3)
13	Dr. Zonghai Li	Chairman, executive director and chief executive officer	Carsgen-B (2171.HK)	1.3	0.8	—	2.1	793.3	0.3%	— (Note 3)
14	Mr. Yong Liu	Chairman, Executive director and general manager	Rebio-B (2179.HK)	2.6	0.2	11.7	14.5	631.6	2.3%	80.3%
15	Dr. Wang Hao	Executive director and chief executive officer	Mabpharm-B (2181.HK)	1.1	—	4.5	5.6	276.8	2.0%	79.9%
16	Mr. Phillip Li Wang	Executive director, chairperson, chief executive officer and general manager	BioHeart-B (2185.HK)	0.7	—	29.8	30.5	164.6	18.5%	97.7%

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

	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 (%)
17	Dr. Jonathon Zhong Zhao	Executive director, chairman of the board and chief executive officer	ZYLOXTB-B (2190.HK)	3.0	2.1	12.3	17.4	538.9	3.2%	70.7%
18	Mr. Joshua Liang	Executive director and chief executive officer	Clover Bio-B (2197.HK)	4.4	—	13.0	17.4	903.5	1.9%	74.8%
19	Mr. Guowei Zhan (re-designed as non-executive director in September 2023) Mr. Hong Xu (appointed in September 2023)	Executive director and chief executive officer	Broncus-B (2216.HK)	2.0	—	—	2.0	287.8	0.7%	— (Note 3)
20	Mr. Zhang Dalei	Executive director, chairman of the board and chief executive officer	Airdoc-B (2251.HK)	0.5	—	19.7	20.2	207.3	9.7%	97.7%
21	Dr. He Chao	Executive director, president and chief executive officer	MedBot-B (2252.HK)	1.6	1.3	37.6	40.4	934.0	4.3%	92.9%
22	Dr. Xu Yao-Chang	Executive director, chairman of the board and chief executive officer	Abbisco-B (2256.HK)	4.3	—	10.0	14.2	530.1	2.7%	70.1%
23	Dr. Yang Lu	Executive director and chief executive officer	Sirnaomics-B (2257.HK)	3.8	—	3.9	7.7	550.2	1.4%	50.7%
24	Mr. Huo Yunfei	Executive director, chairman of the board and chief executive officer	RainMed-B (2297.HK)	2.2	0.1	1.0	3.3	186.9	1.8%	30.6%

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

	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 (%)
25	Dr. Shen Yuelei	Executive director, chairman of the board, chief executive officer and general manager	Biocytogen-B (2315.HK)	1.8	0.2	—	2.1	823.5	0.3%	— (Note 3)
26	Mr. Kong Jian	Executive director and chief executive officer	Luzhu Biotech-B (2480.HK)	0.5	0.1	39.3	39.9	259.7	15.4%	98.5%
27	Ms. Zhang Lele	Executive director and chief executive officer	Cuita-B (2487.HK)	2.9	1.3	46.4	50.6	609.9	8.3%	91.6%
28	Dr. Zhou Pengfei	Executive director and chief executive officer	YZYBIO-B (2496.HK)	2.1	0.4	—	2.5	177.4	1.4%	— (Note 3)
29	Mr. Qiu Jiwan	Executive director and chief executive officer	Qyuns-B (2509.HK)	1.9	0.7	18.5	21.1	529.0	4.0%	87.5%
30	Dr. Liu Liping	Executive director and chief executive officer	Higide-B (2511.HK)	3.6	—	11.1	14.7	448.2	3.3%	75.6%
31	Dr. Li Chen	Executive director and chief executive officer	Hua Medicine-B (2532.HK)	5.9	2.0	9.2	17.1	375.4	4.6%	53.8%
32	Dr. Jianxin Yang	Executive director, chief executive officer	CStone Pharma-B (2616.HK)	4.8	2.0	51.0	57.8	909.9	6.4%	88.2%
33	Dr. Shui On Leung	Executive director, chairman of the board and chief executive officer	SinoMab-B (3681.HK)	5.1	—	—	5.1	233.0	2.2%	— (Note 3)
34	Mr. Wang Guohui	Executive director, chairman of the board and chief executive officer	Heartcare-B (6609.HK)	0.9	0.3	—	1.2	277.7	0.42%	— (Note 3)

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

	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 (%)
35	Dr. Li Xiaoyi	Executive director, chairman of the board and chief executive officer	Zhaocke Ophih-B (6622.HK)	7.6	3.1	6.7	17.4	469.3	3.7%	38.7%
36	Dr. Xuening Qian	Executive director and chief executive officer	Transcenta-B (6628.HK)	3.0	0.2	2.3	5.6	499.4	1.1%	41.4%
37	Dr. Yang Dajun	Executive director, chairman of the board and chief executive officer	Ascentage-B (6855.HK)	1.8	—	—	1.8	1,083.4	0.2%	— (Note 3)
38	Mr. Zhu Jun	Executive director, chief executive officer and general manager	Cryofocus-B (6922.HK)	2.6	—	9.6	12.2	150.8	8.1%	78.8%
39	Mr. Ge Junyou	Executive director, chief executive officer and general manager	SKB BIO-B (6990.HK)	2.6	1.0	14.4	17.9	1,232.4	1.5%	80.1%
40	Dr. Jay Mei	Executive director, chairman of the board and chief executive officer	Antengene-B (6996.HK)	7.2	3.2	6.4	16.8	746.5	2.2%	38.3%
41	Dr. Guo Feng	Executive director, chairman of the board and chief executive officer	Geno-B (6998.HK)	3.2	1.5	16.6	21.3	689.5	3.1%	78.1%
42	Mr. LY Shiwen	Executive director, chairman of the board, chief executive officer	Jenscare-B (9877.HK)	2.1	0.8	36.0	38.8	438.5	8.9%	92.6%
43	Dr. Youzhi Tong	Executive director, chairman of the board, chief executive officer	Kintor-B (9939.HK)	6.7	0.3	—	6.9	1,034.9	0.7%	— (Note 3)
						Maximum	73.0		18.5%	98.5%

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

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 (%)
			Minimum Average Median			1.2 17.2 14.2		0.2% 3.9% 2.3%	0.0% 53.0% 60.9%
		The Company (1952.HK)				The CEO Adjusted Range (Note 3)		Maximum Minimum Average Median	98.5% 7.2% 67.0% 73.0%
Mr. Luo	Executive Director and chief executive officer		7.4	3.6	20.9 (Note 2)	31.9	936.6	3.4%	65.5%

Source: 2023 Annual Report and latest annual reports of the respective CEO Comparable Companies

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Notes:

1. Total operating expenses of the CEO Comparable Companies include selling and distribution expenses, research and development costs and administrative expenses, excluding other expenses, 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.
2. For illustrative purpose, the estimated economic value of the proposed grant of Performance Target Awards to Mr. Luo is based on (i) the 237,695 Performance Target Awards granted on 5 April 2024; (ii) the closing share price of the Company (i.e. HK\$21.85 per Share) on the date of grant of the proposed grant of Performance Target Awards (i.e. 5 April 2024); and (iii) annualisation by dividing the aforesaid awards by the vesting period of up to 4 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 into HK\$ is based on the exchange rate of RMB1 to HK\$1.103.
3. We note that 9 out of 43 CEO Comparable Companies do not have share-based payment, for illustrative purpose, we have excluded these 9 CEO Comparable Companies, which are Basecare-B (2170.HK), Carsgen-B (2171.HK), Broncus-B (2216.HK), Biocytogen-B (2315.HK), YZYBIO-B (2496.HK), SinoMab-B (3681.HK), Heartcare-B (6609.HK), Ascentage-B (6855.HK) and Kintor-B (9939.HK), to calculate the adjusted percentage of share-based payment over total remuneration package (the “**CEO Adjusted Range**”). We have also excluded Peijia Medical Limited-B (9996.HK) as it is still pending to release the audited annual results for the year ended 31 December 2023.
4. For illustrative purpose, the translation of United States dollars into RMB in the table above are based on the exchange rate of US\$1 to RMB7.0949.

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 0.2% to approximately 18.5% with a median and average of approximately 2.3% and 3.9%, respectively. Mr. Luo’s total remuneration package taking into account of the proposed grant of Performance Target Awards constituted approximately 3.4% of the Group’s total operating expenses for the year ended 31 December 2023, which is within the range and below the average but above the median 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 nil to 98.5% with a median and average of approximately 60.9% and 53.0%, respectively. We note that 9 out of 43 CEO Comparable Companies do not have share-based payment. After excluding the aforesaid 9 CEO Comparable Companies, the CEO Adjusted Range was approximately 7.2% to 98.5% with a median and average of approximately 73.0% and 67.0%, respectively. The share-based payment to Mr. Luo for the year ended 31 December 2023 taking into account of the proposed grant of Performance Target Awards accounted for approximately 65.5% of his total remuneration, which is within the CEO Adjusted Range of that of the CEO Comparable Companies and below the adjusted median and the adjusted average.

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As set out in the Letter from the Board, the grant of Awards is part of the Company's remuneration policy. The proposed grant of Performance Target Awards 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 but above 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 below the adjusted median and the adjusted average of the CEO Comparable Companies; (iii) Mr. Luo's total remuneration is within the range 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 Proposed Award Grants as mentioned above, we consider his remuneration, including the proposed grant of Performance Target Awards to Mr. Luo, to be fair and reasonable.

Assessment on the proposed grant of Performance Target Awards to Mr. Woo

Set out below is the breakdown of the remuneration package of Mr. Woo for the year ended 31 December 2023, including the proposed grant of Performance Target Awards to Mr. Woo:

	Salaries, contributions, and other benefits (RMB'000)	Performance related bonus (RMB'000)	Share-based payment expenses (RMB'000)	Total remuneration (RMB'000)
<i>Considering the proposed grant of Performance Target Awards to Mr. Woo only</i>				
Cash	5,835	5,514	—	11,349
Share options	—	—	7,115	7,115
Economic value of the proposed grant of Performance Target Awards to Mr. Woo	—	—	589	589 ^(Note 1)
Total	5,835	5,514	7,704	19,053

Source: 2023 Annual Report and announcement of the Company dated 5 April 2024

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Note:

- For illustrative purpose, the estimated economic value of the proposed grant of Performance Target Awards to Mr. Woo is based on (i) the 118,848 Performance Target Awards granted on 5 April 2024; (ii) the closing share price of the Company (i.e. HK\$21.85 per Share) on the date of grant of the proposed grant of Performance Target Awards (i.e. 5 April 2024); and (iii) annualisation by dividing the aforesaid awards by the vesting period of up to 4 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\$1.103.

In assessing the fairness and reasonableness of the proposed grant of Performance Target Awards to Mr. Woo, we have compared the remuneration packages of the proposed grant of Performance Target Awards to Mr. Woo 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 by ruling out the executive directors with roles of chief executive officers but including those with roles of C-suites (including chief financial 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**”).

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	Number of executive directors	Average remuneration package of each executive director (Note 1) (RMB'000)	Average share-based payment of each executive director (RMB'000)	Percentage of average share-based payment to average remuneration package of each executive director (RMB'000)
1	Jacobio-B	1167.HK	2	2,528	164	6.5%
2	Ocumension-B	1477.HK	1	4,322	1,829	42.3%
3	Immuneonco-B	1541.HK	2	3,229	1,518	47.0%
4	Laekna-B	2105.HK	2	5,341	2,957	55.4%
5	Brii-B	2137.HK	1	12,476	6,456	51.7%
6	HBM Holdings-B	2142.HK	1	3,881	1,107	28.5%
7	LEPU Bio-B	2157.HK	2	3,811	3,024	79.3%
8	CardioFlow-B	2160.HK	2	3,102	1,504	48.5%
9	Basecare-B	2170.HK	2	1,038	—	—(Note 3)
10	Carsgen-B	2171.HK	2	1,751	169	9.6%
11	Recbio-B	2179.HK	3	5,390	3,382	62.8%
12	Mabpharm-B	2181.HK	3	1,527	583	38.2%
13	BioHeart-B	2185.HK	2	3,792	2,829	74.6%
14	ZYLOXTB-B	2190.HK	2	9,448	5,153	54.5%

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Name of ED Comparable Companies	Stock code	Number of executive directors	Average remuneration package of each executive director <i>(Note 1)</i> <i>(RMB'000)</i>	Average share-based payment of each executive director <i>(RMB'000)</i>	Percentage of average share-based payment to average remuneration package of each executive director <i>(RMB'000)</i>	
15	Clover Bio-B	2197.HK	1	5,829	3,024	51.9%
16	Airdoc-B	2251.HK	3	1,001	—	— <i>(Note 3)</i>
17	Abbisko-B	2256.HK	2	11,006	8,015	72.8%
18	Sirnaomics-B	2257.HK	3	4,787	2,412	50.4%
19	Rainmed-B	2297.HK	3	2,620	479	18.3%
20	Biocytogen-B	2315.HK	1	3,913	2,903	74.2%
21	Luzhu Biotech-B	2480.HK	2	19,145	18,609	97.2%
22	Cutia-B	2487.HK	1	16,715	9,586	57.3%
23	Qyuns-B	2509.HK	2	3,552	1,963	55.3%
24	Hightide-B	2511.HK	1	10,829	9,480	87.5%
25	Hua Medicine-B	2552.HK	1	7,156	1,145	16.0%
26	Heartcare-B	6609.HK	2	2,270	1,211	53.3%
27	Zhaoke Ophth-B	6622.HK	1	1,817	1,001	55.1%
28	Transcenta-B	6628.HK	1	8,320	4,848	58.3%
29	Cryofocus-B	6922.HK	1	1,716	580	33.8%
30	SKB BIO-B	6990.HK	1	2,632	—	— <i>(Note 3)</i>
31	Antengene-B	6996.HK	2	6,541	2,579	39.4%
32	Jenscare-B	9877.HK	1	18,655	15,314	82.1%
33	Kintor-B	9939.HK	3	6,545	3,859	59.0%
			Maximum	19,145	18,609	97.2%
			Minimum	1,001	—	0.0%
			Average	5,960	3,566	47.3%
			Median	3,913	2,412	51.9%
			The ED Adjusted Range <i>(Note 3)</i>		Maximum	97.2%
					Minimum	6.5%
					Average	52.0%
					Median	54.1%
The Company	1952.HK				Maximum	97.2%
— Mr. Woo				19,053	Minimum	6.5%
					Average	52.0%
					Median	54.1%
						40.4%
					<i>(Note 2)</i>	

Source: 2023 Annual Report and the latest annual reports of the ED Comparable Companies

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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.
2. For illustrative purpose, the estimated economic value of the proposed grant of Performance Target Awards to Mr. Woo is based on (i) the 118,848 Performance Target Awards granted on 5 April 2024; (ii) the closing share price of the Company (i.e. HK\$21.85 per Share) on the date of grant of the proposed grant of Performance Target Awards (i.e. 5 April 2024); and (iii) annualisation by dividing the aforesaid awards by the vesting period of up to 4 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\$1.103.
3. We note that 3 out of 33 ED Comparable Companies do not have share-based payment, for illustrative purposes, we have excluded these 3 ED Comparable Companies, which are Basecare-B (2170.HK), Airdoc-B (2251.HK) and SKB BIO-B (6990.HK), to calculate the adjusted percentage of share-based payment over total remuneration package (the “**ED Adjusted Range**”). We have also excluded Peijia Medical Limited-B (9996.HK) as it is still pending to release the audited annual results for the year ended 31 December 2023.
4. For illustrative purpose, the translation of United States dollars into RMB in the table above are based on the exchange rate of US\$1 to RMB7.0949.

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 average remuneration of the executive directors of the ED Comparable Companies ranged from approximately RMB1.0 million to approximately RMB19.1 million for the financial year ended 31 December 2023 as disclosed in the latest available annual reports. The remuneration of Mr. Woo taking into account of the proposed grant of Performance Target Awards are within range among the average remuneration package of the executive directors of the ED Comparable Companies.

As shown in the table above, the percentage of the average share-based payment to the executive directors over average remunerations of the ED Comparable Companies ranged from nil to 97.2% with a median and average of approximately 51.9% and 47.3%, respectively. We note that 3 out of 33 ED Comparable Companies do not have share-based payment. After excluding the aforesaid 3 ED Comparable Companies, the ED Adjusted Range was approximately 6.5% to 97.2% with a median and average of approximately 54.1% and 52.0%, respectively. The share-based payment to Mr. Woo for the year ended 31 December 2023 taking into account of the proposed grant of

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Performance Target Awards to Mr. Woo accounted for approximately 40.4% of his total remuneration, which is within the ED Adjusted Range and below both the adjusted median and the adjusted average of the ED Comparable Companies.

As set out in the Letter from the Board, the grant of Awards is part of the Company's remuneration policy. The Proposed Award Grants aim to provide sufficient incentive to retain and motivate the 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 Grantees 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.

Taking into account that (i) Mr. Woo's total remuneration is within the range of the average remuneration package of the ED Comparable Companies; (ii) the percentage of share-based payment in Mr. Woo's total remuneration package is within the ED Adjusted Range and below both the adjusted median and the adjusted average of the ED Comparable Companies; (iii) the background and experience of Mr. Woo as discussed above; and (iv) the reasons and benefits of the Proposed Award Grants as mentioned above, we consider his remuneration, including the proposed grant of Performance Target Awards to Mr. Woo, to be fair and reasonable.

Assessment on the proposed grant of Awards to Mr. Zixin Qiao and Ms. Heasun Park

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 senior management, we consider that it is fair and reasonable to compare the proposed grant of Awards to Mr. Zixin Qiao and Ms. Heasun Park with the ED Comparable Companies. We were advised by the management of the Group that number and value of Awards proposed to be granted to each of the two Grantees were under the same basis with reference to, among other things, their respective roles, responsibilities, work experience, contributions and remuneration packages, as well as the market value of the Awards. In addition, based on the information provided by the Company, the percentage of the amount of share-based payment to the remuneration package of Mr. Zixin Qiao and Ms. Heasun Park is approximately 22.1%, which is within the ED Adjusted Range and lower than the adjusted average and the adjusted median of the Comparable Companies.

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Having considered (i) the percentage of the amount of share-based payment to total remuneration package of Mr. Zixin Qiao and Ms. Heasun Park is within ED Adjusted Range and below both the adjusted median and the adjusted average; (ii) the respective background and experience with their significant achievements and contribution to the growth of the Group as discussed above; and (iii) the reasons and benefits of the Proposed Award Grants as mentioned above, we are of the view that the proposed grants of Awards to Mr. Zixin Qiao and Ms. Heasun Park are fair and reasonable.

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 5 April 2024 (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 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 a director or former director (in the last 12 months) of the subsidiaries of the Company 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 announcement of the Company dated 5 April 2024 in relation to the Proposed Award Grants and we have identified fifteen 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 fifteen 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 (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 2) (%)	Details of grantees involved in the connected grants	Vesting period (years)	Other vesting conditions (Note 3)	Clawback mechanism (Note 4)
11 April 2023	Clover Bio-B (2197.HK)	11 April 2023	3.71	2,353.83	0.16%	0.08%	2 connected grantees, comprising CEO and executive directors	1 to 4 years	Individual performance indicators and group level performance conditions	Yes
18 April 2023	BeiGene (6160.HK)	17 April 2023	43.17	199,442.08	0.02%	0.02%	1 connected grantee, comprising executive director and CEO	4 years	N/A	No
29 May 2023	Ascentage-B (6855.HK)	19 May 2023	3.34	5,548.55	0.06%	0.03%	2 connected grantees, comprising CEO and executive directors	Less than 12 months	Individual performance indicators	Yes
2 June 2023	Immocare (9969.HK)	2 June 2023	15.15	1,955.75	0.77%	0.39%	2 connected grantee, comprising executive director and CEO	5 years	Individual performance indicators and group level performance conditions	Yes

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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 2) (%)	Details of grantees involved in the connected grants	Vesting period (years)	Other vesting conditions (Note 3)	Clawback mechanism (Note 4)
5 June 2023	SciClone Pharma (6600.HK)	5 June 2023	7.28	6,295.23	0.12%	0.06%	2 connected grantees, comprising executive director, CEO and CFO	2 years	Not disclosed	Not disclosed
11 June 2023	NH Health (6606.HK)	9 June 2023	26.75	12,766.82	0.21%	0.10%	2 connected grantees, comprising executive director and chief scientific officer	1 to 4 years	Individual performance indicators and group level performance conditions	Yes
30 June 2023	Zai Lab (9688.HK)	29 June 2023	14.83	20,198.56	0.07%	0.07%	1 connected grantee, comprising executive director and CEO	4 years	N/A	No

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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 2) (%)	Details of grantees involved in the connected grants	Vesting period (years)	Other vesting conditions (Note 3)	Clawback mechanism (Note 4)
24 August 2023	Wuxi Bio (2269.HK)	24 August 2023	34.08	189,549.20	0.02%	0.01%	2 connected grantees, comprising executive director, CEO and chief technology officer	2 years	Group level performance conditions	Yes
31 August 2023	Genor-B (6998.HK)	31 August 2023	6.32	759.51	0.83%	0.83%	1 connected grantee, comprising executive director and CEO	5 years	Individual performance indicators and group level performance conditions	Yes
27 December 2023	Transcentia-B (6628.HK)	27 December 2023	1.14	1,244.68	0.09%	0.09%	1 connected grantee, comprising executive director and CFO	1 year	N/A	Yes

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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 2) (%)	Details of grantees involved in the connected grants	Vesting period (years)	Other vesting conditions (Note 3)	Clawback mechanism (Note 4)
24 March 2024	Imovent Bio (1801.HK)	24 March 2024	126.38	58,412.99	0.22%	0.11%	2 connected grantees, comprising executive director and CEO	4 years	Individual performance indicators and group level performance conditions	No
27 March 2024	Wuxi Bio (2269.HK)	27 March 2024	15.85	58,594.39	0.03%	0.01%	2 connected grantees, comprising executive director, CEO and chief technology officer	5 years	N/A	Yes
28 March 2024	CStone Pharma-B (2616.HK)	28 March 2024	1.78	1,207.14	0.15%	0.15%	1 connected grantee, comprising executive director and CEO	4 years	N/A	Yes

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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 2) (%)	Details of grantees involved in the connected grants	Vesting period (years)	Other vesting conditions (Note 3)	Clawback mechanism (Note 4)
2 April 2024	Clover Bio-B (2197.HK)	2 April 2024	1.69	518.80	0.33%	0.16%	2 connected grantees, comprising CEO and executive directors	4 years	Group level performance conditions	Yes
5 April 2024	Zai Lab (9688.HK)	3 April 2024	3.36	12,361.40	0.03%	0.03%	1 connected grantee, comprising executive director and CEO	4 years	N/A	No
				Maximum	0.83%	0.83%				
				Minimum	0.02%	0.01%				
				Average	0.21%	0.14%				
				Median	0.12%	0.08%				

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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 2) (%)	Details of grantees involved in the connected grants	Vesting period (years)	Other vesting conditions (Note 3)	Clawback mechanism (Note 4)
5 April 2024	The Company (1952.HK)	5 April 2024	8.8	7,083.4	0.12	0.03	4 connected grantees, comprising executive director, CEO, CFO, director or former director of subsidiaries of the Company	4 years	Only proposed Performance Awards to Mr. Luo and Mr. Woo subject to performance targets of individual performance indicators and group level performance conditions	Yes

Sources: Website of the Stock Exchange

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Notes:

1. 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.
2. 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).
3. 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 including the terms such as obtaining market approval and commercialization progress of the various product pipelines, clinical trial and development progress of various product pipelines.
4. 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 noted 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 0.83% with an average of approximately 0.21%. We note that the value of the Proposed Award Grants represent approximately 0.12% of the Company’s market capitalisation as at the respective grant date (i.e. 5 April 2024), which are 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 ranged from approximately 0.01% to approximately 0.83% with an average of approximately 0.14%. We note that the value of the Proposed Award Grants per Grantee represent approximately 0.03% of the Company’s market capitalisation as at the respective grant date (i.e. 5 April 2024), which is within range and below the average of the Comparable Grants.

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As illustrated in the table above, the vesting periods of the Comparable Grants ranged from approximately 1 year to 4 years. Under the Proposed Award Grants, the relevant shares shall be transferred to the Grantees until the end of the vesting period of 4 years from the respective date of grant (i.e. 5 April 2024), the proposed Performance Target Award grants to Mr. Luo and Mr. Woo will be subject to the satisfaction of the relevant vesting conditions as achieved the specified company level performance targets and individual performance appraisal targets. Accordingly, the vesting periods of the Proposed Award Grants fall within the range of the Comparable Grants.

In addition, we noted from the Comparable Grants that 8 out of 15 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 noted that 10 out of 15 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 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\$21.85 per Share as at the date of the Proposed Award Grants (i.e. 5 April 2024), the total economic value relating to the Proposed Award Grants is approximately HK\$8.8 million in aggregate, 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. 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 performance targets under the proposed Performance Target Awards.

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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 402,543 Shares, or approximately 0.12% 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 Proposed Award Grants 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 Proposed Award Grants in full	
	<i>Number of Shares</i>	<i>% ^(Note 2)</i>	<i>Number of Shares</i>	<i>% ^(Note 2)</i>
<i>Grantees — Executive</i>				
<i>Directors</i>				
Mr. Luo	980,474	0.30	1,218,169	0.37
Mr. Woo	202,589	0.06	321,437	0.10
<i>Grantees — Employees</i>				
Mr. Zixin Qiao	3,946	0.00	32,946	0.01
Ms. Heasun Park	33,279	0.01	50,279	0.02
<i>Substantial Shareholders</i>				
CBC Group	129,265,877	39.75	129,265,877	39.70
<i>Other Shareholders</i>	194,678,628	59.87	194,678,628	59.80
Total	325,164,793	100.00	325,567,336	100.00

Notes:

1. The calculation is based on the total number of 325,164,793 Shares in issue as at the Latest Practicable Date.
2. The percentage figures in this column are rounded to two decimal places. The total of 100% may not be the arithmetic total of the figures in the this column.

As illustrated above, the shareholding of the other Shareholders would be diluted from approximately 59.87% to approximately 59.80% assuming all the Shares under the Proposed Award Grants are vested in full.

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Taking into account (i) the purpose 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.

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 other Grantees, led by Mr. Luo, is 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 the Grantees' associates, 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 the Grantees, taking into account of the Proposed Award Grants and 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 Proposed Award Grants over the market capitalisation as at the respective date of grant, the percentage of the total value of the grant shares of the Proposed Award Grants over the market capitalisation as at the respective date of grant per Grantee and the respective vesting periods in the Proposed Award Grants are generally in line with that of the Comparable Grants;
- (vi) 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
- (vii) the potential dilution effect of the Proposed Award Grants to the Independent Shareholders is acceptable,

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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 is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Elstone Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 25 years of experience in corporate finance industry.

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. William Ki Chul Cho (曹基哲)**, aged 46, was appointed as a non-executive Director with effect from 12 January 2024.

Mr. Cho is currently a Senior Managing Director of CBC Group, a controlling shareholder of the Company, where he is a member of the Management Committee and helps lead the portfolio management and private equity investments functions of CBC Group. Prior to joining CBC Group in 2023, he was the chief financial officer of Zai Lab Limited (stock code: 9688.hk) from March 2018 to July 2023. Mr. Cho also served as Managing Director and Head of Asia Healthcare Investment Banking at Citigroup from 2011 to 2018. Based in Hong Kong since 2011, Mr. Cho was responsible for healthcare client coverage at Citigroup across the Asia Pacific region and led many biopharma transactions in China. Prior to this, he was based in the United States, involved in healthcare investment banking and also spent time in corporate development for a pharmaceutical services company. Mr. Cho started his career at Ernst & Young LLP as an auditor in the healthcare group.

Mr. Cho obtained his MBA degree from the Wharton School of the University of Pennsylvania, his Master degree in Accounting from the University of Virginia, and his Bachelor's degree in Business Administration from the University of Southern California's Marshall School of Business.

Mr. Cho has entered into an appointment letter with the Company for a term of three years from 12 January 2024, subject to (i) retirement from office and re-election at the first annual general meeting of the Company after his appointment and (ii) retirement by rotation and re-election at least once every three years, in accordance with the Memorandum and Articles of Association and the corporate governance code set out in Appendix C1 to the Listing Rules. According to the terms of Mr. Cho's appointment, Mr. Cho will not receive any remuneration or benefits in his capacity as a non-executive Director but is entitled to the reimbursement of all reasonable out-of-pocket expenses incurred in the performance of his duties in connection with the business of the Company.

Save as disclosed above, Mr. Cho 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 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 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. Cho's standing for re-election as Director that need to be brought to the attention of the Shareholders.

- (2) **Mr. Honggang Feng (馮洪剛)**, aged 59, was appointed as a non-executive Director with effect from 9 February 2024.

Mr. Feng has more than 35 years of experience in the healthcare industry. He is currently a senior advisor of CBC Group, a controlling shareholder of the Company, where he assists in portfolio management and is responsible for the post-investment management. He was the president of Simcere Pharmaceutical Group Limited (stock code: 2096.hk) from January 2015 to November 2019, and held other leadership positions in Simcere from 1994 to 2007, including as a director of biomedical department, vice president of its research institute and as a director of marketing department. From August 2007 to October 2014, Mr. Feng was the general manager of Shihuida Pharma Group. Mr. Feng started his career as an internist and an endocrinologist in different hospitals.

Mr. Feng received his medical education from Yangzhou Medical College (now known as Medical School, Yangzhou University) in 1982 and obtained a Master of Medicine from China Medical University in 1989.

Mr. Feng has entered into an appointment letter with the Company for a term of three years from 9 February 2024, subject to (i) retirement from office and re-election at the first annual general meeting of the Company after his appointment and (ii) retirement by rotation and re-election at least once every three years, in accordance with the Memorandum and Articles of Association and the corporate governance code set out in Appendix C1 to the Listing Rules. According to the terms of Mr. Feng's appointment, Mr. Feng will not receive any remuneration or benefits in his capacity as a non-executive Director but is entitled to the reimbursement of all reasonable out-of-pocket expenses incurred in the performance of his duties in connection with the business of the Company.

Save as disclosed above, Mr. Feng 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 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 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. Feng's standing for re-election as Director that need to be brought to the attention of the Shareholders.

- (3) **Mr. Shidong Jiang (蔣世東)**, aged 56, was appointed as an independent non-executive Director and a member of the audit and remuneration committees of the Company in September 2020.

Mr. Jiang has over a decade of experience in the pharmaceutical industry and served as the Head of Sales and Marketing of Beijing Astellas Medical Co., Ltd. (北京安斯泰來醫藥有限公司) to oversee both Hospital & Specialty Business Unit and Oncology Business Unit from 1 January 2022 to 15 January 2024. He has been appointed as the Head of Hospital & Specialty Care Business Unit & Founding Partner of Astellas Pharmaceutical (China) Co, Ltd. since January 2021. He was previously the general manager of Hemony Pharma Co., Ltd., a private pharmaceuticals business in China, including in 2017, the chief executive officer of Hisun-Pfizer Pharmaceuticals Ltd., a joint venture between Pfizer Inc. (NYSE: PFE) and Zhejiang Hisun Pharmaceuticals Co., Ltd. (SSE: 600267), in 2015, the president of St. Jude Medical (Shanghai) Limited, St. Jude Medical, Inc.'s (NYSE: STJ, delisted) Chinese subsidiary, including in 2012, and employed by the Pfizer Inc. (NYSE: PFE) pharmaceutical group including as general manager for specialty/anti-infectives in 2010 and 2011.

Mr. Jiang received his bachelor's degree in power engineering from the Dalian University of Technology in Dalian, China in July 1989.

Mr. Jiang has entered into an appointment letter with the Company for a term of three years commencing from 25 September 2023 and subject to retirement as and when required under the Memorandum and Articles of Association. Either party may terminate the agreement by giving not less than three months' written notice. According to the terms of Mr. Jiang's appointment, Mr. Jiang is entitled to a director's fee of US\$50,000 per annum and Mr. Jiang 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. Jiang 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. Jiang 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. Jiang has confirmed that he does not (i) hold any other positions 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 Director, senior management or substantial shareholder or controlling shareholder 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. Jiang's standing for re-election as Director that need to be brought to the attention of the Shareholders.

- (4) **Mr. Yifan Li (李軼梵)**, aged 56, 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 served as chief financial & investment advisor of Human Horizons Group Inc. between April 2022 and December 2023 and served as the company's 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 2023 and subject to retirement as and when required under the Memorandum and Articles of Association. Either party may terminate the agreement by giving not less than three months' written notice. 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.

- (5) **Ms. Hoi Yam Chui (徐海音) (alias: 徐海瑛) (former name: 徐海英)**, aged 57, 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, was 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) from December 2022 to June 2023 and re-designated to be a non-executive director since June 2023. 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 and subject to retirement as and when required under the Memorandum and 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 325,164,793 Shares (with no treasury 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 325,164,793 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 32,516,479 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 Memorandum and 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 2023) 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\$
2023		
May	14.84	10.64
June	24.85	10.32
July	24.80	18.60
August	22.50	16.82
September	26.20	16.90
October	29.20	21.65
November	32.20	19.80
December	21.60	18.10
2024		
January	21.35	15.46
February	25.25	14.34
March	30.65	20.95
April	27.20	21.30
May (<i>up to the Latest Practicable Date</i>)	27.10	21.65

6. GENERAL

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 will exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Cayman Islands, and the Memorandum and Articles of Association.

The Company may cancel such repurchased Shares or hold them as treasury Shares, subject to market conditions and the Group's capital management needs at the relevant time of the repurchases.

For any treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the treasury Shares from CCASS, and either re-register them in its own name as treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury Shares.

The Company has confirmed that neither the explanatory statement nor the Repurchase Mandate has any unusual features.

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 39.75% 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 44.17%. 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).

The following are the proposed amendments to the Memorandum and Articles of Association, with the deletions shown in strikethrough and the additions or revisions shown in underline. Unless otherwise specified, clauses and articles referred to herein are clauses and articles of the New Memorandum and Articles of Association.

All capitalised terms in the proposed amendments contained in this Appendix are terms defined in the Memorandum and Articles of Association which shall have the corresponding meanings ascribed to them in the Memorandum and Articles of Association.

Clause	Provisions in the amended and restated Memorandum of Association
Cover	SEVENTH <u>EIGHTH</u> AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION
Cover	(adopted by special resolution passed on 29 June 2022 and effective on 29 June 2022 <u>[●] 2024</u>)

Clause	Provisions in the amended and restated Articles of Association
Cover	SEVENTH <u>EIGHTH</u> AMENDED AND RESTATED ARTICLES OF ASSOCIATION
Cover	(adopted by special resolution passed on 29 June 2022 and effective on 29 June 2022 <u>[●] 2024</u>)
2.2	<p><u>“Corporate Communication”</u> shall have the meaning given to it in the Listing Rules.</p> <p>“special resolution” shall have the same meaning as ascribed thereto in the Companies Act and shall include a unanimous written resolution of all members: for this purpose, the requisite majority shall be not less than three-fourths of the votes of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, and includes a special resolution passed pursuant to Article 13.10 <u>13.11</u>.</p>

Clause	Provisions in the amended and restated Articles of Association
4.8	The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed by virtue of these Articles with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed. In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice in accordance with the procedures set out in this Article <u>and the Listing Rules.</u>
6.3	A copy of the notice referred to in Article 6.2 shall be sent in the manner in which notices may be sent to members by the Company as herein provided <u>in Article 30.1.</u>
6.5	In addition to the giving of notice in accordance with Article 6.3, notice of the person appointed to receive payment of every call and of the times and places appointed for payment may be given to the members affected by notice published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspaper.
6.6 <u>6.5</u>	A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.
6.7 <u>6.6</u>	The joint holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such share or other monies due in respect thereof.
6.8 <u>6.7</u>	The Board may from time to time at its discretion extend the time fixed for any call, and may extend such time as to all or any of the members, whom by reason of residence outside Hong Kong or other cause the Board considers it reasonable to grant an extension to, but no member shall be entitled to any such extension as a matter of grace and favour.
6.9 <u>6.8</u>	If the sum or any instalment payable in respect of any call is unpaid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 15% per annum as the Board shall determine from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part.

Clause	Provisions in the amended and restated Articles of Association
6.10 - <u>6.9</u>	No member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another member) at any general meeting, either personally or by proxy, or be reckoned in a quorum, or to exercise any other privilege as a member until all sums or instalments due from him to the Company in respect of any call, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
6.11 - <u>6.10</u>	At the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the register as the holder, or one of the holders, of the shares in respect of which such debt accrued; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, and the proof of the matters aforesaid shall be conclusive evidence of the debt.
6.12 - <u>6.11</u>	Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, whether on account of the nominal value of the share and/or by way of premium or otherwise, shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, liabilities of joint holders, forfeiture and the like, shall apply as if such sum had become payable by virtue of a call duly made and notified.
6.13 <u>6.12</u>	The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such member not less than one month's notice in writing of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

Clause	Provisions in the amended and restated Articles of Association
9.1	If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time during such time as any part thereof remains unpaid, without prejudice to the provisions of Article 6.10 <u>6.9</u> , serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment.
14.10	The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority, (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith (<u>including by electronic means</u>)) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid provided always that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex or cable or facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

Clause	Provisions in the amended and restated Articles of Association
30.1	<p>Except as otherwise provided in these Articles, any notice or document, <u>including any Corporate Communication</u>, may be served by the Company and any notices may be served by the Board on any member either personally or by <u>in any of the following manner:</u></p> <p>(a) <u>personally by leaving it at the registered address of such member as appearing in the register;</u></p> <p>(b) <u>by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, to the extent permitted (which shall be sent by airmail where the notice or document is posted from one country to another);</u></p> <p>(c) by the Listing Rules and all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website provided that the Company has obtained either (a) the member's prior express positive confirmation in writing or (b) the member's deemed consent, in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or;</p> <p>(d) <u>by making it available on the Company's Website and/or the Exchange's website in compliance with the requirements of the Listing Rules, where such notice or document constitutes Corporate Communication; or</u></p> <p>(e) (in the case of notice) by advertisement published in the manner prescribed under the Listing Rules or as permitted by an applicable regulator (including the Exchange).</p> <p>In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.</p>

Clause	Provisions in the amended and restated Articles of Association
30.4	<p>A member shall be entitled to have notice served on him at any address within Hong Kong. Any member who has not given an express positive confirmation in writing to the Company in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. A member who has no registered address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed, provided that, without prejudice to the other provisions of these Articles, nothing in this Article shall be construed as prohibiting the Company from sending, or entitling the Company not to send, notices or other documents of the Company to any member whose registered address is outside Hong Kong.</p>
30.4	<p><u>Any notice or document, including any Corporate Communication:</u></p> <p>(a) <u>delivered or left at a registered address otherwise than by post shall be deemed to have been served or delivered on the day it was so delivered or left;</u></p> <p>(b) 30.5 Any notice or document sent by post shall be deemed to have been served on the day following that on which it is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so addressed and put into such post office shall be conclusive evidence thereof;</p> <p>30.6 Any notice or other document delivered or left at a registered address otherwise than by post shall be deemed to have been served or delivered on the day it was so delivered or left.</p> <p>(c) <u>given by electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by the Listing Rules or any applicable laws or regulations, and it shall not be necessary for the receipt of the electronic transmission to be acknowledged by the recipient;</u></p>

Clause	Provisions in the amended and restated Articles of Association
	<p>(d) <u>served by being made available on the Company's Website and/or the Exchange's website shall be deemed to be served on the day the notice first appears on the Company's Website and/or the Exchange's website, or such later time as may be prescribed by the Listing Rules; and</u></p> <p>(e) 30.7 Any notice served by advertisement shall be deemed to have been served on the day of issue of the official publication and/or newspaper(s) in which the advertisement is published (or on the last day of issue if the publication and/or newspaper(s) are published on different dates).</p>
30.8	Any notice given by electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by the Listing Rules or any applicable laws or regulations.
<u>30.5</u>	30.9 A notice may be given by the Company to the person or persons entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter addressed to him or them by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Hong Kong supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.
<u>30.6</u>	30.10 Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such share.
<u>30.7</u>	30.11 Any notice or document delivered or sent to any member in pursuance of these Articles, shall notwithstanding that such member be then deceased and whether or not the Company has notice of his death be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such shares.
<u>30.8</u>	30.12 The signature to any notice to be given by the Company may be written or printed by means of facsimile or, where relevant, by Electronic Signature.

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	129,265,877 ⁽²⁾	39.75%	Long position
Mr. Luo Yongqing	Beneficial owner	10,459,078 ⁽³⁾	3.22%	Long position
Mr. Ian Ying Woo	Beneficial owner	3,113,270 ⁽⁴⁾	0.96%	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 325,164,793 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 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, (ii) 1,559,349 shares pursuant to the exercise of options with exercise price at HK\$15.632 and (iii) 1,901,560 shares pursuant to the exercise of options with exercise price at HK\$22.54 under the Post-IPO Share Option Scheme, subject to the conditions of those options. Mr. Yongqing Luo is also entitled to receive up to 1,080,000 Shares pursuant to the performance target awards granted to him under the Post-IPO Share Award Scheme and 237,695 Shares pursuant to the performance target awards proposed to be granted to him under the Post-IPO Share Award Scheme which remains subject to independent Shareholders’ approval.
- (4) Mr. Ian Ying Woo’s entitlement to receive up to 110,000 Shares and 2,068,858 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), HK\$15.632 (up to 779,675 Shares) and HK\$22.54 (up to 950,780 Shares). Mr. Woo is entitled to receive 83,163 share awards in accordance with the conditions of those share awards. Mr. Woo is also entitled to receive up to (i) 333,333 Shares and (ii) 196,479 Shares under Post-IPO Share Award Scheme and Pre-IPO ESOP, respectively, subject to the conditions of those performance target awards. In addition, Mr. Woo is also entitled to receive up to 118,848 Shares pursuant to the performance target awards proposed to be granted to him under the Post-IPO Share Award Scheme which remains subject to independent Shareholders’ approval.
- (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 these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).
- (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 these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).

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 2023, the date to which the latest published audited financial statements of the Group were made up, and none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

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

5. COMPETING INTERESTS

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

6. 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 2023, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

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

8. DOCUMENTS ON DISPLAY

A copy of the Post-IPO Share Award Scheme 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.

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 顶 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 Friday, 28 June 2024 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 2023 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. William Ki Chul Cho as a non-executive Director;
- 2(b). To re-elect Mr. Honggang Feng as a non-executive Director;
- 2(c). To re-elect Mr. Shidong Jiang as an independent non-executive Director;
- 2(d). To re-elect Mr. Yifan Li as an independent non-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 (excluding any shares that are held as treasury shares (which shall have the meaning ascribed to it under the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited coming into effect on 11 June 2024)) 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 memorandum and 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 (including any sale and transfer of shares out of treasury that are held as treasury shares) in the capital of the Company and to make or grant offers,

NOTICE OF ANNUAL GENERAL MEETING

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;

- (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 memorandum and articles of association of the Company,

shall not exceed 20% of the total number of issued shares of the Company (excluding any shares that are held as treasury shares) 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 memorandum and 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).”

NOTICE OF ANNUAL GENERAL MEETING

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 (including the sale and transfer of shares out of treasury that are held as treasury shares) or agreed conditionally or unconditionally to be allotted and issued (including the sale and transfer of shares out of treasury that are held as treasury shares) 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 (excluding any treasury shares) 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 resolution as an ordinary resolution:

“**THAT**

- (a) the grant of a maximum of 237,695 performance target awards (the “**Performance Target Awards**”) to Mr. Yongqing Luo (the “**Proposed Grant to Mr. Luo**”) 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 Proposed Grant to Mr. Luo under the Post-IPO Share Award Scheme, such that the award shares to be issued pursuant to the Proposed Grant to Mr. Luo 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 7(a) above.”

NOTICE OF ANNUAL GENERAL MEETING

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

“THAT

- (a) the grant of a maximum of 118,848 Performance Target Awards to Mr. Ian Ying Woo (the **“Proposed Grant to Mr. Woo”**) 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. Woo, be authorised to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the Proposed Grant to Mr. Woo under the Post-IPO Share Award Scheme, such that the award shares to be issued pursuant to the Proposed 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 8(a) above.”
9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) the grant of a maximum of 29,000 awards to Mr. Zixin Qiao (the **“Proposed 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 Proposed Grant to Mr. Qiao under the Post-IPO Share Award Scheme, such that the award shares to be issued pursuant to the Proposed 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 9(a) above.”

NOTICE OF ANNUAL GENERAL MEETING

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

“THAT

- (a) the grant of a maximum of 17,000 awards to Ms. Heasun Park (the **“Proposed 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 Proposed Grant to Ms. Park under the Post-IPO Share Award Scheme, such that the award shares to be issued pursuant to the Proposed 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 10(a) above.”

SPECIAL RESOLUTION

11. To consider and, if thought fit, to pass the following resolution as a special resolution:

“THAT

- (a) the proposed amendments to the existing memorandum and articles of association of the Company (the **“Proposed Amendments”**), the details of which are set out in Appendix III to the circular of the Company dated 5 June 2024, be and are hereby approved;
- (b) the eighth amended and restated memorandum and articles of association of the Company (the **“Amended and Restated Memorandum and Articles”**), which contains all the Proposed Amendments and a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification, be and is hereby approved and adopted in substitution for and to the exclusion of the existing memorandum and articles of association of the Company with immediate effect; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) any Director or company secretary of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents and make all such arrangements that he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the Proposed Amendments and the adoption of the Amended and Restated Memorandum and Articles, including without limitation, attending to the necessary filings with the Registrar of Companies in the Cayman Islands and Hong Kong.”

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

Hong Kong, 5 June 2024

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.
4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 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 Monday, 24 June 2024.
5. Treasury shares, if any and registered under the name of the Company, shall have no voting rights at the Annual General Meeting. For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury shares of the Company (if any) are not entitled to vote at the Annual General Meeting.
6. As at the date of this notice, the Board comprises Mr. Wei Fu as Chairman and Executive Director, Mr. Yongqing Luo and Mr. Ian Ying Woo as Executive Directors, Mr. William Ki Chul Cho and Mr. Honggang Feng as Non-executive Directors, and Ms. Hoi Yam Chui, Mr. Yifan Li and Mr. Shidong Jiang as Independent Non-executive Directors.