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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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司), you should at once hand this circular and the accompanying 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.



Pharmaron Beijing Co., Ltd.*

康龍化成(北京)新藥技術股份有限公司

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

(Stock Code: 3759)

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2021;
- (2) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021;
- (3) FINANCIAL STATEMENTS FOR THE YEAR 2021;
- (4) 2021 PROFIT DISTRIBUTION PLAN;
- (5) PROPOSED GRANT OF THE CONVERTIBLE BONDS-RELATED SPECIFIC MANDATE TO ISSUE ADDITIONAL CONVERSION SHARES;
- (6) 2021 ANNUAL REPORT'S FULL TEXT AND REPORT SUMMARY AND 2021 ANNUAL RESULTS ANNOUNCEMENT;
- (7) REMUNERATION OF THE DIRECTORS FOR THE YEAR 2022;
- (8) REMUNERATION OF THE SUPERVISORS FOR THE YEAR 2022;
- (9) ENGAGEMENT OF DOMESTIC FINANCIAL AND INTERNAL CONTROL AUDITORS FOR THE YEAR 2022;
- (10) ENGAGEMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2022;
- (11) GUARANTEES QUOTA FOR THE YEAR 2022;
- (12) FOREIGN EXCHANGE HEDGING QUOTA FOR THE YEAR 2022;
- (13) PROPOSED ADOPTION OF THE 2022 A SHARE INCENTIVE SCHEME;
- (14) PROPOSED ADOPTION OF THE ASSESSMENT MANAGEMENT MEASURES FOR THE IMPLEMENTATION OF THE 2022 A SHARE INCENTIVE SCHEME;
- (15) PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2022 A SHARE INCENTIVE SCHEME;
- (16) PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE H SHARES;
AND
- (17) NOTICES OF ANNUAL GENERAL MEETING AND SECOND H SHARES CLASS MEETING OF 2022

A letter from the Board is set out on pages 7 to 60 of this circular. Notices convening the AGM on Tuesday, May 31, 2022 at 2 p.m., and after the conclusion of the AGM, the H Shares Class Meeting of the Company to be held at Juyuan Hall, 5/F, Block A, Zhaolin Plaza, No. 19 Ronghua Middle Road, Beijing Economic and Technological Development Area, Daxing District, Beijing, the PRC are set out in this circular. This circular, together with the form(s) of proxy and the Independent Director's Proxy Form(s), will be despatched by the Company on May 6, 2022 and published and be available for downloading on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and of the Company (www.pharmaron.com). For H Shareholders, if you intend to attend the AGM and/or the H Shares Class Meeting, please complete and return the enclosed reply slip in accordance with the instructions printed thereon as soon as possible and in any event on or before Wednesday, May 25, 2022.

Whether or not you are able to attend the AGM and/or the H Shares Class Meeting, please complete and sign the form of proxy for use at the AGM and/or the H Shares Class Meeting in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM and/or the H Shares Class Meeting or any adjournment thereof. Completion and return of the form of proxy and the Independent Director's Proxy Form(s) will not preclude you from attending and voting in person at the AGM and/or the H Shares Class Meeting or any adjournment thereof (as the case maybe) if you so wish.

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

* For identification purposes only

May 6, 2022

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PRECAUTIONARY MEASURES FOR THE AGM AND THE H SHARE CLASS MEETING

The health of the Shareholders, staff and stakeholders of the Company is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures to reduce the risk of contracting and spreading of COVID-19 at the AGM and the H Share Class Meeting:

- (a) Attendees who choose to attend physically should, in advance, pay attention to and observe the regulations and requirements of Beijing during the pandemic control period in relation to, among other things, health conditions declaration, isolation and observation. Attendees should also ensure their body temperatures are normal and they have no symptoms such as respiratory tract discomfort.
- (b) Compulsory body temperature checks will be conducted for every attendee.
- (c) Every attendee must wear a surgical face mask and observe other self-protection measures throughout the AGM and the H Share Class Meeting.
- (d) Examine the Travel Code and COVID-19 RT-PCR test report of the attendees if needed.
- (e) Attendees who cannot fulfill the then applicable regulations and requirements in relation to pandemic control will not be able to access the venue of the AGM and the H Share Class Meeting. They can exercise their right to vote at the AGM and the H Share Class Meeting by proxy.

In addition, the Company would like to remind all attending Shareholders that physical attendance in person at the AGM and the H Share Class Meeting is not necessary for the purpose of exercising voting rights. The Company encourages the Shareholders to exercise their right to vote at the AGM and the H Share Class Meeting by appointing the chairman of the AGM and the H Share Class Meeting as their proxy to vote on the relevant resolutions at the AGM and the H Share Class Meeting instead of attending the meeting in person, by completing and returning the enclosed form of proxy for use at the AGM and/or the H Share Class Meeting in accordance with the instructions printed thereon.

Subject to the development of COVID-19 and with reference to the pandemic control measures as applicable from time to time, the Company may implement further changes to the arrangement of the AGM and the H Share Class Meeting (including but not limited to conducting the AGM and the H Share Class Meeting via electronic means), and may issue further announcement(s) in this regard as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the 2021 Profit Distribution and Capitalization of Reserve, which are subject to Shareholders' approval of the 2021 Profit Distribution Plan at the AGM, the A Shares Class Meeting and the H Shares Class Meeting, as set forth below is indicative only and has been prepared on the assumption that all conditions of the 2021 Profit Distribution and Capitalization of Reserve will be fulfilled. Any consequential changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Latest time for lodging transfer documents for registration of transfer of H Shares to qualify for attending and voting at the AGM and the H Shares Class Meeting 4:30 p.m. on Wednesday, May 25, 2022

Closure of register of members for transfer of H Shares to qualify for attending and voting at the AGM and the H Shares Class Meeting Thursday, May 26, 2022 to Tuesday, May 31, 2022 (both days inclusive)

Latest time for returning proxy form for the AGM 2:00 p.m. on Sunday, May 29, 2022

Latest time for returning proxy form for the H Shares Class Meeting 2:00 p.m. on Sunday, May 29, 2022

AGM 2:00 p.m. on Tuesday, May 31, 2022

A Shares Class Meeting After the conclusion of the AGM on Tuesday, May 31, 2022

H Shares Class Meeting After the conclusion of the AGM and A Shares Class Meeting on Tuesday, May 31, 2022

Announcement of poll results of the AGM, A Shares Class Meeting and H Shares Class Meeting Tuesday, May 31, 2022

Resumption of registration of transfer of H Shares Wednesday, June 1, 2022

Last day of dealings in H Shares on a cum-entitlement basis relating to the Profit Distribution and the Capitalization Shares Thursday, June 2, 2022

EXPECTED TIMETABLE

First day of dealings in H Shares on an ex-entitlement basis relating to the Profit Distribution and the Capitalization Shares	Monday, June 6, 2022
Latest time for lodging transfer documents for registration of transfer of H Shares to qualify H Shareholders for the Profit Distribution and the Capitalization Shares	4:30 p.m., Tuesday, June 7, 2022
Closure of register of members for transfer of H Shares to qualify H Shareholders for the Profit Distribution and the Capitalization Shares	Wednesday, June 8, 2022 to Monday, June 13, 2022 (both days inclusive)
Record Date for determining H Shareholders' entitlement to the Profit Distribution and the Capitalization Shares	Monday, June 13, 2022
Resumption of registration of transfer of H Shares	Tuesday, June 14, 2022
Expected delivery of payment cheques for the Profit Distribution	Tuesday, July 5 2022
Certificates for the Capitalization Shares expected to be despatched	Tuesday, July 5 2022
Commencement of dealings in the New H Shares	Wednesday, July 6 2022

Notes:

1. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon, the latest time for lodging transfer documents will remain at 4:30 p.m. on the same Business Day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m., the latest time for lodging transfer documents will be rescheduled to 4:30 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.
2. The period of closure of register of members for transfer of H Shares to qualify H Shareholders for the Profit Distribution and the Capitalization Shares is pursuant to the relevant provisions in the Articles of Association.
3. All times and dates in this circular are Hong Kong times and dates.

DEFINITIONS

In this circular, the following expression shall have the meanings set out below unless the context requires otherwise:

“2021 Profit Distribution”	the proposed distribution of Dividends
“2021 Profit Distribution Plan”	the profit distribution and capitalization of reserve plan of the Company for the year ended December 31, 2021
“2022 A Share Incentive Scheme”	the 2022 Restricted A Share Incentive Scheme of the Company (draft)
“A Share(s)”	ordinary share(s) of the Company with nominal value of RMB1.00 each which are listed on the Shenzhen Stock Exchange
“A Share Specific Mandate”	the specific mandate to be sought from the Shareholders at the AGM and the Class Meetings to issue and allot not more than 1,548,800 A Shares (subject to Adjustment) as Restricted Shares under the 2022 A Share Incentive Scheme
“A Shareholder(s)”	Holder(s) of A Shares
“Additional Conversion Shares”	the additional H Share(s) to be issued upon conversion of the Series 1 Bonds and Series 2 Bonds pursuant to the respective applicable Trust Deed and the applicable Terms and Conditions at the respective Conversion Price
“Adjustment”	adjustment to the number of Restricted Shares and/or the Grant Price upon occurrence of certain corporate actions of the Company according to the 2022 A Share Incentive Scheme. Further details of the Adjustment are summarized in the paragraph headed “13. Proposed Adoption of the 2022 A Share Incentive Scheme – (ix). Method and Procedures for Adjustment” in this circular
“AGM”	the annual general meeting of the Company to be held on Tuesday, May 31, 2022 or any adjournment thereof
“Assessment Management Measures”	the Assessment Management Measures for the Implementation and Assessment of the 2022 A Share Incentive Scheme of Pharmaron Beijing Co., Ltd. (《康龍化成(北京)新藥技術股份有限公司2022年A股限制性股票激勵計劃實施考核管理辦法》)

DEFINITIONS

“Article of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board” or “Board of Directors”	the board of Directors
“Bonds”	Series 1 Bonds and Series 2 Bonds
“Capitalization of Reserve”	the proposed issue of 5 Capitalization Shares for every 10 Shares by way of capitalization of reserve
“Capitalization Shares”	New A Shares and New H Shares
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Class Meeting of A Shareholders” or “A Shares Class Meeting”	the 2022 second class meeting of A Shareholders to be held on Tuesday, May 31, 2022
“Class Meeting of H Shareholders” or “H Shares Class Meeting”	the 2022 second class meeting of H Shareholders to be held after the conclusion of the AGM on Tuesday, May 31, 2022, the notice of which is set out on pages 198 to 201 of this circular
“Class Meetings”	the Class Meeting of A Shareholders and the Class Meeting of H Shareholders
“Company”	Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A Shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 3759)
“Conversion Price”	the price per Share (subject to adjustments) at which the Series 1 Bonds and Series 2 Bonds may be converted into H Shares
“Convertible Bonds-Related Specific Mandate”	the specific mandate proposed to be granted to the Board by the Shareholders at the AGM and the Class Meetings in relation to the issuance of the Additional Conversion Shares
“CSDC”	China Securities Depository and Clearing Co., Ltd.

DEFINITIONS

“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Dividends”	proposed distribution of 2021 final dividends to the Shareholders whose names appear on the register of members for the A Shareholders and the H Shareholders at the close of business on the Record Date, based on a rule of receiving RMB0.45 per Share held by the Shareholders payable in RMB to the A Shareholders and in HK\$ to the H Shareholders
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“General Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional H Shares of not exceeding 20% of the total number of issued H Shares of the Company as at the date of passing of the proposed special resolution contained in item 16 of the notice of AGM
“Grant Date”	the date on which the Restricted Shares are granted to a Participant as determined by the Board for the purposes of the 2022 A Share Incentive Scheme
“Grant Price”	the price of each Restricted Share to be granted to the Participants (subject to Adjustment)
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“H Shares Registrar”	Computershare Hong Kong Investor Services Limited, the H Shares registrar of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Director(s)”	the independent non-executive Directors of the Company
“Independent Director’s Proxy Form”	the proxy form for the solicitation of votes by independent non-executive directors sent out by Mr. Yu Jian, an independent non-executive Director, to solicit votes from the Shareholders on the resolutions regarding the 2022 A Share Incentive Scheme and the related matters at the AGM
“Latest Practicable Date”	May 3, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Management Measures”	the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》)
“New A Shares”	the new A Shares to be allotted and issued under the Capitalization of Reserve
“New H Shares”	the new H Shares to be allotted and issued under the Capitalization of Reserve
“Participants”	the participants of the 2022 A Share Incentive Scheme
“PRC”	the People’s Republic of China but excluding, for the purposes of this circular only, Hong Kong, Macau and Taiwan
“PRC Company Law”	the Company Law of the People’s Republic of China, as the same may be amended, supplemented or otherwise modified from time to time

DEFINITIONS

“PRC Securities Law”	the Securities Law of the PRC
“R&D”	research and development
“Record Date”	Monday, June 13, 2022, being the record date for ascertaining the entitlement to dividend on Shares
“Remuneration and Appraisal Committee”	the Remuneration and Appraisal Committee of the Company
“Restricted Shares”	A Share(s) to be granted to the Participants by the Company on such conditions and at the Grant Price stipulated under the 2022 A Share Incentive Scheme, which are subject to the attribution conditions stipulated under the 2022 A Share Incentive Scheme and can only be attributed and transferred after satisfaction of the attribution conditions
“RMB”	Renminbi, the lawful currency of the PRC
“Series 1 Bonds”	US\$300.0 million zero coupon convertible bonds due 2026 convertible at the option of the holder thereof into H Shares at the Series 1 Bonds Initial Conversion Price of HK\$250.75 per H Share.
“Series 1 Bonds Adjusted Conversion Price”	HK\$166.42, being the adjusted price for conversion of the Series 1 Bond, which was adjusted as a result of the approval of the payment of the 2021 Profit Distribution and the Capitalization of Reserve, and is subject to necessary adjustments by the Board pursuant to the Terms and Conditions
“Series 1 Bonds Initial Conversion Price”	HK\$250.75, being the initial price for conversion of the Series 1 Bonds, which is subject to adjustment pursuant to the Terms and Conditions of the Series 1 Bonds
“Series 2 Bonds”	RMB1,916.0 million US\$ settled zero coupon convertible bonds due 2026 convertible at the option of the holder thereof into H Shares at the Series 2 Bonds Initial Conversion Price of HK\$229.50 per H Share

DEFINITIONS

“Series 2 Bonds Adjusted Conversion Price”	HK\$152.32, being the adjusted price for conversion of the Series 2 Bond, which was adjusted as a result of the approval of the payment of the 2021 Profit Distribution and the Capitalization of Reserve, and is subject to necessary adjustments by the Board pursuant to the Terms and Conditions
“Series 2 Bonds Initial Conversion Price”	HK\$229.50, being the initial price for conversion of the Series 2 Bonds, which is subject to adjustment pursuant to the Terms and Conditions of the Series 2 Bonds
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Listing Rules”	the listing rules of the Shenzhen Stock Exchange
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange
“Terms and Conditions”	the terms and conditions of the Bonds
“Trust Deed”	the trust deed constituting the Bonds entered into between the Company and the Trustee on or around June 18, 2021
“Trustee”	Citicorp International Limited
“Supervisor(s)”	Supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“USD”	United State Dollar, the lawful currency of the United States
“%”	per cent

LETTER FROM THE BOARD



Pharmaron Beijing Co., Ltd.*

康龍化成 (北京) 新藥技術股份有限公司

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

(Stock Code: 3759)

Executive Directors:

Dr. Lou Boliang (*Chairman*)
Mr. Lou Xiaoqiang
Ms. Zheng Bei

Non-executive Directors:

Mr. Chen Pingjin
Mr. Hu Baifeng
Mr. Li Jiaqing
Mr. Zhou Hongbin

Independent Non-executive Directors:

Mr. Dai Lixin
Ms. Chen Guoqin
Mr. Tsang Kwan Hung Benson
Mr. Yu Jian

Registered office, Headquarters and principal place of business in the PRC:

8th Floor, Block 1
6 Tai-He Road
Beijing Economic Technological
Development Area
Beijing
China

Place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

May 6, 2022

To the Shareholders

Dear Sir or Madam,

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2021;
- (2) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021;
- (3) FINANCIAL STATEMENTS FOR THE YEAR 2021;
- (4) 2021 PROFIT DISTRIBUTION PLAN;
- (5) PROPOSED GRANT OF THE CONVERTIBLE BONDS-RELATED SPECIFIC MANDATE TO ISSUE ADDITIONAL CONVERSION SHARES;
- (6) 2021 ANNUAL REPORT'S FULL TEXT AND REPORT SUMMARY AND 2021 ANNUAL RESULTS ANNOUNCEMENT;
- (7) REMUNERATION OF THE DIRECTORS FOR THE YEAR 2022;
- (8) REMUNERATION OF THE SUPERVISORS FOR THE YEAR 2022;
- (9) ENGAGEMENT OF DOMESTIC FINANCIAL AND INTERNAL CONTROL AUDITORS FOR THE YEAR 2022;
- (10) ENGAGEMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2022;
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- (12) FOREIGN EXCHANGE HEDGING QUOTA FOR THE YEAR 2022;
- (13) PROPOSED ADOPTION OF THE 2022 A SHARE INCENTIVE SCHEME;
- (14) PROPOSED ADOPTION OF THE ASSESSMENT MANAGEMENT MEASURES FOR THE IMPLEMENTATION OF THE 2022 A SHARE INCENTIVE SCHEME;
- (15) PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2022 A SHARE INCENTIVE SCHEME;
- (16) PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE H SHARES;
- AND
- (17) NOTICES OF ANNUAL GENERAL MEETING AND SECOND H SHARES CLASS MEETING OF 2022

* For identification purposes only

LETTER FROM THE BOARD

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 Tuesday, May 31, 2022 at 2 p.m. to enable to make an informed decision on whether to vote for or against the proposed resolutions at the AGM. For the details of the proposed resolutions at the AGM, please also refer to the notice of the AGM enclosed with this circular.

2. WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2021

An ordinary resolution will be proposed at the AGM to consider and approve the work report of the Board of Directors for the year 2021, the text of which is set out in Appendix I(A) to this circular.

The work report of the Independent Directors of the Company for the year 2021 will be submitted to the AGM for consideration but no resolution is required to be made thereat. The text of the report are set out in Appendix I(B) to this circular for the Shareholders' reference.

3. WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021

An ordinary resolution will be proposed at the AGM to consider and approve the work report of the Supervisory Committee for the year 2021, the text of which is set out in Appendix II to this circular.

4. FINANCIAL STATEMENTS FOR THE YEAR 2021

An ordinary resolution will be proposed at the AGM to consider and approve the Group's audited financial statements for the year 2021 (the "Financial Statements 2021"), the text of which is set out in Appendix III to this circular.

5. 2021 PROFIT DISTRIBUTION PLAN

Special resolutions will be proposed at the AGM, the A Shares Class Meeting and the H Shares Class Meeting to consider and approve the 2021 Profit Distribution Plan.

Reference is made to the Company's results announcement for the year ended December 31, 2021 dated March 27, 2022 that (i) the payment of the Dividends for the year ended December 31, 2021 of RMB0.45 per Share (inclusive of tax), totaling approximately RMB357.4 million, and (ii) 5 new Shares for every 10 existing Shares to be issued out of reserve to all Shareholders would be proposed. The aforesaid proposal is subject to the conditions set out in this circular.

The Company proposes to declare the Dividends of RMB0.45 per Share on or about Monday, June 13, 2022 to A Shareholders and H Shareholders whose names appear on the register of members of the Company on the Record Date in cash, which amount to the actual

LETTER FROM THE BOARD

distributable cash profit of RMB357.4 million. The exchange rate to be used to convert the Dividends from RMB to HK\$ will be the average of the medium rate of RMB to HK\$ announced by the People's Bank of China for five working days prior to May 31, 2022, the date on which the 2021 Profit Distribution is to be declared at the AGM and Class Meetings. For illustration purpose, the exchange rate as at the Latest Practicable Date is RMB1 to HK\$1.1857. If there is any corporate actions resulting in changes in the amount of registered share capital of the Company (such as issuance of new Shares, repurchase of Shares, etc.) during the period from the Company's results announcement for the year ended December 31, 2021 dated Sunday, March 27, 2022 to the Record Date, the amount of Dividends, i.e., RMB0.45 per Share, shall remain unchanged and the total payable amount shall be adjusted according to the number of A Shareholders and H Shareholders appearing on the register of members of the Company on the Record Date.

The Dividends are denominated and declared in RMB and payable in RMB to A Shareholders and HK dollars to H Shareholders. The actual amount declared in HK dollars is converted based on the average benchmark exchange rate of Renminbi against HK dollars as promulgated by the People's Bank of China for the five business days preceding the date of the AGM. Subject to the approval of 2021 Profit Distribution Plan, the Dividends will be distributed within two months after the date of the AGM.

The Board also proposed the issue of Capitalization Shares on the basis of 5 Capitalization Shares for every existing 10 Shares by way of Capitalization of Reserve, representing a total increase of 397,088,549 Shares comprising 330,080,299 New A Shares and 67,008,250 New H Shares based on the Company's total share capital of 794,177,098 Shares comprising 660,160,598 A Shares and 134,016,500 H Shares as at the Latest Practicable Date, subject to any change of number of Shares until the Record Date. The final number of Capitalization Shares is based on the Shares registered on the Record Date which will be clarified in the announcement on the implementation of dividend distribution.

The Capitalization of Reserve is subject to the following conditions:

- (i) approval of the Shareholders by way of special resolutions at the AGM and the Class Meetings to be held on Tuesday, May 31, 2022;
- (ii) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the New H Shares issued under the Capitalization of Reserve;
- (iii) compliance with the relevant legal procedures and requirements under the Company Law of the PRC to effect the Capitalization of Reserve; and

LETTER FROM THE BOARD

- (iv) approval of the Convertible Bonds-Related Specific Mandate by the Shareholders by way of special resolution at the AGM and the Class Meetings to be held on Tuesday, May 31, 2022 (please refer to the section headed “6. Proposed Grant of the Convertible Bonds-Related Specific Mandate to Issue Additional Conversion Shares” below for further details on the Convertible Bonds-Related Specific Mandate).

The Independent Directors have expressed their view that the 2021 Profit Distribution Plan has considered the short term and long term interests of the Shareholders, has complied with the relevant laws, regulations and the Articles of Association, and is beneficial to the sustainable, stable and healthy development of the Company.

The formulation and implementation of the cash dividend policy by the Company are in compliance with the stipulation of the Articles of Association and the requirements stated in the resolutions approved by the general meeting of the Company. The basis and proportion of profit distribution are clearly specified. Effective determination and approval procedures and mechanisms are in place. The said distribution has been examined and approved by the Independent Directors. Legitimate rights and interests of minority Shareholders are well protected since they are entitled to attend general meetings to exercise their voting rights and make proposals or enquiries on the operations of the Company.

Subject to the approval of the special resolutions at the AGM and the Class Meetings in connection with the 2021 Profit Distribution Plan, the Board shall be authorized by the Shareholders to further authorize the chairman of the Board, and/or his authorized persons, to individually or jointly handle matters relating to the 2021 Profit Distribution Plan, including but not limited to dealing with the procedures in relation to the listing applications of Shares to be issued by way of Capitalization of Reserve to the Shenzhen branch of CSDC and the Hong Kong Stock Exchange.

Status of Capitalization Shares

The Capitalization Shares will, subject to the Articles of Association, rank *pari passu* in all respects with the Shares in issue on the date of the issue of the Capitalization Shares. Holders of the Capitalization Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Capitalization Shares are allotted and issued. The Capitalization of Reserve should not result in any change to the rights of the Shares. For the avoidance of doubt, the holder of the Capitalization Shares will not be entitled to the cash dividend under the 2021 Profit Distribution Plan with respect to such Capitalization Shares.

Fractional Capitalization Shares

No fractional Capitalization Shares shall be allotted to H Shareholders and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company.

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For A Shareholders, in accordance with requirements under the Guideline to the Business of Security Issuers published by the Shenzhen Branch of CSDC (《中國證券登記結算有限責任公司深圳分公司證券發行人業務指南》), in the event of registration of fractional shares, CSDC requires that: the fractional shares less than one share arising from the issue of bonus shares or the issue of shares by capitalization of capital reserves are sorted in descending order by the number of fractional shares held by shareholders; if the numbers of fractional shares are same, they shall be sorted randomly by electronic settlement system. In accordance with the order of arrangement, the CSDC shall register them as one share one by one until completing all the issue of bonus shares or the issue of shares by capitalization of capital reserves. Accordingly, no fractional Capitalization Shares shall be allotted to A Shareholders under the Capitalization Issue.

Odd Lot Arrangement

In order to facilitate the trading of odd lots (if any) of the H Shares as a result of the Capitalization of Reserve, the Company has appointed Computershare Hong Kong Investor Services Limited as an agent to provide matching service, on a best effort basis, to those H Shareholders who wish to acquire odd lots of the H Shares to make up a full board lot, or to dispose of their holding of odd lots of the H Shares during the period from 9:00 a.m. on Wednesday, July 6, 2022 to 4:00 p.m. on Wednesday, July 27, 2022, both days inclusive, based on the expected timetable. H Shareholders who wish to take advantage of this service should, directly or through their brokers contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of the aforesaid period. H Shareholders should note that successful matching of the sale and purchase of odd lots of the H Shares is not guaranteed. H Shareholders who are in doubt about this service are recommended to consult their professional advisors.

Overseas H Shareholders

As at the Latest Practicable Date, according to the latest register of members available to the Company, none of the H Shareholders as recorded on the register of members of the Company had an address which is outside Hong Kong.

Upon the 2021 Profit Distribution Plan becoming unconditional, or should there be any overseas Shareholders on the Record Date, the Company will make enquiry on whether there are any overseas Shareholders located in other jurisdictions, and if there are such overseas Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the relevant overseas Shareholders to be eligible to take part in the 2021 Profit Distribution pursuant to the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the overseas Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Capitalization Shares will not be issued to those overseas Shareholders. If any such overseas Shareholder is excluded, arrangements

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will be made for the Capitalization Shares which would otherwise have been issued to the overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in HK dollars to the relevant overseas Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

Accordingly, overseas Shareholders receiving a copy of this circular about the 2021 Profit Distribution Plan may not be treated the same as an invitation to participate in the 2021 Profit Distribution Plan unless invitation could lawfully be made to him/her/it without requiring the Company or such overseas Shareholders to comply with any registration or other legal requirements in the relevant territory. Furthermore, any Shareholder with a registered address outside Hong Kong or otherwise residing outside Hong Kong should consult his/her/its professional advisers as to whether he/she/it is permitted to receive the Capitalization Shares under the 2021 Profit Distribution Plan and the taxation consequences of his/her/its decision. It is the responsibility of the Shareholders who wish to receive the Capitalization Shares under the 2021 Profit Distribution Plan to comply with the laws of the relevant jurisdiction(s).

Effects to the Shareholding upon Completion of the Capitalization of Reserve

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of allotment and issue of Capitalization Shares (assuming that no other Shares are allotted or issued and no existing Shares are repurchased or cancelled prior to the record dates in respect of holders of H Shares and A Shares by reference to their entitlements to the Capitalization of Reserve and the 2021 Profit Distribution, upon satisfaction of the conditions set out above):

	As at the Latest Practicable Date		Immediately upon completion of the Capitalization of Reserve	
	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares
H Shares	134,016,500	16.87%	201,024,750	16.87%
A Shares	660,160,598	83.13%	990,240,897	83.13%
Total	<u>794,177,098</u>	<u>100.00%</u>	<u>1,191,265,647</u>	<u>100.00%</u>

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Tax Arrangements in respect of the 2021 Profit Distribution and the Capitalization of Reserve

In accordance with the Regulation on the Implementation of the EIT Law (《中華人民共和國企業所得稅法實施條例》) which came into effect on January 1, 2008 and last amend on April 23, 2019 and the EIT Law (《中華人民共和國企業所得稅法》) which was last amended and came into effect on December 29, 2018, and the “Notice on Issues in Relation to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Overseas Non-resident Enterprise Holders of H Shares” (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on November 6, 2008, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise Shareholders at a tax rate of 10%, when the Company distributes annual dividend to non-resident enterprise Shareholders whose names appear on the H Shares register of members. As such, any H Shares registered in the name of non-individual Shareholder, including shares registered in the name of HKSCC Nominees Limited, and other nominees, trustees, or other organizations and groups, shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise Shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

If any resident enterprise (as defined in the EIT Law) listed on the Company’s register of members for H Shares which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not wish to have the Company withhold and pay the said 10% enterprise income tax, it shall timely lodge with Computershare Hong Kong Investor Services Limited legal advices (affixed with the seal of the law firm) and relevant documents from a PRC certified lawyer confirming that the enterprise is a resident enterprise.

In accordance with the “Notice on Certain Issues Concerning the Policies of Individual Income Tax” (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the PRC Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. Therefore, the Company will not be required to withhold and pay any individual income tax on behalf of overseas individual Shareholders when the Company distributes the dividend to overseas individual Shareholders whose names appear on the H Share register of members.

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Profit Distribution to Investors of Shenzhen-Hong Kong Stock Connect

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares through Shenzhen-Hong Kong Stock Connect, their dividends will be distributed in RMB by the Company through the Shenzhen Branch of CSDC to the account of the nominee holding such Shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Shenzhen-Hong Kong Stock Connect who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date and other arrangements for the investors of Shenzhen-Hong Kong Stock Connect will be the same as those for the A Shareholders.

Profit Distribution to Investors of Southbound Trading

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares (the “**Southbound Trading**”), the cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB. The record date and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares of the Company.

Shanghai-Hong Kong Stock Connect: Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》), for dividends received by domestic individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Shenzhen-Hong Kong Stock Connect: Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at

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the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

According to the relevant provisions of the State Administration of Taxation of the PRC, the Capitalization of Reserve shall not be subject to any tax nor any withholding tax. Shareholders are suggested to consult their tax consultants regarding the tax impacts in the PRC, Hong Kong and other countries (regions) for holding and selling the Shares.

Eligibility for Capitalization Shares of Shareholders trading through Southbound Trading and Shenzhen-Hong Kong Stock Connect

As at the Latest Practicable Date, the H Shares are eligible for Southbound Trading and the A Shares are eligible for Shenzhen-Hong Kong Stock Connect. Subject to compliance with the relevant laws or regulations in the PRC, New H Shares will be allotted to the H Shareholders in the PRC who are holding the H Shares through the Southbound Trading and New A Shares will be allotted to the A Shareholders in Hong Kong who are holding the A Shares through Shenzhen-Hong Kong Stock Connect.

Application for Listing

Application will be made by the Company to the Listing Committee for the approval for the listing of, and permission to deal in, the New H Shares. The New A Shares will be listed on the Shenzhen Stock Exchange. Subject to the satisfaction of the conditions as set out in this circular (including but not limited to the granting of the aforesaid listing approval by the Hong Kong Stock Exchange), the New H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made by the Company for the New H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Aside from the Hong Kong Stock Exchange, the New H Shares will not be listed at or dealt in any other stock exchanges, and the Company is not currently seeking for or proposing to seek for the listing at or dealing in any other stock exchanges for the New H Shares.

Subject to the Capitalization of Reserve becoming unconditional, the certificates for the New H Shares and the cheques for the 2021 Profit Distribution will be despatched by ordinary post to the H Shareholders who are entitled thereto at their own risk. In case of joint shareholding, the certificates for the New H Shares and the cheques for the 2021 Profit

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Distribution will be posted to the first named person on the H Shareholder's register in respect of such joint shareholding. All Capitalization Shares are non-renounceable. The New H Shares are expected to commence dealing on the Hong Kong Stock Exchange no later than Wednesday, July 6, 2022.

Closure of Register of Members

In order to determine the list of H Shareholders who are entitled to the 2021 Profit Distribution and the Capitalization of Reserve, the Company's register of H Shareholders will be closed from Wednesday, June 8, 2022 to Monday, June 13, 2022, both days inclusive, during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the Company's register of H Shareholders on Monday, June 13, 2022 are entitled to receive the New H Shares and 2021 Profit Distribution. In order to receive the New H Shares and 2021 Profit Distribution, H Shareholders whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share Registrar, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on Tuesday, June 7, 2022 at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Statement to be made on Acquisition of Shares

The Company shall ensure that all its listing document(s) and share certificates include the statements stipulated below and shall instruct and cause its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (i) the acquirer of Shares agrees with the Company and each of its Shareholders, and the Company agrees with each Shareholder, to observe and comply with the Company Law of the PRC, other relevant laws, regulations and the Articles of Association;
- (ii) the acquirer of Shares agrees with the Company, each of its Shareholders, Directors, Supervisors and senior management members of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law of the PRC or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct its hearing in open session and to publish its award. Such arbitration will be final and conclusive;

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- (iii) the acquirer of Shares agrees with the Company and each Shareholder that the Shares are freely transferable by the holder of such Shares; and
- (iv) the acquirer of Shares authorizes the Company to enter into a contract on his behalf with each Director and senior management member whereby such Directors and senior management members undertake to observe and comply with their obligations to Shareholders stipulated in the Articles of Association.

Warning of Risks of Dealing in the H Shares

H Shareholders should note that the existing H Shares are expected to be dealt in on an ex-entitlement basis for entitlement to the 2021 Profit Distribution and the Capitalization of Reserve from Monday, June 6, 2022. If the conditions of the 2021 Profit Distribution and the Capitalization of Reserve (as set out above under the section headed “5. 2021 Profit Distribution Plan”) are not fulfilled, the 2021 Profit Distribution and the Capitalization of Reserve and will not proceed. If in doubt, investors are recommended to consult their professional advisers.

Reasons for the 2021 Profit Distribution and the Capitalization of Reserve

Based on the positive expectations on the future development of the Company, and with reference to the operating results and the overall financial status of the Company, the Board proposed the 2021 Profit Distribution and the Capitalization of Reserve so as to share the fruitful result of the Company’s business performance with the Shareholders.

In addition, to encourage the Shareholders to continue to support the Company’s future development, the Board believes that the Capitalization of Reserve will allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them. Although the Capitalization of Reserve is not expected to increase the Shareholders’ proportionate equity interests in the Company, the Capitalization of Reserve will increase the number of Shares to be held by the Shareholders, which will afford the Shareholders with more flexibility in managing their own investment portfolios such as giving them more convenience in disposing of a portion of the Shares for cash return. The Capitalization of Reserve will also result in the increase of number of Shares in issue, and the number of Shares held by H Shareholders, which will motivate the trading of Shares by the H Shareholders, and thus will enhance the trading activities and liquidity of the Shares in the market.

Further Issue of Securities

The Company does not anticipate there is any public or private issue or placing of securities of the Company other than (i) H Shares which are being issued simultaneously with the issue of the Capitalization Shares; (ii) any H Shares which may be issued pursuant to the conversion of the Bonds (including the Additional Conversion Shares); and (iii) any A Shares which may be issued pursuant to any employee share incentive scheme of the Company.

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6. PROPOSED GRANT OF THE CONVERTIBLE BONDS-RELATED SPECIFIC MANDATE TO ISSUE ADDITIONAL CONVERSION SHARES

(i) Background

References are made to the announcements of the Company dated June 8, 2021, June 9, 2021, June 11, 2021, June 18, 2021 and June 21, 2021 in relation to, among other things, the issuance of the Bonds.

Pursuant to the Terms and Conditions, the respective Conversion Price is subject to adjustment for, among other things, capital distributions and capitalization of profits or reserves made by the Company.

Subject to the approval of the Shareholders by way of special resolutions at the AGM and the Class Meetings, it is expected that, under the proposed 2021 Profit Distribution Plan (the details of which are set out in the section headed “5. 2021 Profit Distribution Plan” above), (i) 5 Capitalization Shares will be issued for every existing 10 Shares by way of capitalization of reserve, representing a total increase of 397,088,549 Shares comprising 330,080,299 New A Shares and 67,008,250 New H Shares based on the Company’s total share capital of 794,177,098 Shares comparing 660,160,598 A Shares and 134,016,500 H Shares as at the Latest Practicable Date, subject to any change of number of Shares until the Record Date; and (ii) a cash dividend of RMB0.45 per Share (inclusive of tax) will be paid (representing an aggregate amount of approximately RMB357.4 million (inclusive of tax) based on the total issued Shares of the Company as at the Latest Practicable Date).

Each of the 2021 Profit Distribution and the Capitalization of Reserve, if approved by the Shareholders at the AGM, will separately trigger an adjustment to the respective Conversion Price of Series 1 Bonds and Series 2 Bonds, in accordance with their respective Terms and Conditions.

Pursuant to the Terms and Conditions and as a result of the payment of 2021 Profit Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such payment of 2021 Profit Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A. is the sum of the products of, in respect of each class of Shares in issue immediately prior to the date on which the 2021 Profit Distribution was firstly publicly announced, being March 27, 2022 (the “**Determination Date**”), (i) the respective number of A Shares and H Shares in issue on the Determination Date. being 660,160,598 A shares and 134,016,500 H Shares, and (ii) the respective Current

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Market Price (as defined in the Terms and Conditions disclosed in the announcement of the Company dated June 21, 2021) per A Share and H Share on the Determination Date, being approximately HK\$98,664,623,770.9098; and

- B. is the aggregate amount of the 2021 Profit Distribution in respect of A Shares and H Shares, being approximately HK\$436,876,007.4992.

In addition, due to the Capitalization of Reserve, the Conversion Price shall be further adjusted according to the Terms and Conditions, by multiplying the Conversion Price in force immediately before such Capitalization of Reserve by the following fraction:

$$\frac{A}{B}$$

Where:

- A. is the aggregate nominal amount of the issued Shares immediately before such Capitalization of Reserve, being 794,177,098 Shares; and
- B. is the aggregate nominal amount of the issued Ordinary Shares immediately after such Capitalization of Reserve, being 1,191,265,647 Shares.

As a result of the adjustments above, the Conversion Price of Series 1 Bonds and Series 2 Bonds will be adjusted from HK\$250.75 to HK\$166.42, and from HK\$229.50 to HK\$152.32, respectively.

Save as disclosed above, all other Terms and Conditions are expected to remain unchanged.

Further, the aforementioned calculation involves exchange rate to be used to convert the Dividends from RMB to HK\$, which will be the average of the medium rate of RMB to HK\$ announced by the People's Bank of China for five working days prior to May 31, 2022, the date on which the 2021 Profit Distribution is to be declared at the AGM and Class Meetings. For illustration purpose, the exchange rate as at the Latest Practicable Date is RMB1 to HK\$1.1857. As such, the Series 1 Adjusted Conversion Price, the Series 2 Adjusted Conversion Price and the number of Additional Conversion Shares to be issued are subject to change and will be fixed at the AGM.

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(2) Proposed grant of the Convertible Bonds-Related Specific Mandate to issue the Additional Conversion Shares

As at the Latest Practicable Date, the principal amount of the Series 1 Bonds and Series 2 Bonds which are outstanding is US\$300 million and RMB1,916 million, respectively. Taking into account the adjustment to the respective Conversion Price of Series 1 Bonds and Series 2 Bonds and assuming full conversion of the outstanding (i) the Series 1 Bonds at the Series 1 Bonds Adjusted Conversion Price and (ii) the Series 2 Bonds at the Series 2 Bonds Adjusted Conversion Price, the H Shares that may be convertible and issuable under the outstanding Bonds will increase from approximately 19,420,396 H Shares (comprising 9,282,711 H Shares to be converted from Series 1 Bonds and 10,137,685 H Shares to be converted from Series 2 Bonds), to approximately 29,260,954 H Shares (comprising 13,986,540 H Shares to be converted from Series 1 Bonds and 15,274,414 H Shares to be converted from Series 2 Bonds), representing (i) approximately 21.83% of the total issued H share capital of the Company as at the Latest Practicable Date and approximately 12.71% of the enlarged total issued H share capital of the Company resulting from the full conversion of the outstanding Bonds and the completion of the Capitalization of Reserve. The additional 9,840,558 H Shares issuable in the event of a full conversion of the outstanding Bonds after Series 1 Bonds Adjusted Conversion Price and Series 2 Bonds Adjusted Conversion Price becoming effective will be allotted and issued by the Company under the Convertible Bonds-Related Specific Mandate to be sought at the AGM and the Class Meetings.

Subject to the approval of the special resolutions at the AGM and the Class Meetings in connection with the Convertible Bonds-Related Specific Mandate, the Board shall be authorized by the Shareholders to (i) make necessary adjustments to the Conversion Price and the number of Additional Conversion Shares to be issued according to the approval and implementation of the 2021 Profit Distribution Plan and the Terms and Conditions; and (ii) further authorize the chairman of the Board, and/or his authorized persons, to individually or jointly handle matters relating to the issuance of Additional Conversion Shares pursuant to the Conversion Bonds-Related Specific Mandate, including but not limited to (i) signing, modifying, terminating and/or approving all necessary legal documents related to the issuance of the Additional Conversion Shares, (ii) the disclosure of information related to the issuance of the Additional Conversion Shares, (iii) handling relevant registration and filing procedures, and (iv) dealing with other necessary and appropriate matters relating to the issuance of the Additional Conversion Shares.

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(3) Condition to the Convertible Bonds-Related Specific Mandate

The Convertible Bonds-Related Specific Mandate is subject to the following conditions:

- (i) approval of the Shareholders by way of special resolutions at the AGM and the Class Meetings to be held on Tuesday, May 31, 2022; and
- (ii) approval of the 2021 Profit Distribution Plan of the Shareholders by way of special resolutions at the AGM and the Class Meetings to be held on May 31, 2022 (please refer to the section headed “5. 2021 Profit Distribution Plan” above for further details on the 2021 Profit Distribution Plan).

(4) Validity period of the resolutions

The resolutions relating to the Convertible Bonds-Related Specific Mandate and the authorization to the Board set out in the notices of AGM and the Class Meetings will be valid from the date of passing of the relevant resolutions at the AGM and the Class Meetings to the date of the 2022 annual general meeting of the Company.

The Board shall, during such validity period, handle matters relating to the issuance of Additional Conversion Shares pursuant to the Conversion Bonds-Related Specific Mandate as necessary, including to obtain approvals from the Hong Kong Stock Exchange for the listing of, and permission to deal in the Additional Conversion Shares which may be issued as a result of the adjustment of Conversion Price, whether such issuance will occur during or after expiry of the Conversion Bonds-Related Specific Mandate.

In the event that the Additional Conversion Shares issuable under the Conversion Bonds-Related Specific Mandate are not issued in full upon expiry of such validity period, specific mandate will be sought from the Shareholders at the 2022 annual general meeting of the Company for the issuance of such unissued Additional Conversion Shares.

(5) Application for Listing

An application will be made by the Company to the Hong Kong Stock Exchange for the approval for the listing of, and permission to deal in the Additional Conversion Shares.

(6) Use of Proceeds

The net proceeds raised from the Bonds, after the deduction of fees, commissions and expenses payable, are approximately RMB3,776.0 million. As at December 31, 2021, the balance of unutilized net proceeds amounted to approximately RMB2,861.8 million. The net proceeds from the Convertible Bonds have been and will be utilized in accordance with the purposes set out in the announcement of the Company dated June 21, 2021, among others, (i) expanding capacities and capabilities of our pharmaceutical process development and manufacturing facilities (i.e. CMC services) for small molecule drugs, (ii) expanding our R&D

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and manufacturing service platform for biologics, (iii) expanding capabilities of our laboratory services in drug safety assessment, (iv) expanding capacities and capabilities of our laboratory and manufacturing facilities in the U.K., and (v) replenishing working capital and general corporate purposes.

The Company will not receive any proceeds from the issuance of Additional H Shares pursuant to the Convertible Bonds-Related Specific Mandate.

(7) Effect of the full conversion of the outstanding Bonds on the shareholding structure

The following table illustrates the effect of the full conversion of the outstanding Bonds on the shareholding structure of the Company (assuming no other Shares are allotted or issued and no existing Shares are repurchased or cancelled prior to the record dates in respect of H Shareholders and A Shareholders by reference to their entitlements to the Capitalization of Reserve and the 2021 Profit Distribution, upon satisfaction of the conditions thereto):

	As at the Latest Practicable Date		Immediately after the full conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Initial Conversion Price of HK\$250.75, and (ii) Series 2 Bonds at Series 2 Bonds Initial Conversion Price of HK\$229.50		Immediately after the completion of the 2021 Profit Distribution and the Capitalization of Reserve and the full conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Adjusted Conversion Price of HK\$166.42 and (ii) Series 2 Bonds at Series 2 Bonds Adjusted Conversion Price of HK\$152.32	
	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares
H Shares	134,016,500	16.87%	153,436,896	18.86%	230,285,704	18.87%
A Shares	660,160,598	83.13%	660,160,598	81.14%	990,240,897	81.13%
Total	<u>794,177,098</u>	<u>100.00%</u>	<u>813,597,494</u>	<u>100.00%</u>	<u>1,220,526,601</u>	<u>100.00%</u>

As shown in the above table, the issuance of the Additional Conversion Shares upon the full conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Adjusted Conversion Price of HK\$166.42, and (ii) Series 2 at the Series 2 Bonds Adjusted Conversion Price of HK\$152.32 pursuant to the exercise of the Conversion Bonds-Related Specific Mandate will not result in any further material dilution effect on the shareholding structure of the Company, when compared against the shareholding structure of the Company immediately after the full

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conversion of the outstanding (i) Series 1 Bonds at the Series 1 Bonds Initial Conversion Price of HK\$250.75, and (ii) Series 2 Bonds at Series 2 Bonds Initial Conversion Price of HK\$229.50 assuming the Capitalization of Reserve does not take place.

(8) Activities of the Company during the past twelve months

Save as disclosed above, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

7. 2021 ANNUAL REPORT'S FULL TEXT AND REPORT SUMMARY AND 2021 ANNUAL RESULTS ANNOUNCEMENT

An ordinary resolution will be proposed at the AGM to consider and approve the 2021 annual report's full text and report summary and 2021 annual results announcement which are published on the websites of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

8. REMUNERATION OF THE DIRECTORS FOR THE YEAR 2022

An ordinary resolution will be proposed at the AGM to consider and approve the remuneration plan for the Directors for the year ending December 31, 2022 formulated in accordance with the Company's internal policies and relevant regulatory requirements, details of which are as follows:

Save for our Independent Directors, our Directors shall not receive any Directors' fees for their role as Directors. Each of our Independent Directors is entitled to an annual remuneration of RMB300,000 (before tax), payable monthly. The Company shall reimburse the Directors all necessary and actual expenses in relation to the participation of Board meetings, the Board committee meetings, the meetings of the Supervisors and the general meetings of shareholders.

9. REMUNERATION OF THE SUPERVISORS FOR THE YEAR 2022

An ordinary resolution will be proposed at the AGM to consider and approve the remuneration plan for the Supervisors for the year ending December 31, 2022 formulated in accordance with the Company's internal policies and relevant regulatory requirements, details of which are as follows:

The Supervisors shall not receive any remuneration for their roles as Supervisors. The Company shall reimburse the Supervisors all necessary and actual expenses in relation to the participation of Board meetings, the Board committee meetings, the meetings of the Supervisors and the general meetings of shareholders.

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10. ENGAGEMENT OF DOMESTIC FINANCIAL AND INTERNAL CONTROL AUDITORS FOR THE YEAR 2022

An ordinary resolution will be proposed by the AGM to consider and approve the appointment of Ernst & Young Hua Ming (LLP) as the domestic financial and internal control auditors for the Company in 2022 with a term of one year. The pricing policy of the audit work is consistent with the approach adopted in 2021, which takes into account (i) the particular job responsibilities expected, (ii) the extent of professional expertise required, (iii) experience and seniority of relevant personnel involved and their respective corresponding charging rates, and (iv) numbers of hours anticipated in carrying out the audit work. The relevant annual audit fees will be determined by the management, as to be authorized at the general meeting through a proposal of the Board, based on the specific efforts and market price level of the audit work in 2022.

11. ENGAGEMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2022

An ordinary resolution will be proposed by the AGM to consider and approve the appointment of Ernst & Young as the international auditors for the Company in 2022 with a term of one year. The pricing policy of the audit work is consistent with the approach adopted in 2021, which takes into account (i) the particular job responsibilities expected, (ii) the extent of professional expertise required, (iii) experience and seniority of relevant personnel involved and their respective corresponding charging rates, and (iv) numbers of hours anticipated in carrying out the audit work. The relevant annual audit fees will be determined by the management, as to be authorized at the general meeting through a proposal of the Board, based on the specific efforts and market price level of the audit work in 2022.

12. GUARANTEES QUOTA FOR THE YEAR 2022

A special resolution will be proposed at the AGM to consider and approve the granting of quota of the provision of guarantees to subsidiaries of the Company in 2022, details of which are set out in Appendix IV to this circular.

13. FOREIGN EXCHANGE HEDGING QUOTA FOR THE YEAR 2022

An ordinary resolution will be proposed at the AGM to consider and approve the granting of quota on the engaging in foreign exchange hedging in 2022, details of which are set out in Appendix V to this circular.

14. PROPOSED ADOPTION OF THE 2022 A SHARE INCENTIVE SCHEME

To achieve and realize the purpose of the 2022 A Share Incentive Scheme as set out in the paragraph “i. Purpose of the 2022 A Share Incentive Scheme” below, the Board has resolved to adopt the 2022 A Share Incentive Scheme. A special resolution will be proposed at the AGM and the Class Meetings to consider and approve the adoption of the 2022 A Share Incentive Scheme (draft) and its summary.

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The full text of the 2022 A Share Incentive Scheme (draft) is set out in Appendix VI to this circular. The 2022 A Share Incentive Scheme was prepared in the Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the 2022 A Share Incentive Scheme, the Chinese version shall prevail.

The principal terms of the proposed 2022 A Share Incentive Scheme are summarized as follows:

(i) Purpose of the 2022 A Share Incentive Scheme

To further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management and core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized.

(ii) Form and Source of the Restricted Shares

The form of incentive adopted under the 2022 A Share Incentive Scheme is Restricted Shares (Type II Restricted Shares).

The source of all Restricted Shares under the 2022 A Share Incentive Scheme will be new ordinary A Shares to be issued by the Company to the Participants.

(iii) Number of Restricted Shares to be Granted

The total number of Restricted Shares to be granted under the 2022 A Share Incentive Scheme will be 1,548,800 A Shares, representing approximately 0.20% of the total issued share capital of the Company as at the date of this announcement.

The cumulative total number of underlying Shares involved under the fully effective share incentive schemes of the Company shall not exceed 20% of the total share capital of the Company as at the date the 2022 A Share Incentive Scheme is submitted for approval at the AGM and the Class Meetings. The total number of Shares to be granted to any participants under all the fully effective share incentive schemes of the Company shall not exceed 1% of the total share capital of the Company.

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(iv) Participants of the 2022 A Share Incentive Scheme

(A) *Basis for determining the Participants*

The source of all Restricted Shares under the 2022 A Share Incentive Scheme will be new ordinary A Shares to be issued by the Company to the Participants.

(i) *Legal basis for determining the Participants*

The Participants are determined after taking into account the actual circumstances of the Company and in accordance with the PRC Company law, the PRC Securities Law, the Management Measures, the Hong Kong Listing Rules, the Shenzhen Listing Rules, Guide No. 1 to Shenzhen Stock Exchange GEM Listed Companies Self-discipline Supervision Guide – Business Handling (《深圳證券交易所創業板上市公司自律監管指南第1號 – 業務辦理》) and other relevant laws, regulations and regulatory documents as well as the Articles of Association.

(ii) *Positions held by Participants in the Company*

The Participants include core management, mid-level management and core technical personnel, basic-level management and technical personnel considered by the Board to be required to be incentivized of the Group. The list of Participants will be prepared by the Remuneration and Appraisal Committee and verified by the Supervisory Committee.

(B) *Scope of the Participants*

The total number of the Participants for the grant proposed under the 2022 A Share Incentive Scheme shall be 403.

None of the Participants are the Company's Directors, Independent Director, Supervisor, Senior Management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or the spouses, parents or children of such de facto controllers of the Company. All Participants must have an employment or labour relationship with the Company or its subsidiaries when a grant under the 2022 A Share Incentive Scheme is made and during the assessment period of the 2022 A Share Incentive Scheme.

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

1. The person has been determined as an inappropriate candidate by the Shenzhen Stock Exchange within the past 12 months;
2. The person has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;

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3. The person has been subject to administrative punishment or market ban measures by CSRC and its delegated institutions due to major illegal acts in the past 12 months;
4. The person has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or senior manager of any company;
5. Laws and regulations stipulate that the person shall not participate in the equity incentives of listed companies; and
6. Other circumstances as determined by the CSRC.

During the implementation process of the 2022 A Share Incentive Scheme, if any of the above circumstances in relation to a Participant arises, the Company shall terminate his/her right to participate in the 2022 A Share Incentive Scheme, and any granted Restricted Shares which have not yet been attributed shall not be attributed and shall be forfeited.

(D) Allocation of Restricted Shares to be granted

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

Rank of Participants (number of such Participants)	Number of Restricted Shares to be Granted	Percentage to the total number of Restricted Shares	Percentage to the total share capital of the Company as at the Latest Practicable Date
Core management (4 persons in total)	167,400	10.81%	0.02%
Mid-level management and core technical personnel (116 persons in total)	988,400	63.82%	0.12%
Basic-level management and technical personnel (283 persons in total)	393,000	25.37%	0.05%
Total	1,548,800	100.00%	0.20%

Notes:

- (1) Any discrepancies in this table between the total shown and the sum of the amounts listed are due to rounding.
- (2) The number of the Restricted Shares is subject to Adjustment.

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If a Participant, due to personal reasons, voluntarily waives the Restricted Shares which have been granted to him/her, the Board of Directors shall adjust the number of granted Restricted Shares accordingly.

(v) Grant Price and Basis of Determination

(A) Grant Price of the Restricted Shares

The Grant Price of the Restrictive Shares shall be RMB58.38 per A Share (subject to Adjustment). A Participant who has satisfied the conditions for grant and attribution may purchase new A Shares issued by the Company at such Grant Price (subject to Adjustment).

(B) Basis of determination of the Grant Price

Pursuant to the Shenzhen Listing Rules and the Management Measures, the grant price of the Restricted Shares shall be not less than the par value of the Shares, and in principle not less than the higher of:

1. 50% of the average trading price of the Company's A Shares for one trading day immediately preceding the date of this Announcement (i.e. March 27, 2022), being RMB58.38 per A Share; and
2. 50% of the average trading price of the Company's A Shares for the 20 trading days immediately preceding the date of this Announcement (i.e. March 27, 2022), being RMB55.06 per A Share.

The Grant Price is at a substantial discount of the prevailing trading price of the A Shares. The Grant Price was determined in accordance with the price references abovementioned. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which Participants must achieve for the Restricted Share(s) to be attributed, and considers that this is in balance with the substantial discount in the Grant Price.

The Grant Price is RMB58.38 per Share, which represents:

- (i) a discount of approximately 26.81% to the closing price of HKD97.9 per H Share as quoted on the Hong Kong Stock Exchange and a discount of approximately 50.57% to the closing price of RMB118.11 per A Share as quoted on the Shenzhen Stock Exchange on the trading day immediately preceding March 25, 2022 (being the date on which the Board approved the 2022 A Share Incentive Scheme);

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- (ii) a discount of approximately 18.31% to the average closing price of HKD87.72 per H Share as quoted on the Hong Kong Stock Exchange and a discount of approximately 46.52% to the average closing price of RMB109.17 per A Share as quoted on the Shenzhen Stock Exchange on the 5 consecutive trading days immediately preceding March 25, 2022; and
- (iii) a discount of approximately 16.89% to the average closing price of HKD86.22 per H Share as quoted on the Hong Kong Stock Exchange and a discount of approximately 47.03% to the average closing price of RMB110.21 per A Share as quoted on the Shenzhen Stock Exchange on the 20 consecutive trading days immediately preceding March 25, 2022.

In the event of any capitalization issue, bonus issue, dividend distribution, share split or share consolidation or rights issue of the Company during the period from the date of the announcement of the 2022 A Share Incentive Scheme to the date of completion of attribution registration of the Restricted Shares by Participants, the Grant Price and the number of Restricted Shares shall be adjusted in accordance with the terms of the 2022 A Share Incentive Scheme as summarized in the paragraph “(ix). Method and Procedures for Adjustment” below.

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

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

The 2022 A Share Incentive Scheme will become effective upon the Grant Date of the Restricted Shares under the 2022 A Share Incentive Scheme, and shall be valid until the date on which all Restricted Shares have been attributed or forfeited, such period shall not exceed 60 months.

(B) Grant Date of the Restricted Shares

The Company will convene a Board meeting to determine whether the conditions of the grant under the 2022 A Share Incentive Scheme have been met and the Grant Date after the 2022 A Share Incentive Scheme having been adopted and approved at the AGM and the Class Meetings. The Company shall grant the Restricted Shares to the Participants and complete the relevant procedures including making relevant announcement(s), within 60 days after the 2022 A Share Incentive Scheme having been adopted and approved at the AGM and the Class Meetings and the conditions for the grant having been satisfied. If the Company is unable to complete the procedures within the 60-day period, the Company will make a timely announcement to disclose the reason for being unable to complete the procedures and declare the termination of the 2022 A Share Incentive Scheme.

The Grant Date must be a trading day. If the Grant Date falls on a non-trading day, then it shall be the next trading day immediately after such non-trading day.

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(C) Attribution arrangements under 2022 A Share Incentive Scheme

Subject to the attribution conditions having been fulfilled, the Restricted Shares may be attributed to the Participants in four tranches. An attribution date must be a trading day within the validity period of the 2022 A Share Incentive Scheme. Attribution shall be prohibited during the period of which the Restricted Shares cannot be attributed pursuant to the listing rules of the stock exchange where the Shares are listed. During the validity period of the 2022 A Share Incentive Scheme, if the relevant provisions of the stock exchange where the Shares are listed relating to the attribution period have changed, the attribution date shall comply with the provisions of the revised relevant laws, regulations and normative documents.

Attribution arrangements under the 2022 A Share Incentive Scheme are as follows:

Tranche	Attribution Period	Attribution Percentage
First tranche	From the first trading day after the expiry of 12 months following the Grant Date until the last trading day within the 24 months following the Grant Date	25%
Second tranche	From the first trading day after the expiry of 24 months following the Grant Date until the last trading day within the 36 months following the Grant Date	25%
Third tranche	From the first trading day after the expiry of 36 months following the Grant Date until the last trading day within the 48 months following the Grant Date	25%
Fourth tranche	From the first trading day after the expiry of 48 months following the Grant Date until the last trading day within the 60 months following the Grant Date	25%

Those Restricted Shares which have not been attributed during the period of their respective tranches as a result of failure to fulfil the attribution conditions are not allowed to be attributed or deferred to be attributed in the next attribution period(s) and shall be forfeited.

Upon attribution, the Restricted Shares will be registered with the CSDC under the Participant's name.

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(D) Lock-up Period

The requirements of lock-up for the Restricted Shares under the 2022 A Share Incentive Scheme are implemented in accordance with relevant laws, administrative regulations and regulatory documents including the PRC Company Law and the PRC Securities Law, and the Articles of Association as follows:

1. Any Restricted Share attributed in the respective tranche shall not be transferable for 6 months from the date of satisfying the vesting conditions considered and approved by the Board for the Restricted Shares in each tranche;
2. The Lock-up arrangement granted by the Incentive Scheme to the Participants shall be implemented in accordance with the requirements of the Company Law, the Securities Law and the relevant laws, administrative regulations, regulatory documents and the Articles of Association; and
3. During the validity period of the 2022 A Share Incentive Scheme, if the relevant requirements under the relevant laws, administrative regulations, regulatory documents such as the PRC Company Law and the PRC Securities Law and the Articles of Association are changed, the transfer of the Shares held by the Participants shall comply with the relevant laws, regulations and regulatory documents including the PRC Company Law and the PRC Securities Law and the Articles of Association as amended at the time of transfer.

(vii) Conditions for Grant and Attribution of Restricted Shares

(A) Conditions for grant of the Restricted Shares

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

1. *None of the following has occurred on the part of the Company:*
 - (a) An audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (b) An audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

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- (c) In the past 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
 - (d) Laws and regulations stipulate that equity incentives shall not be implemented; or
 - (e) Other circumstances as determined by the CSRC.
2. *None of the following has occurred on the part of the Participants:*
- (a) The Participant has been determined as an inappropriate candidate by the Shenzhen Stock Exchange within the past 12 months;
 - (b) The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
 - (c) The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
 - (d) The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of any company;
 - (e) Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
 - (f) Other circumstances as determined by the CSRC.

(B) Conditions for attribution of the Restricted Shares

For the Restricted Shares to be attributed to the Participants, among others, all of the following conditions need to be satisfied within the attribution period:

1. *None of the following has occurred on the part of the Company:*
- (a) An audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (b) An audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

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- (c) In the past 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
- (d) Laws and regulations stipulate that equity incentives shall not be implemented; or
- (e) Other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified above arises, the Restricted Shares that have been granted but have not yet been attributed to the Participant under the 2022 A Share Incentive Scheme shall not be attributed and shall be forfeited.

2. *None of the following has occurred on the part of the Participants:*

- (a) The Participant has been determined as an inappropriate candidate by the Shenzhen Stock Exchange within the past 12 months;
- (b) The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
- (c) The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
- (d) The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of any company;
- (e) Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
- (f) Other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified above arises in relation to a certain Participant, the Company will terminate such Participant's right to participate in the 2022 A Share Incentive Scheme and the Restricted Shares that have been granted but have not yet been attributed to such Participant under the 2022 A Share Incentive Scheme shall not be attributed and shall be forfeited.

3. *Requirements of length of employment of the Participants*

The Participant must be employed by the Group for more than 12 months before each tranche of attribution of Restricted Shares.

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4. *Performance assessment requirements at the Company level*

Under the 2022 A Share Incentive Scheme, the Company's performance will be evaluated on an annual basis for the financial years of 2022 to 2025, and the achievement of performance assessment target will be one of the attribution conditions for the Participants for the current year.

The performance assessment targets under the 2022 A Share Incentive Scheme are set out below:

Attribution Period	Performance Assessment Target
First Attribution Period	20% (Company's revenue increase for the year ended December 31, 2022 as compared to the year ended December 31, 2021)
Second Attribution Period	40% (Company's revenue increase for the year ended December 31, 2023 as compared to the year ended December 31, 2021)
Third Attribution Period	60% (Company's revenue increase for the year ended December 31, 2024 as compared to the year ended December 31, 2021)
Fourth Attribution Period	80% (Company's revenue increase for the year ended December 31, 2025 as compared to the year ended December 31, 2021)

Note: Revenue refers to the audited revenue of the Company.

During the attribution period, the Company will handle the registration of the attributed Restricted Shares for the Participants who have satisfied the attribution conditions. In the event that the above performance assessment requirements at the Company level have not been reached within the respective attribution tranche, the Restricted Shares that have been granted but are yet to be vested to the Participants in such tranche shall not be attributed and shall be forfeited.

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5. *Performance assessment requirements at the Participant's individual level*

The individual assessment of Participants is carried out according to the internal performance assessment system of the Company. The results of the individual assessment of Participants are divided into two levels – “pass” and “fail”, and the corresponding attribution percentage is as follows:

Assessment Results	Pass	Fail
Attribution Percentage	100%	0%

Subject to the Company achieving the aforementioned performance assessment target in the respective attribution period, the Restricted Shares that have been granted but are yet to be attributed to the Participant in such tranche shall be attributed to such Participant if he/she achieves assessment result of “pass” in the year immediately preceding. If the assessment result achieved by such Participant is “fail”, the Restricted Shares that have been granted but are yet to be attributed to the Participants in such tranche shall not be attributed and shall be forfeited.

The assessment under the 2022 A Share Incentive Scheme at individual level is reviewed by the Remuneration and Appraisal Committee, and its specific content is implemented in accordance with the Assessment Management Measures. The Scheme Participants are not the members under the Remuneration and Appraisal Committee, who won't be involved in the performance assessment at individual level.

6. *Explanation on reasonableness of the performance appraisal indicators of the Restricted Share*

The Company is a leading fully-integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers. The Company provides fully-integrated drug research, development and manufacturing services throughout the research and development cycle. In addition, the Company has recently been accelerating the establishment of R&D service capabilities for Biologics and CGT services, and committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities. The Company has set out a drug R&D service framework in compliance with general global R&D standards to provide customers with complete solutions for drug research, development and production around the world. Currently, the Company's customer portfolio comprises the top 20 multinational pharmaceutical companies worldwide.

In order to realize the strategy of the Company and maintain its competitiveness, the Company intends to motivate the core management, mid-level management and core technical personnel, basic-level management and technical personnel of the Company through the implementation of the 2022 A Share Incentive Scheme. After reasonable prediction and taking into account the incentive

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effects of the 2022 A Share Incentive Scheme, the revenue of the Company is adopted as the company-level performance evaluation indicator under the 2022 A Share Incentive Scheme, which can directly reflect the Company's principal business operations and indirectly reflect the market share of the Company in the industry.

Under the performance indicators and based on the operating revenue for 2021, the operating revenue's growth rates of the Company from 2022 to 2025 were no less than 20%, 40%, 60% and 80%, respectively. The performance indicators for the 2022 A Share Incentive Scheme were formulated by the Company based on the Company's actual conditions, future strategic planning, industry development and various potential risks (which refer to the risk factors out of the control of the Directors, such as the risk of international policy changes and currency exchange rates). The satisfaction of the performance targets presents a certain degree of challenge, which helps to continuously improve the profitability of the Company and proactiveness of the staff, ensure the successful implementation of future development strategy and business objectives, and bring better and lasting returns to the shareholders.

In addition to the performance indicators at the Company level, the Company has also set up a strict performance appraisal system at the Participant's individual level, which allows a more accurate, comprehensive evaluation of the work performance of the Participants. The Company will determine whether the Participants meet the attribution conditions based on the annual performance evaluation results of the Participants.

In summary, the Company's appraisal system under the 2022 A Share Incentive Scheme is integrated, comprehensive and operable. Such appraisal system can incentivize the enthusiasm and creativity of the Participants, promote the construction of a core team of the Company, and restrain the Participants, thereby serving as a solid guarantee for the Company's future business strategies and objectives.

(viii) Implementation, Grant and Attribution Procedures

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

1. The Remuneration and Appraisal Committee is responsible for formulating the 2022 A Share Incentive Scheme and the Assessment Management Measures of the Company.
2. The Board shall resolve on the 2022 A Share Incentive Scheme and the Assessment Management Measures of the Company formulated by the Remuneration and Appraisal Committee. When the Board resolves on the 2022 A Share Incentive Scheme, connected Directors who have an interest in the resolution shall abstain from voting.

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3. The Independent Directors and the Supervisory Committee will express opinions on whether the 2022 A Share Incentive Scheme is conducive to the sustainable development of the Company, whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders.
4. The Company will engage an independent financial consultant to give professional opinions on the feasibility of the 2022 A Share Incentive Scheme, whether the 2022 A Share Incentive Scheme is conducive to the sustainable development of the Company, whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders. The Company will engage a legal advisor to issue a legal opinion on the 2022 A Share Incentive Scheme.
5. Within two trading days after the Board having reviewed and approved the 2022 A Share Incentive Scheme, the Company will make an announcement of Board resolutions, the draft and summary of the 2022 A Share Incentive Scheme, the opinions of Independent Directors, and the opinions of the Supervisory Committee.
6. The Company shall carry out self-investigation on the dealing of Shares by insiders during the 6 months' period prior to the announcement of the 2022 A Share Incentive Scheme to examine whether any insider dealing exists.
7. Before convening the AGM and the Class Meetings, the Company shall announce the name and position of the Participants internally via the Company website or other channels for 10 days. The Supervisory Committee shall review the list of the Participants and take sufficient consideration of the public response. The Company shall disclose the information regarding the review by the Supervisory Committee regarding the list of Participants and the publication responses 5 days prior to the consideration of the 2022 A Share Incentive Scheme at the AGM and the Class Meetings.
8. When the AGM and the Class Meetings are convened to consider and, if thought fit, approve the 2022 A Share Incentive Scheme, the Independent Directors shall solicit proxy voting rights from all Shareholders regarding the resolutions related to the 2022 A Share Incentive Scheme. The 2022 A Share Incentive Scheme and relevant resolutions shall be considered and, if thought fit, approved by the Shareholders by way of special resolution at the AGM and the Class Meetings. Connected Shareholders who have an interest in the resolution shall abstain from voting.
9. The Company will make an announcement of the Shareholders' resolutions, the 2022 A Share Incentive Scheme as approved at the AGM and the Class Meetings, as well as the self-investigation report and legal opinion of the insiders trading of the Shares. Where connected persons or other situations

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required by the listing rules of the place where the Company's securities are listed are involved, the Company shall comply with such local laws and regulations and meet the relevant requirements (including, if necessary, obtaining prior approval from the independent Shareholders).

10. The Board will grant the Restricted Shares to the Participants and make announcements and complete other relevant procedures pursuant to the authorization granted by the Shareholders within 60 days after the 2022 A Share Incentive Scheme having been adopted and approved at a general meeting and the Class Meetings. The Board shall handle specific matters such as the attribution and registration of Restricted Shares in accordance with the authorization at the AGM and the Class Meetings.

(B) Procedures for the grant of the Restricted Shares

1. The Board shall convene a meeting to grant the Restricted Shares to the Participants within 60 days after the 2022 A Share Incentive Scheme having been adopted and approved at the AGM and the Class Meetings.
2. Before granting the Restricted Shares to the Participants, the Board shall convene a meeting to consider whether the Participants have satisfied the conditions for grant prescribed in the 2022 A Share Incentive Scheme and make an announcement thereafter. The Independent Directors and the Supervisory Committee shall also issue their explicit opinions at the same time. The legal advisor shall issue legal opinions as to whether the Participants have satisfied the conditions of the grant. The Supervisory Committee shall verify the Grant Date and the list of Participants and issue an opinion. When there is discrepancy between the Company's grant of the Restricted Shares to the Participants and the arrangement stipulated under the 2022 A Share Incentive Scheme, the Independent Directors, the Supervisory Committee (when the Participants change), legal advisor and independent financial consultants shall simultaneously express clear opinions.
3. The Company shall enter into an "Agreement on the Granting of Restricted Shares" with the Participants setting out their respective rights and obligations.
4. The Company shall keep a register for management of the Restricted Shares with reference to the "Agreement on the Granting of Restricted Shares" signed by the Participants and the subscription situation, and such register shall record the names of the Participants, the number of Restricted Shares granted, the Grant Date and the serial number of the relevant agreement on granting of the Restricted Shares.

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5. The Company shall grant the Restricted Shares to the Participants and make an announcement within 60 days after the 2022 A Share Incentive Scheme is considered and approved at the AGM and the Class Meetings. If the Company fails to make an announcement in respect of the grant of the Restricted Shares within the 60-day period, the 2022 A Share Incentive Scheme shall be terminated, and the Board shall promptly disclose the reasons for the failure to implement the 2022 A Share Incentive Scheme and is prohibited from approving a share incentive scheme again within 3 months thereafter.
6. Where connected persons or other situations required by the listing rules of the place where the Company's securities are listed are involved, the Company shall comply with such local laws and regulations and meet the relevant requirements (including, if necessary, any prior approval from the independent Shareholders).

(C) Procedures for the attribution of the Restricted Shares

1. Prior to attribution, the Company shall confirm whether the Participants have satisfied the attribution conditions. The Board shall consider whether the attribution conditions under the 2022 A Share Incentive Scheme have been satisfied and the Independent Directors and Supervisory Committee shall issue their explicit opinions at the same time. The Company's legal advisor shall issue legal opinions as to whether the conditions for attribution of the Restricted Shares have been satisfied. A Board meeting to consider the satisfaction of attribution conditions under the 2022 A Share Incentive Scheme shall be convened within 6 months after each attribution period begins.
2. Each Participant shall set up a cash securities account before the first attribution period begins. The Participants who have fulfilled the attribution conditions shall from 1 month prior to, to 2 months after, the meeting of the Board to consider the satisfaction of attribution conditions (specific payment time shall be subject to payment notice confirmation to be issued by the Company at the time), pay the Grant Price for the subscription of the Restricted Shares into the account designated by the Company, which will be verified and confirmed by a certified public accountant. Participants who have not paid the Grant Price within the requisite period shall be deemed to have waived his/her right to subscribe for the Restricted Shares. The Company shall apply to the Shenzhen Stock Exchange for the attribution of the Restricted Shares to Participants, and apply to the CSDC for the attribution matters after confirmation by the Shenzhen Stock Exchange. The Restricted Shares of the Participants who have not fulfilled the attribution conditions in the relevant tranche shall not be attributed and shall be forfeited. The Company shall make timely disclosure in respect of the implementation of the 2022 A Share Incentive Scheme.

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3. Subject to the Lock-up Period aforementioned, participants may transfer their attributed Restricted Shares, however, the transfer of the Restricted Shares held by the Directors and members of the senior management of the Company should comply with the requirements of the relevant laws, regulations and regulatory documents.

In each of the above Board meetings, Directors who have an interest in the relevant resolution shall abstain from voting.

(ix) Method and Procedures for Adjustment

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

In the event of any capitalization issue, bonus issue, sub-division, rights issue or share consolidation of the Company during the period from the date of announcement of the 2022 A Share Incentive Scheme to the completion of attribution registration of Restricted Shares by the Participants, the number of Restricted Shares shall be adjusted accordingly. Adjustment will be made according to the following manners, and in certain event, the aggregate number of Restricted Shares (as adjusted) may exceed 1,548,800 A Shares. The adjustment method is as follows:

1. *Capital reserve converted into share capital, bonus stock distribution, stock split*

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

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by conversion of capital reserve, bonus issue or sub-division of shares (i.e. the number of shares increased per share upon issue of shares by conversion of capital reserve, bonus issue or sub-division of shares); Q represents the number of Restricted Shares after the adjustment.

2. *Rights issue*

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

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

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3. *Share consolidation*

$$Q=Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one Share of the Company shall be consolidated into n Shares); Q represents the number of Restricted Shares after the adjustment.

4. *New issue of shares*

In the event of new issue of Shares by the Company, no adjustment shall be made to the number of Restricted Shares.

(B) *Adjustment method of the Grant Price of the Restricted Shares*

In the event of any capitalization issue, bonus issue, sub-division, rights issue or share consolidation of the Company during the period from the date of announcement of the 2022 A Share Incentive Scheme to the completion of attribution registration of Restricted Shares by the Participants, the Grant Price shall be adjusted accordingly. The adjustment method is as follows:

1. *Capital reserve converted into share capital, bonus stock distribution, stock split*

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

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by conversion of capital reserve, bonus issue or sub-division of shares to each Share; P represents the Grant Price after the adjustment.

2. *Rights issue*

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

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

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3. *Share consolidation*

$$P=P_0 \div n$$

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

4. *Dividend distribution*

$$P=P_0 - V$$

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

5. *New issue of shares*

In the event of new issue of Shares by the Company, no adjustment shall be made to the Grant Price of the Restricted Shares.

(C) *Adjustment procedures*

The Grant Price adjusted according to the terms of the 2022 A Share Incentive Scheme should also comply with the Shenzhen Listing Rules and the Management Measures. The Board is required to make such adjustments based on the principles, methods and procedures of the 2022 A Share Incentive Scheme. The Company's counsel as to PRC laws will issue an opinion as to whether the above adjustment is in compliance with the Management Measures, the Articles of Association and the 2022 A Share Incentive Scheme and whether the relevant adjustment procedures have been complied with.

The Company's general meeting authorizes the Board to adjust the number of Restricted Shares and the Grant Price based on the reasons set forth in the 2022 A Share Incentive Scheme. After the Board adjusts the number of Restricted Shares and the Grant Price in accordance with the above provisions, it shall promptly announce and notify the Participants. The Company shall employ lawyers to provide professional opinions to the Board on whether the above adjustments comply with the requirements under the Management Measures, the Articles of Association and the 2022 A Share Incentive Scheme.

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

(A) *Rights and obligations of the Company*

1. The Company has the right to interpret and implement the 2022 A Share Incentive Scheme, to conduct performance appraisal on the Participants, and to supervise and examine whether the Participants are eligible for attribution. If the Participants fail to meet the attribution conditions as determined under the 2022 A Share Incentive Scheme, upon approval by the Board, the Restricted Shares that have been granted to the Participants but have not yet been attributed shall not be attributed and shall be forfeited.
2. The Company has the right to require the Participants to work for the Company according to the requirements of the positions at which he/she is employed. If the Participant is not qualified for the positions or fails the assessment, or if the Participant violates the law, violates professional ethics, divulges company secrets, violates the Company's rules and regulations, neglects his/her duty or malfeasance or has other acts that seriously damage the Company's interests or reputation, upon approval by the Board, the Restricted Shares that have been granted to the Participants but have not yet been attributed shall not be attributed and shall be forfeited.
3. The Company shall withhold and pay the personal income tax and other taxes and fees payable by the Participants according to the relevant provisions of the national tax laws and regulations.
4. The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Participants to obtain relevant Restricted Shares according to the 2022 A Share Incentive Scheme.
5. The Company shall timely, truly, accurately and completely disclose the information disclosure documents related to the 2022 A Share Incentive Scheme in accordance with the relevant laws, regulations and regulatory documents, ensure that there are no false records, misleading statements or material omissions, and timely fulfill the relevant reporting obligations of the 2022 A Share Incentive Scheme.
6. In accordance with the 2022 A Share Incentive Scheme and the relevant requirements of the CSRC, the Shenzhen Stock Exchange and registration and clearing companies, the Company shall handle the registration of the attribution of Restricted Shares for the Participants that meet the attribution conditions. However, the Company shall not be held liable if the Participants

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fails to complete the registration matters of the attribution of Restricted Shares and causes losses to the Participants due to the reasons on the part of the CSRC, the Shenzhen Stock Exchange and the registration and clearing companies.

7. Other relevant rights and obligations stipulated in laws, administrative regulations and regulatory documents.

(B) Rights and obligations of the Participants

1. The Participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions at which he/she is employed by the Company.
2. The Participants have the right to receive the attributed Restricted Shares granted in accordance with the 2022 A Share Incentive Scheme, and should follow the lock-up obligations aforementioned and deal with his/her Restricted Shares in accordance with relevant provisions.
3. The source of funds for the Participants is their own financing.
4. Prior to the vesting and registration, the Restricted Shares granted to the Participants under the 2022 A Share Incentive Scheme shall not be transferred, used to guarantee or repay debts.
5. Prior to the vesting and registration, the Restricted Shares granted to the Participants under the 2022 A Share Incentive Scheme do not carry any voting rights or right to participate in the distribution of bonus shares or share dividends.
6. The income received by the Participants as a result of the 2022 A Share Incentive Scheme shall be subject to personal income tax and other taxes and fees in accordance with national tax regulations.
7. The Participants undertake that if there are false records, misleading statements or material omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting rights and interests, the Participants shall fulfill their undertakings and return all the benefits obtained from the 2022 A Share Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.

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8. If the Participant is no longer eligible to be a Participant under the 2022 A Share Incentive Scheme as stipulated in Article 8 of the Management Measures during the implementation of the 2022 A Share Incentive Scheme, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited.
9. If the Participant ceases to be employed by the Company after attribution of the Restricted Shares, such Participant shall not engage in business related or similar to that of the Company for two years following the end of such Participant's employment with the Company. If the Participant who ceases to be employed by the Company after attribution of the Restricted Shares, engages in business related or similar to that of the Company within the two years following the end of such Participant's employment with the Company, such Participant shall return to the Company all interests in the Restricted Shares granted, and be liable for damages for breach in the same amount. Such Participant shall also be liable for damages should he/she cause loss to the Company.
10. The Participant agreed to authorize the Company to register the share-related matters under the Incentive Scheme.
11. Other relevant rights and obligations stipulated in laws, administrative regulations, regulatory documents and the 2022 A Share Incentive Scheme.

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

Any dispute between the Company and the Participants shall be resolved in accordance with the provisions of the 2022 A Share Incentive Scheme and the "Agreement on the Granting of Restricted Shares". In event of any dispute that is not clearly covered by such provisions, the Company and the Participants shall negotiate and resolve their disputes in accordance with national laws and the principles of fairness and reasonableness. Where any dispute cannot be settled by negotiation, it shall be resolved through litigation by submitting to the People's Court with jurisdiction over the Company's place of business.

(D) Other descriptions

The Participant won't be involved in the procedure for examination and approval of the Incentive Scheme and the follow-up performance appraisal works at individual level.

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

(A) *Procedure for the amendment and termination of the 2022 A Share Incentive Scheme*

1. *Procedure for the amendment of the 2022 A Share Incentive Scheme*

- (a) If the Company intends to make amendments to the 2022 A Share Incentive Scheme before it is considered and approved by the Shareholders at the AGM and the Class Meetings, the amendments shall be considered and approved by the Board. If the Company intends to make amendments to the 2022 A Share Incentive Scheme that has been adopted by Shareholders at the AGM and the Class Meetings, such amendments shall be submitted to the general meeting and class meetings of A Shareholders and H Shareholders for its approval and shall not include circumstances that would result in the acceleration of attribution or reduction of the Grant Price.
- (b) The Company shall timely disclose the reasons and contents of the amendments. The Independent Directors and the Supervisory Committee shall make clear opinions on whether the amended plan is conducive to the sustainable development of the Company and whether there are any situations that clearly harm the interests of the Company and all shareholders. The legal advisor shall express its professional opinions on whether the amended plan conforms to the provisions of the Management Measures and relevant laws and regulations, and whether there are any circumstances that clearly harm the interests of the Company and all the Shareholders.

2. *Procedure for the termination of the 2022 A Share Incentive Scheme*

- (a) If the Company intends to terminate the 2022 A Share Incentive Scheme before it is considered and approved at the AGM and the Class Meetings, the Board shall consider and approve and disclose such intended termination of the 2022 A Share Incentive Scheme. If the Company intends to terminate the implementation of the 2022 A Share Incentive Scheme after it is considered and approved at the AGM and the Class Meetings, it shall be submitted to the Board and the general meeting and class meetings of A Shareholders and H Shareholders for approval and be disclosed.
- (b) The Company shall timely disclose the announcement of resolutions of the general meeting or the Board. The legal advisor shall express its professional opinions on whether the termination of 2022 A Share

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Incentive Scheme conforms to the provisions of the Management Measures and relevant laws and regulations, and whether there are any circumstances that clearly harm the interests of the Company and all the Shareholders.

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

1. In the event that any of the circumstances below occurs, the 2022 A Share Incentive Scheme shall be terminated, and the Restricted Shares that have been granted to the Participants under the 2022 A Share Incentive Scheme but have not yet been attributed shall not be attributed and shall be forfeited.

(a) An audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

(b) An audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

(c) In the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;

(d) Laws and regulations stipulate that equity incentives shall not be implemented; or

(e) Other circumstances as determined by the CSRC.

2. *Merger or division of the Company*

In case of merger or division of the Company, the Board shall decide whether to terminate the 2022 A Share Incentive Scheme within five trading days from the date of merger or division.

3. *Change of control of the Company*

In the event of a change of control of the Company by way of a merger, privatization of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, or resolution of the general meeting of the Shareholders to replace half of all members of the Board before the expiry of the term of office of the Board, the Board shall decide whether to terminate the 2022 A Share Incentive Scheme within five trading days from the date of the change of the control.

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4. If the Company fails to meet the conditions for granting or attribution of the Restricted Shares due to false records, misleading statements or material omissions in the information disclosure documents, the Restricted Shares that have not yet been attributed shall not be attributed and shall be forfeited.

If the Restricted Shares that have been granted to the Participants have already been attributed, all the Participants shall return the granted rights and interests. If a Participant who is not responsible for the above matters suffers from losses due to the return of rights and interests, such Participant can recover such losses from the Company or the responsible targets in accordance with the relevant arrangements under the 2022 A Share Incentive Scheme. The Board shall recover the proceeds from the Participants in accordance with the preceding paragraph and the relevant arrangements under the 2022 A Share Incentive Scheme.

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

1. Change in position of the Participants

- (a) If the position of a Participant changes but he/she still works in the Company or its subsidiaries, the Restricted Shares granted to him/her shall still be attributed in accordance with the procedures stipulated in the 2022 A Share Incentive Scheme.
- (b) If a Participant becomes a Supervisor or an Independent Director, or changes to a position not allowed to hold the Restricted Shares of the Company, the Restricted Shares that have been attributed shall not be affected. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited.
- (c) If a Participant violates the law, violates professional ethics, divulges confidential information of the Company, causes damage to the interests or reputation of the Company due to failure to discharge his duties or willful misconduct, and resulting in a change of position, or causes the Company to terminate the employment or labor relationship with such Participant due to the above-mentioned reasons, such Participants shall return to the Company all interests in the Restricted Shares already attributed. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited. At the same time, in the event of serious circumstances, the Company may also claim for the damages suffered by the Company from such Participant in accordance with relevant laws and regulations.

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2. *Resignation of the Participants*

- (a) If the employment contract of a Participant expires and is not renewed, or if such Participant resigns voluntarily, the Restricted Shares that have been attributed shall not be affected. In such case, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited.
- (b) If a Participant leaves the Company involuntarily due to reasons such as layoffs by the Company, and there are no behaviors such as failure to pass performance evaluation, negligence or violation of laws and disciplines by such Participant, the Restricted Shares that have been attributed shall not be affected. In such case, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited.
- (c) If the Company decides to terminate its employment relationship with a Participant, the Restricted Shares that have been attributed prior to the date of termination of such employment shall not be affected, and the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited.

3. *Retirement of the Participants*

If a Participant enters into re-employment arrangements with the Company after retirement, the Restricted Shares that have been granted to him/her will be carried out in accordance with the procedures stipulated in the 2022 A Share Incentive Scheme in effect before the retirement. If such Participant rejects the Company's request for his/her re-employment, or if such Participant retires and leaves the Company, the Restricted Shares that have been granted but not yet attributed shall not be attributed, and shall be forfeited.

4. *Incapacity of the Participants*

- (a) If a Participant becomes incapacitated due to work injury and leaves the Company, the Remuneration and Appraisal Committee shall decide whether the Restricted Shares granted to such Participant shall be carried out in accordance with the procedures stipulated in the 2022 A Share Incentive Scheme in effect before the occurrence thereof, and the personal performance evaluation results will no longer be included in the attribution conditions; or the Company shall cancel his/her Restricted Shares that have been granted but not yet been attributed.

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- (b) If a Participant leaves the Company due to incapacity not resulting from work injury, the Restricted Shares that have been granted to the Participant shall not be affected. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited.

5. *Death of the Participants*

- (a) In the event of death of a Participant due to the carrying out of his/her duty, the Remuneration and Appraisal Committee shall decide whether the Restricted Shares granted to him/her shall be held by the designated beneficiary to his/her estate or such beneficiary as stipulated by applicable law, and shall be carried out in accordance with the procedures stipulated in the 2022 A Share Incentive Scheme in effect before his/her death, and the results of his/her personal performance evaluation shall not be included in the attribution conditions; or the Restricted Shares that have been attributed shall not be affected and the Company shall cancel his/her Restricted Shares that have been granted but has not been attributed.
- (b) In the event of death of a Participant not due to the carrying out of his/her duty, the Restricted Shares that have been attributed to the Participants shall not be affected. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited.

6. *Change of control of the subsidiary where the Participants work*

If a Participant works in a subsidiary of the Company, and if the Company loses control over such subsidiary while the Participant not works there, the Restricted Shares that have been attributed shall not be affected. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited.

7. *Change in eligibility of the Participants*

If a Participant no longer meets the eligibility requirements to participate in the 2022 A Share Incentive Scheme due to any one of the following circumstances, the Restricted Shares that have been attributed shall not be affected, and the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall be forfeited:

- (a) The Participant has been determined as an inappropriate candidate by the Shenzhen Stock Exchange within the most recent 12 months;
- (b) The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;

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- (c) The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the most recent 12 months;
- (d) The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of any company;
- (e) Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
- (f) Other circumstances as determined by the CSRC.

8. *Others*

Circumstances not expressly stipulated in the 2022 A Share Incentive Scheme and the method of handling such circumstances shall be determined by the Remuneration and Appraisal Committee.

(xii) Accounting Treatment and Impact on the Operating Performance

(A) *Accounting treatment*

In accordance with the rules of the 2022 A Share Incentive Scheme, any Restricted Shares attributed in the respective tranche shall not be assignable or transferable for 6 months from the date of satisfying the attribution conditions considered and approved by the Board for the Restricted Shares in each tranche (the “**Restrictive Factor**”). Such condition is a non-attribution condition, and based on the Enterprise Accounting Standard, when determining the fair value of an equity instrument on the Grant Date, the enterprise shall consider the impact of such non-attribution condition. The fair value of this second class of Restricted Shares represents the fair value (including the option’s intrinsic value and time value) by adopting the Option Pricing Model after deducting the discounted costs arising from the Restrictive Factor.

The Company used the Black-Scholes model (B-S Model) to estimate the fair value of the Restricted Shares as of the date of the announcement on the proposed adoption of the 2022 A Share Incentive Scheme amongst other things (i.e. March 27, 2022). The specific figures for such estimation are as follows:

- (a) Underlying share price: RMB115.40 (March 27, 2022 as closing date)
- (b) Valid period of call option: 1 year, 2 years, 3 years and 4 years (from grant date to the first vesting date of each period), valid period of put option: 0.5 year (restricted factors, i.e. the additional Lock-up Period after each vesting date)

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- (c) Historical volatility: annualized volatility of the Shenzhen Composite Index for respective period
- (d) Risk-free interest rate: the benchmark deposit rate for financial institutions formulated by the People's Bank of China for respective period)

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

The Company will grant 1,548,800 Restricted Shares (subject to Adjustment) to the Participants. The fair value of the Restricted Shares was estimated based on the closing data in relation to the A Shares on the Shenzhen Stock Exchange of the trading day prior to the publication of the draft 2022 A Share Incentive Scheme, and the total equity expense of the grant under the 2022 A Share Incentive Scheme was estimated to be RMB84,843,600. The total amount of the above expenses as the incentive cost of the 2022 A Share Incentive Scheme will be recognized over the course of the 2022 A Share Incentive Scheme in proportion in installments and will be charged to operating profit or loss. In accordance with accounting standards, the amount shall be based on the fair value of the Shares calculated on the “actual grant date”, assuming the Grant Date to be in April 2022, and the amortization of cost of the Restricted Shares from the years 2022 to 2026 shall be as follows:

Unit: RMB0'000

Amortization cost of the Restricted Shares	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026
8,484.36	2,885.21	2,987.17	1,626.22	799.50	186.27

Notes:

1. The above costs are projected costs, and actual costs are related to the Grant Price, the Grant Date, the closing price of the A Shares on the Grant Date, the number of Restricted Shares granted and the best estimate of the number of attributable equity instrument.
2. Shareholders' attention is drawn to the possible dilutive effect of the share-based payment described above.
3. The final influence of the above projected amortization expenses on the Company's operating results is subject to the audit report issued by the accountants.

The cost of the 2022 A Share Incentive Scheme will be charged to cost expenses. Without considering the positive effect of the 2022 A Share Incentive Scheme on the Company's performance, the Company estimates, based on current information, that the amortization of cost expenses of the 2022 A Share Incentive Scheme will have an impact on net profit of each year within the validity period, but the impact is not significant. Considering the positive effect of the 2022 A Share Incentive Scheme on the Company's operation and development, which will stimulate the enthusiasm of the management and business team, improve operating efficiency and reduce operating costs, the 2022 A Share Incentive Scheme will play a positive role in the Company's long-term performance.

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(xiii) **Proposed grant of Restricted Shares and Issue of new A Shares under the 2022 A Share Incentive Scheme pursuant to A Share Specific Mandate**

Subject to the approval of the Shareholders at the AGM and the Class Meetings, the Board has resolved to grant not more than 1,548,800 Restricted Shares, all of which will be granted to not more than 403 Participants under the 2022 A Share Incentive Scheme, representing approximately 0.20% of the total issued share capital of the Company as at the Latest Practicable Date. The Restricted Shares to be granted will be issued and allotted pursuant to the A Share Specific Mandate which may be granted at the AGM and the Class Meetings.

No Restricted Shares will be granted to connected persons of the Company.

The total funds to be raised and the proposed use of proceeds: Not more than RMB84,843,600, being the aggregate Grant Price, will be paid by the Participants to subscribe for 1,548,800 Restricted Shares under the 2022 A Share Incentive Scheme. The proceeds obtained by the Company from the 2022 A Share Incentive Scheme shall be applied towards the replenishment of the Group's liquidity.

Grant Price: The Grant Price of the Restricted Shares under the 2022 A Share Incentive Scheme shall be RMB58.38 per A Share (subject to Adjustment) which was determined with reference to the basis set out in the section headed "v. Grant Price and Basis of Determination" above. A Participant who has satisfied the conditions for grant and attribution may purchase new A Shares issued by the Company at such Grant Price.

Aggregate nominal value: The nominal value of the A Shares of the Company is RMB1.00 per A Share. The aggregate nominal value of the Restricted Shares to be granted under the 2022 A Share Incentive Scheme is not more than RMB1,548,800.

(xiv) **Reasons for and Benefits of the Adoption of the Proposed 2022 A Share Incentive Scheme**

The 2022 A Share Incentive Scheme is proposed to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management and core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the Shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized.

The Directors are of the view that the adoption of the 2022 A Share Incentive Scheme will realize the aforesaid goals, and that the terms and conditions of the 2022 A Share Incentive Scheme are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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The Company is of the view that the adoption and implementation of the proposed 2022 A Share Incentive Scheme is beneficial to the Company and the Shareholders as a whole. The Board is also of the view that the terms and conditions of the 2022 A Share Incentive Scheme are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given the nature of the business and the competitive industry in which it operates, it is extremely important for the Company to recruit and retain talents, and the Company's long-term development plan and future business strategies will very much depend on the loyalty and contribution of the Participants. The proposed 2022 A Share Incentive Scheme is considered to effectively align the employee's achievements at the individual level with the Company's overall performance.

(xv) Other Information

(A) Fund raising activities in the past 12 months

Save as the issuance of Bonds as disclosed in section headed "6. Proposed Grant of the Convertible Bonds-Related Specific Mandate to Issue Additional Conversion Shares", the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

(B) Information of the Company and the Participants

The Company is a joint stock limited liability company established in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (stock code: 3759) and A Shares are listed on the Shenzhen Stock Exchange (stock code: 300759).

The Group is a leading fully-integrated pharmaceutical research and development service platform with global operations to accelerate drug innovation for its customers.

(C) Implications of the Hong Kong Listing Rules

The 2022 A Share Incentive Scheme is a discretionary scheme of the Company and does not constitute a share option scheme under Chapter 17 of the Listing Rules.

The resolutions in relation to the adoption of the proposed 2022 A Share Incentive Scheme and the Assessment Management Measures, the issue and grant of the Restricted Shares to the Participants under the 2022 A Share Incentive Scheme were considered and approved at the meeting of the Board held on March 25, 2022.

The Company will seek an A Share Specific Mandate from the Shareholders at the AGM and Class Meetings for the issue and allotment of Restricted Shares under the 2022 A Share Incentive Scheme.

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15. PROPOSED ADOPTION OF THE ASSESSMENT MANAGEMENT MEASURES FOR THE IMPLEMENTATION OF THE 2022 A SHARE INCENTIVE SCHEME

To ensure the smooth implementation of the 2022 A Share Incentive Scheme, the Assessment Management Measures have been formulated according to the PRC Company Law, the PRC Securities Law, the Management Measures and other relevant laws, administrative regulations, normative documents, the relevant requirements of the Articles of Association as well as the actual situation of the Company.

The full text of the Assessment Management Measures for implementation of the 2022 A Share Incentive Scheme is set out in Appendix VII to this circular. The Assessment Management Measures were prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the Assessment Management Measures, the Chinese version shall prevail.

A special resolution will be proposed at the AGM and the Class Meetings to consider and, if thought fit, approve the adoption of the Assessment Management Measures for implementation of the A Shares.

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

To ensure the successful implementation of the 2022 A Share Incentive Scheme, a special resolution will be proposed at the AGM and the Class Meetings that the Board be authorized to handle matters pertaining to the 2022 A Share Incentive Scheme, including but not limited to the following:

1. To authorize the Board to determine the eligibility requirements and conditions of the Participants under the 2022 A Share Incentive Scheme, and determine the Grant Date of the Restricted Shares;
2. To authorize the Board to adjust the number of the Restricted Shares and the number of underlying shares involved according to the method stipulated in the 2022 A Share Incentive Scheme in the event of capitalization of capital reserves, bonus issue, share split or consolidation, and rights issue of the Company;
3. To authorize the Board to adjust the Grant Price of the Restricted Shares according to the method stipulated in the 2022 A Share Incentive Scheme in the event of capitalization of capital reserves, bonus issue, share split or consolidation, rights issue and dividend distribution of the Company;
4. To authorize the Board to directly reduce the number of Restricted Shares forfeited by employees prior to any further grant of the Restricted Shares;

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5. To authorize the Board to grant the Restricted Shares to a Participant upon his/her fulfillment of the conditions of grant, and to handle all necessary matters in connection with the grant of the Restricted Shares;
6. To authorize the Board to review and confirm the attribution eligibility of the Participants and the conditions for attributing the Restricted Shares, and to authorize the Board to delegate such rights to the Remuneration and Appraisal Committee;
7. To authorize the Board to determine whether the Restricted Shares may be attributed to a Participant;
8. To authorize the Board to handle all matters necessary in connection with the attribution of the Restricted Shares to the Participants, including but not limited to the submission of application to the Shenzhen Stock Exchange in respect of the attribution of the Restricted Shares, applying to CSDC for registration and clearing services, amending the Articles of Association, and registering the change in registered capital of the Company;
9. To authorize the Board to handle matters in connection with the attribution of the Restricted Shares which have not been attributed;
10. To authorize the Board to sign, execute, amend or terminate any agreement in connection with the 2022 A Share Incentive Scheme and other relevant agreements;
11. To authorize the Board to manage and adjust the 2022 A Share Incentive Scheme of the Company, and from time to time formulate or amend the management and implementation rules of the 2022 A Share Incentive Scheme, subject to compliance with the terms of the 2022 A Share Incentive Scheme. However, if such amendments are subject to approval at the general meeting or/and by relevant regulatory authorities under the requirements of laws, regulations or relevant regulatory authorities, such amendments by the Board shall be subject to such approvals; and
12. To authorize the Board to implement all other necessary matters in connection with the 2022 A Share Incentive, except such rights as expressly required under the relevant documents to be exercised by the Shareholders at a general meeting.

The Board proposed that the Shareholders authorize the Board to complete procedures with relevant governments and authorities in relation to the 2022 A Share Incentive Scheme including review, registration, filing, approval and consent; to sign, execute, amend and complete documents submitted to relevant governments, authorities, organizations, and individuals; to amend the Articles of Association and handle the registration of the change in registered capital of the Company; and to carry out all actions deemed to be necessary, appropriate, or expedient in relation to the 2022 A Share Incentive Scheme.

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The Board proposed that the Shareholders also authorize the Board to engage intermediaries, such as receiving bank, accountants, lawyers or securities companies, for the implementation of the 2022 A Share Incentive Scheme.

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

A special resolution will be proposed at the AGM and the Class Meetings to consider and if thought fit, approve the authorizations to be granted to the Board to deal with matters relating to the 2022 A Share Incentive Scheme.

17. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE H SHARES

In order to give the Company the flexibility to issue H Shares if and when appropriate, a special resolution will be proposed at the AGM to approve the granting of the General Mandate to the Directors to allot, issue or deal with additional H Shares of not exceeding 20% of the respective total number of issued H Shares as at the date of passing of the proposed special resolution.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the General Mandate.

Further details of the special resolution to be passed with respect to the grant of General Mandate to issue H Shares are set out in Appendix VIII to this circular.

THE AGM AND CLASS MEETINGS

Notices convening the AGM and the H Shares Class Meeting of the Company to be held at Juyuan Hall, 5/F, Block A, Zhaolin Plaza, No. 19 Ronghua Middle Road, Beijing Economic and Technological Development Area, Daxing District, Beijing, the PRC on Tuesday, May 31, 2022 at 2 p.m. and the two reply slips and form of proxy and the Independent Director's Proxy Forms for use at the AGM and the H Shares Class Meeting are enclosed. To be valid, the forms of proxy and the Independent Director's Proxy Forms must be completed and signed in accordance with the instructions printed thereon, 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 H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the AGM and the H Shares Class Meeting (i.e., not later than 2 p.m. on Sunday, May 29, 2022 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the forms of proxy will not preclude you from attending and voting at the AGM and the H Shares Class Meeting if you so wish.

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Please note that Mr. Yu Jian, an Independent Director, has sent out the Independent Director's Proxy Forms in accordance with the relevant regulations of the PRC to solicit votes from the Shareholders on the resolutions regarding the 2022 A Share Incentive Scheme and the related matters at the AGM and the H Shares Class Meeting. Should you wish to appoint Mr. Yu Jian as your proxy to vote for you and on your behalf at the AGM and the H Shares Class Meeting on the resolutions regarding the 2022 A Share Incentive Scheme and the related matters, please complete the Independent Director's Proxy Forms. Alternatively, if you wish to appoint any person other than Mr. Yu Jian as your proxy to vote for you and on your behalf at the AGM and the H Shares Class Meeting on the resolutions regarding the 2022 A Share Incentive Scheme and the related matters, you may simply disregard the Independent Director's Proxy Form and complete and return the forms of proxy for the AGM and the H Shares Class Meeting. The Report on the Solicitation of Voting Rights by the Independent Directors prepared by Mr. Yu Jian has also been published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.pharmaron.com) by an announcement of the Company dated May 6, 2022.

The forms of proxy and the Independent Director's Proxy Forms are enclosed with this circular and are also published on the websites of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.pharmaron.com). Whether or not you are able to attend the AGM and the H Shares Class Meeting, please complete and return the enclosed forms of proxy for the AGM and the H Shares Class Meeting and the Independent Director's Proxy Form in accordance with the instructions printed thereon and to lodge the same with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as practicable and in any event not less than 48 hours before the time appointed for holding the AGM and the H Shares Class Meeting. Completion and return of the forms of proxy or the Independent Director's Proxy Forms will not preclude you from attending the AGM and the H Shares Class Meeting or any adjournment thereof (as the case may be) should you so wish.

For the purpose of determining the H Shareholders entitled to attend and vote at the AGM and the H Shares Class Meeting, the register of members of the H Shares has been scheduled to close from Thursday, May 26, 2022 to Tuesday, May 31, 2022 (both days inclusive), during which no transfer of H Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Thursday, May 26, 2022 shall be entitled to attend and vote at the AGM and the H Shares Class Meeting. In order to be eligible to attend and vote at the AGM and the Class Meeting of H Shareholders, holders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) for registration no later than 4:30 p.m. on Wednesday, May 25, 2022.

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18. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the H Shareholders entitled to attend and vote at the AGM, the register of members of the H Shares of the Company will be closed from Thursday, May 26, 2022 to Tuesday, May 31, 2022 (both days inclusive), during which no transfer of H Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Thursday, May 26, 2022 shall be entitled to attend and vote at the AGM.

19. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, apart from certain exceptions, any vote of Shareholders at a general meeting must be taken by poll.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorised representative) shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she has in the same manner.

An announcement on the poll results will be published by the Company after the AGM and the H Shares Class Meeting in the manner prescribed under the Listing Rules.

20. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that (i) the proposed adoption of the 2022 A Share Incentive Scheme (including the A Share Specific Mandate for issue and allotment of the Restricted Shares under the 2022 A Share Incentive Scheme and the issue and grant of the Restricted Shares), (ii) the proposed adoption of the Assessment Management Measures; (iii) the proposed authorization to the Board to handle all matters relating to the 2022 A Share Incentive Scheme, are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholder as a whole, although the A Share Specific Mandate for the issue and allotment of the Restricted Shares under the 2022 A Share Incentive Scheme is not in the usual and ordinary course of business of the Company due to the nature of such transaction. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions in relation to the above matters to be proposed at the AGM and the Class Meetings.

The Board also considers that all other resolutions set out in the Notice of AGM and the Notices of the Class Meetings are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of the resolutions set out in the Notice of AGM and the Notices of the Class Meetings.

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21. RESPONSIBILITY STATEMENT

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

Yours faithfully
For and on behalf of the Board
Dr. Lou Boliang
Chairman

WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2021

To the Shareholders of Pharmaron Beijing Co., Ltd.:

During the year of 2021, the Board strictly complied with laws and regulations such as the Company Law, Securities Law, Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and rules and procedures such as the Articles of Association, and Rules of Procedure for Board Meetings, earnestly implemented the resolutions passed at shareholders' general meetings, actively promoted the implementation of resolutions of the Board, and continuously regulated corporate governance. All directors performed their duties carefully and diligently, ensuring the sustainable and stable development of the Company. The work report of the Board for 2021 is set out as follows:

I. BUSINESS OPERATION OF THE COMPANY IN 2021

In 2021, the Company continued to build a fully-integrated services platform, and further improved the small molecule drug R&D and manufacturing services platform throughout the drug discovery, preclinical, clinical development and commercial stages by further integrating its service offerings both vertically and horizontally. In addition, the Company further accelerated the establishment of R&D services capabilities for biologics and CGT services platform and committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities. Thanks to the joint efforts of all the employees, during the Reporting Period, the Company realized revenue of RMB7,443.77 million, with a year-on-year growth of 45.00% (or 52.25% if the weighted average USD exchange rate in the Reporting Period remains the same as the same period of last year); with the economy of scales, the Company realized operating profit was RMB1,914.34 million; gross profit margin from principal operations reached 36.02%, representing a decrease of 1.38 percentage points as over last year (if the weighted average USD exchange rate in the Reporting Period remains the same as the same period of last year, gross profit margin from principal operations was 38.76%, representing an increase of 1.36 percentage points over last year); profit attributable to owners of the parent of RMB1,661.03 million, with a year-on-year growth of 41.68%; net profit attributable to owners of the parent excluding non-recurring gains or losses amounted to RMB1,340.80 million, with a year-on-year growth of 67.46%. With the growth in business demand, the Company continuously expanding its talent pool. As of December 31, 2021, the total number of employees reached 14,923, including 13,455 were R&D, production technology and clinical services staffs, accounting for 90.16% of the total number of employees in the Company. As at December 31, 2021, the number of R&D, production technology and clinical services staffs increased by 3,628 as compared with December 31, 2020.

In 2021, the Company continued to adhere to the “Customer Centric” corporate philosophy, with approximately 90% of the revenue coming from a large, diverse, loyal and repeated customer base that includes the global top 20 pharmaceutical companies, among which, the revenue of such customers from global top 20 pharmaceutical companies accounted for 18.97% of the revenue of the Company. In addition, the Company actively expanded its customer base, by introducing more than 800 new customers in 2021. In 2021, the revenue from customers in North America accounted for 64.20%, revenue from customers in EU (including U.K.) accounted for 15.63%, revenue from customers in China accounted for 17.13%, and revenue from customers in other regions accounted for 3.04%. With the increase of number of customers, the Company further optimizes its revenue structure by reducing the revenue concentration of the top 20 customers from 41.06% in 2020 to 33.75% in 2021. While the revenue concentration decreased, the average revenue from the top 20 customers increased by 19.21% when compared with 2020. The advantages of the fully-integrated service strategy have been further validated, and customer loyalty was further improved. In addition, the Company conducted extensive scientific collaboration with customers and jointly published research findings. In 2021, a total of 29 papers were published in *J. Med. Chem.*, *Bioorg. Med. Chem. Lett.*, and *J. Pharm. Sci.* and other international scientific journals, together with 27 patent inventorship at home and abroad (with intellectual properties owned by customers).

With the strategy of building a fully-integrated service platform, the Company expanded its service capabilities to meet its business needs and further improved its international services platform and new services expansion through both internal construction and external expansion, providing new impetus for the mid-and long-term growth of the Company. During the Reporting Period, the Company’s capital expenditure for internal construction and external expansion was RMB2,092.82 million and RMB1,436.94 million, increasing by 59.05% and 30.61% respectively over 2020. With the expansion of global footprint, the Company owns 10 operating facilities and has more than 1,100 employees in U.K. and U.S.. In 2021, the revenue of the overseas subsidiaries accounted for 13.70% of the revenue of the Company.

To better support the long-term development and expansion plan, the Company successfully issued H shares convertible bonds in the international capital market in June 2021. The net proceeds from the offering was approximately RMB3,776.04 million. The offering represented the first issuance of convertible bonds in both Renminbi and US dollars by a company listed on the Hong Kong Stock Exchange. The Company issued \$300 million convertible bonds with zero interest and zero yield, and obtained the highest conversion premium of the USD convertible bonds among the medical enterprises listed in Hong Kong stock market. The offering effectively reflected the capital market’s trust and recognition of the Company’s operating ability market positions.

The Company attaches great importance to the improvement and constant optimization of the corporate governance, in order to maximize the long-term benefits of the Company. To improve the ESG structure, the Board reviewed and approved the ESG management measures of the Company in April 2021, built a three-level ESG governance structure consisting of the Board and the strategy committee as the “governance layer”, the ESG executive committee as the “management layer”, and the “execution layer” composed of all departments and tier 1 subsidiaries. The ESG executive committee of the Company shall regularly discuss and develop ESG work plan, work progress and the latest developments in the capital market and report to the governance layer. In addition, the Company set the sustainable development goals (SDGS) of 2021-2025 for emission target, waste reduction target, energy efficiency target and water efficiency target, and developed the future work plan and specific measures according to the feasibility and industry developments.

In addition, during the Reporting Period, the Company continued to improve its management system and included information security into our safety production efforts, with an aim to improve and upgrade the information system of our global operations. Our information security management system passed the ISO27001 international information security standard certification in November, 2021. In addition, by providing information security training to employees, the Company improved the information security awareness by its employees, so as to ensure that the security of customer information and intellectual property rights as well as personal information of clinical subjects is continuously and effectively safeguarded.

II. PERFORMANCE OF THE BOARD

1. Convening of meetings

Based on the Company’s development needs, the Board convened a meeting in time to make decisions on major issues. A total of 10 board meetings and 2 shareholders’ general meetings were held throughout the year. At these meetings, Resolution on Profit Distribution Plan for 2020, Resolution on Formulating the Governance Objectives and Management Measures for Environmental, Social and Corporate Governance, Resolution on Acquisition of 100% Equity of Overseas Company and other important matters were decided. The Board earnestly organized the implementation of resolutions of the meetings, thus greatly promoted the development of the Company. Information on the Company’s board meeting in 2021 is as follows:

Session	Time	Resolutions passed through considerations
The 8th Meeting of the Second Session of the Board of Directors	February 26, 2021	1. Resolution on Acquisition of 100% Equity of Overseas Company

Session	Time	Resolutions passed through considerations
The 9th Meeting of the Second Session of the Board of Directors	March 26, 2021	<ol style="list-style-type: none"> 1. Resolution on Work Report of the Board of Directors for 2020 2. Resolution on Work Report of the General Manager for 2020 3. Resolution on Final Accounts Report for 2020 4. Resolution on Profit Distribution Plan for 2020 5. Resolution on the Company's Self-Evaluation Report of Internal Control for 2020 6. Resolution on the Full Text and Summary of the Annual Report for 2020 and Annual Results Announcement for 2020 7. Resolution on Remunerations Plan for Directors of the Company 8. Resolution on Remunerations Plan for Senior Management of the Company 9. Resolution on the Appointment of Domestic Accounting Firms for 2021 10. Resolution on the Appointment of Overseas Accounting Firms for 2021 11. Resolution on Confirmation of the Daily Related-party Transactions in 2020 and Estimation of the Daily Related-party Transactions in 2020 12. Resolution on the Estimated Application of Credit Lines to Unrelated Financial Institutions in 2021 13. Resolution on the Estimation of the Company's External Guarantee Quota in 2021 14. Resolution on Using Some Idle Self-own Funds to Purchase Wealth Management Products 15. Resolution on the Confirmation of the Hedging Product Transaction for 2020 and Estimating Hedging Product Transaction Quota in 2021 16. Resolution on Report on Social Responsibility and Environment, Society and Governance for 2020 17. Resolution on Repurchase and Cancellation of Certain Restricted Shares 18. Resolution on Reduction of Registered Capital of the Company 19. Resolution on Amending the Articles of Association of Pharmaron Beijing Co., Ltd.

Session	Time	Resolutions passed through considerations
		20. Resolution on Authorization by the Shareholders' General Meeting to the Board of Directors of the Company to Handle the Registration Change Procedures with the Market Supervision and Regulation Department Related to the Reduction of Registered Capital and Amendments to the Articles of Association 21. Resolution on the Grant of General Mandate by the General Meeting to the Board of Directors for Additional Issue of A-shares and/or H-shares 22. Resolution on Change of Address of the Company's Hong Kong Business Registration Certificate 23. Resolution on Participation in Private Equity Investment Fund and Related Party Transaction 24. Resolution on Proposing the Convening of the Annual General Meeting for 2020, the First Class A Shareholders Meeting for 2021 and the First Class H Shareholders Meeting for 2021
The 10th Meeting of the Second Session of the Board of Directors	April 28, 2021	1. Resolution on the First Quarterly Report of the Company for 2021 2. Resolution on Formulating the Governance Objectives and Management Measures for Environmental, Social and Corporate Governance
The 11th Meeting of the Second Session of the Board of Directors	June 4, 2021	1. Resolution on the Issuance of H-share Convertible Corporate Bonds by the Company
The 12th Meeting of the Second Session of the Board of Directors	June 9, 2021	1. Resolution on 2021 Restricted A-share Incentive Plan (Draft) of Pharmaron Beijing Co., Ltd. And Its Abstract 2. Resolution on Measures on Management of Implementation and Assessment of 2021 Restricted A-share Incentive Plan of Pharmaron Beijing Co., Ltd. 3. Resolution on Requesting the General Meeting to Authorize the Board of Directors to Handle the Affairs Related to the A-share Incentive Scheme 4. Resolution on Repurchase and Cancellation of Certain Restricted Shares

Session	Time	Resolutions passed through considerations
		<ol style="list-style-type: none"> 5. Resolution on Reduction of Registered Capital of the Company 6. Resolution on Amending the Articles of Association of Pharmaron Beijing Co., Ltd. 7. Resolution on Authorization by the Shareholders' General Meeting to the Board of Directors of the Company to Handle the Registration Change Procedures with the Market Supervision and Regulation Department Related to the Reduction of Registered Capital and Amendments to the Articles of Association 8. Resolution on Proposing the Convening of the First Extraordinary General Meeting for 2021, the Second Class A Shareholders Meeting for 2021 and the Second Class H Shareholders Meeting for 2021 9. Resolution on the Appointment of CITIC CLSA Securities
The 13th Meeting of the Second Session of the Board of Directors	July 14, 2021	<ol style="list-style-type: none"> 1. Resolution on the Change of Partners of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) (寧波康君仲元股權投資合夥企業(有限合夥)) to be Invested and Connected Transaction
The 14th Meeting of the Second Session of the Board of Directors	July 27, 2021	<ol style="list-style-type: none"> 1. Resolution on Adjustment to the Grant Price under the 2021 Restricted A Share Incentive Scheme 2. Resolution on Grant of Restricted Shares to Participants 3. Resolution on Participation in the Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) (北京君聯惠康股權投資合夥企業(有限合夥)) and Related Party Transaction
The 15th Meeting of the Second Session of the Board of Directors	August 27, 2021	<ol style="list-style-type: none"> 1. Resolution on the Full Text and Summary of the Semi-annual Report for 2021 and Interim Results Announcement for 2021 2. Resolution on Entering into the Supplemental Agreement in relation to the Acquisition of 100% Shares in Absorption Systems LLC and its Wholly-owned Subsidiary

Session	Time	Resolutions passed through considerations
The 16th Meeting of the Second Session of the Board of Directors	October 27, 2021	<ol style="list-style-type: none"> 1. Resolution on the Third Quarterly Report of the Company for 2021 2. Resolution on Capital Increase in Investee Companies and Related Party Transaction 3. Resolution on the Signing of the Amended Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) (北京君聯惠康股權投資合夥企業(有限合夥)) Limited Partnership Agreement
The 17th Meeting of the Second Session of the Board of Directors	December 21, 2021	<ol style="list-style-type: none"> 1. Resolution on the Fulfillment of the Conditions for Unlocking the Second Unlocking Period for the First Grant under the 2019 Restricted Share and Share Option Incentive Scheme, but with the Shares not be Listed Temporarily 2. Resolution on Repurchase and Cancellation of Certain Restricted Shares 3. Resolution on Reduction of Registered Capital of the Company 4. Resolution on Amending Articles of Association of Pharmaron Beijing Co., Ltd. 5. Resolution on Authorization by the Shareholders' General Meeting to the Board of Directors of the Company to Handle the Registration Change Procedures with the Market Supervision and Regulation Department Related to the Reduction of Registered Capital and Amendments to the Articles of Association 6. Resolution on the Amendments to the Rules of Procedure of the General Meeting of Pharmaron Beijing Co., Ltd. 7. Resolution on the Amendments to the Rules of Procedure of the Board of Directors of Pharmaron Beijing Co., Ltd. 8. Resolution on the Amendments to the Related Party Transaction Management System of Pharmaron Beijing Co., Ltd. 9. Resolution on the Amendments to the External Guarantee Management System of Pharmaron Beijing Co., Ltd. 10. Resolution on the Amendments to the Working Rules of Independent Non-executive Directors of Pharmaron Beijing Co., Ltd.

Session	Time	Resolutions passed through considerations
		11. Resolution on the Amendments to the External Investment Management System of Pharmaron Beijing Co., Ltd.
		12. Resolution on Amendments to the Procedures for Shareholders of Pharmaron Beijing Co., Ltd. to Propose a Person for Election as a Director of the Company
		13. Resolution on the Amendments to Certain Corporate Governance Systems
		14. Resolution on the Proposed Change of Certain Voluntary Undertakings by the Holding Entity Controlled by the De Facto Controller of the Company
		15. Resolution on the Appointment of Internal Control Auditor of the Company for 2021.
		16. Resolution on Proposing the Convening of the First Extraordinary General Meeting for 2022, the First Class A Shareholders Meeting for 2022 and the First Class H Shareholders Meeting for 2022

2. Execution of resolutions of general meetings

In 2021, the Company held one annual general meeting and one extraordinary general meetings. The Company's Board strictly performed its duties in accordance with the laws and regulations such as the Company Law, Securities Law, and the Articles of Association, and earnestly implemented the resolutions passed at general meetings in strict accordance with the resolutions and authorizations of general meetings.

3. Performance of special committees under the Board*(1) Performance of audit committee during the Reporting Period*

The audit committee mainly supervised, inspected and evaluated the Company's internal control and financial information in accordance with the Articles of Association. The establishment of the audit committee strengthened the decision-making of the Board, ensured the Board's effective supervision of senior management, and improved the corporate governance structure. During the Reporting Period, the audit committee held a total of 7 meetings to review the Company's internal control self-evaluation report and the resolutions on the reappointment of auditor and related party transactions. The details are as follows:

Session	Time	Resolutions passed through considerations
The 3rd Meeting of the Audit Committee of the Second Session of the Board of Directors	March 25, 2021	<ol style="list-style-type: none"> 1. Resolution on Final Accounts Report for 2020 2. Resolution on the Company's Self-Evaluation Report of Internal Control for 2020 3. Resolution on the Full Text and Summary of the Annual Report for 2020 and Annual Results Announcement for 2020 4. Resolution on the Appointment of Domestic Accounting Firms for 2021 5. Resolution on the Appointment of Overseas Accounting Firms for 2021 6. Resolution on Special Review Explanation of Funds Occupied by Company's Controlling Shareholders Connected Parties 7. Resolution on Confirmation of the Daily Related-party Transactions and Estimation of the Daily Related-party Transactions in 2020 8. Resolution on Confirmation of Hedging Product Transaction in 2020 and Estimating Hedging Product Transaction Quota in 2021

Session	Time	Resolutions passed through considerations
		<ul style="list-style-type: none"> 9. Resolution on Participation in Private Equity Investment Fund and Related Party Transaction 10. Resolution on Confirming the Company's Related Legal Persons, Related Natural Persons and Related Persons 11. Resolution on the Company's Material Issues Inspection Report for 2020 12. Resolution on Internal Control and Internal Audit Work Report 13. Resolution on Summary of Audit Work for 2020
The 4th Meeting of the Audit Committee of the Second Session of the Board of Directors	April 28, 2021	<ul style="list-style-type: none"> 1. Resolution on the First Quarterly Report of the Company for 2021 2. Resolution on Internal Control and Internal Audit Work Report 3. Resolution on the Application of Hedge Accounting
The 5th Meeting of the Audit Committee of the Second Session of the Board of Directors	July 14, 2021	<ul style="list-style-type: none"> 1. Resolution on the Change of Partners of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) (寧波康君仲元股權投資合夥企業(有限合夥)) to be Invested and Connected Transaction
The 6th Meeting of the Audit Committee of the Second Session of the Board of Directors	July 27, 2021	<ul style="list-style-type: none"> 1. Resolution on Participation in the Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) (北京君聯惠康股權投資合夥企業(有限合夥)) and Related Party Transaction

Session	Time	Resolutions passed through considerations
The 7th Meeting of the Audit Committee of the Second Session of the Board of Directors	August 27, 2021	<ol style="list-style-type: none"> 1. Resolution on the Full Text and Summary of the Semi-annual Report for 2021 and Interim Results Announcement for 2021 2. Resolution on Confirming the Company's Related Legal Persons, Related Natural Persons and Related Persons 3. Resolution on the Work Report and Material Issues Inspection Report of the Internal Control and Internal Audit Department for the First Half of 2021
The 8th Meeting of the Audit Committee of the Second Session of the Board of Directors	October 27, 2021	<ol style="list-style-type: none"> 1. Resolution on the Internal Control and Internal Audit Work Report of the Company for the Third Quarter of 2021 2. Resolution on the Third Quarterly Report of the Company for 2021 3. Resolution on Capital Increase to Investee Companies and Related Party Transactions 4. Resolution on the Signing of the Amended Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) (北京君聯惠康股權投資合夥企業(有限合夥)) Limited Partnership Agreement
The 9th Meeting of the Audit Committee of the Second Session of the Board of Directors	December 21, 2021	<ol style="list-style-type: none"> 1. Resolution on the Appointment of Internal Control Auditor of the Company for 2021 2. Resolution on Audit Plan for 2021

(2) Performance of remuneration committee during the Reporting Period

The remuneration committee mainly reviewed and supervised the implementation of the remuneration and performance evaluation systems with effective incentives and constraints. The remuneration committee recommended to the Board of the remuneration system, performance evaluation system and A Share Incentive Scheme of the company for directors, supervisors and senior management, and evaluated the performance and behavior of directors and senior management. Three meetings were held during the Reporting Period.

Session	Time	Resolutions passed through considerations
The 3rd Meeting of the Remuneration and Appraisal Committee of the Second Session of the Board of Directors	March 25, 2021	<ol style="list-style-type: none"> 1. Resolution on Remunerations Plan for Directors of the Company 2. Resolution on Remunerations Plan for Senior Management of the Company 3. Resolution on the Performance Evaluation of Senior Management of the Company
The 4th Meeting of the Remuneration and Appraisal Committee of the Second Session of the Board of Directors	June 9, 2021	<ol style="list-style-type: none"> 1. Resolution on 2021 Restricted A-share Incentive Plan (Draft) of Pharmaron Beijing Co., Ltd. and Its Abstract 2. Resolution on Measures on Management of Implementation and Assessment of 2021 Restricted A-share Incentive Plan of Pharmaron Beijing Co., Ltd. 3. Resolution on Reviewing the List of Qualified Employees of 2021 Restricted A-share Incentive Plan 4. Resolution on Requesting the General Meeting to Authorize the Board of Directors to Handle the Affairs Related to the A-share Incentive Scheme
The 5th Meeting of the Remuneration and Appraisal Committee of the Second Session of the Board of Directors	December 21, 2021	<ol style="list-style-type: none"> 1. Resolution on the Fulfillment of the Conditions for Unlocking the Second Unlocking Period for the First Grant under the 2019 Restricted Share and Share Option Incentive Scheme, but with the Shares not be Listed Temporarily

(3) Performance of strategy committee during the Reporting Period

The strategy committee mainly studied and made recommendations on the Company's medium- and long-term development strategies and major investment decisions, and assisted the Board in carrying out related work within its scope of authority. At the same time, the Strategy Committee, as the decision-making body for ESG special governance, is responsible for supervising, reviewing and making decisions on the Company's ESG strategies and objectives. Two meetings of Strategy Committee were held during the Reporting Period.

Session	Time	Resolutions passed through considerations
The 2nd Meeting of the Strategy Committee of the Second Session of the Board of Directors	April 28, 2021	<ol style="list-style-type: none"> 1. Resolution on Formulating the Governance Objectives and Management Measures for Environmental, Social and Corporate Governance 2. Resolution on Formulating the Information Management Manual for Environmental, Social and Governance
The 3rd Meeting of the Strategy Committee of the Second Session of the Board of Directors	December 21, 2021	<ol style="list-style-type: none"> 1. Resolution on Setting the Sustainable Development Goals for 2021-2025

(4) Performance of nomination committee during the Reporting Period

The nomination committee mainly formulated selection criteria and procedures for directors and managers of the Company, searched for candidates, made selections and gave recommendations. One meetings were held during the Reporting Period.

Session	Time	Resolutions passed through considerations
The 1st Meeting of the Nomination Committee of the Second Session of the Board of Directors	December 21, 2021	<ol style="list-style-type: none"> 1. Resolution on the Reasonableness of the Structure of the Board of Directors

4. Performance of independent directors

In accordance with relevant regulations and requirements such as the Company Law, Articles of Association and the Working Policy of Independent Directors, the independent directors, with a responsible attitude to the Company and shareholders, performed their duties diligently and faithfully, actively attended relevant meetings, carefully discussed each resolution, objectively expressed own opinions and views taking an independent stand, and put forward professional opinions or suggestions on major issues such as the Company's business management, financial management, connected transactions, and profit distribution. Independent directors fully paid attention to the Company's important matters such as internal control construction, risk prevention and control, and financial audits, and played a positive role in regulating the Company's operations and safeguarding the legitimate rights and interests of the Company and its shareholders.

5. Information disclosure and investor relations management

The Board operated in strict compliance with the relevant requirements of the Securities Law, the Articles of Association, the Rules of Procedure for the Board of Directors and the Information Disclosure Management System. The Company actively carried out work in fulfilling information disclosure obligations and strengthening investor relations management. In 2021, the Board disclosed information in a timely, true, accurate and complete manner, and was rated "A" in the information disclosure assessment of the SZSE, establishing a good corporate image. At the same time, the investor relations service team focused on investor services. On the premise of complying with the scope of information disclosure, it attached importance to the communication and communication demands of investors, actively listened to investors' suggestions, and attached importance to the shareholding experience of investors. The Company actively organized and participated in investor relations activities, including participating in telephone conferences and results presentations. In 2021, the Company held 10 research activities, receiving a total of nearly 1,900 institutional and individual investors, which promoted the communication between domestic and overseas investors and the Company.

6. Review of the Company's corporate governance functions

Since its listing on the Stock Exchange, the Company has been in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange. The Board has reviewed the corporate governance of the Company in 2021 and considered that the corporate governance functions of the Company are legal and effective; the existing Shareholders Communication Policy of the Company is legal and effective.

The Company currently has 11 members in the Board, including 9 male members and 2 female members. The members of the Board of the Company have a variety of academic background, skills, knowledge and experience. The academic background includes: chemistry, business management, law, information economics, economics, material science and

engineering, business administration, management and other disciplines; skills, knowledge and experience include scientific research, corporate management, investment, legal services, finance and audit. The Board considers that the Board Diversity Policy is effective. The Company will continue to strive to improve the existing policies and enhance the level of corporate governance.

III. PROSPECTS FOR 2022

1. Information disclosure

As the Company has its stocks listed on A-shares and H-shares markets in Shenzhen and Hong Kong, information disclosure is one of the priorities of the Board. In 2022, the Board of the Company continues to strengthen the study of the Company Law, the Securities Law, the Administrative Measures for Information Disclosure of Listed Companies, the Guidelines for Self-discipline Supervision of Listed Companies No. 2 – Standardized Operation of Companies Listed on the ChiNext Market, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relevant laws, regulations, rules and regulatory documents, and ensures the quality of information disclosure by improving its own professional quality. The Board will, as always, consciously fulfill its information disclosure obligations and strictly control information disclosure to effectively improve the Company’s standard operation and transparency, ensure the timeliness, truthfulness, accuracy and completeness of information disclosure, maintain the “A” rating in the information disclosure assessment by Shenzhen Stock Exchange and establish a good corporate image in the capital market.

2. Standardized corporate governance

The Board will continue to strengthen the corporate governance standardization, and promote the improvement of internal control and internal audit systems to establish strict and effective internal control and risk control systems in strict accordance with laws and regulations, such as the Company Law, the Securities Law, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. On the basis of improving the objectives of the Company’s ESG governance structure, the Board will continue to strengthen the management of environmental and social risks in accordance with the 2021-2025 Sustainable Development Goals set by the Board in 2021, and make more efforts in sustainable development, energy conservation and emission reduction, and improvement of technical level, so that the Company can achieve carbon neutrality as soon as possible. At the same time, the Board will also strengthen communication with institutional investors, listen to their reasonable suggestions to improve corporate governance. The Board will combine with the Company’s actual conditions, standardize the Company’s operations through business integrity, transparent management, and constantly improving the corporate governance structure, so as to effectively maximize the interests of all shareholders and the Company.

3. Investor relation management

The Company will continue to strengthen investor relation management in Shenzhen and Hong Kong. The Board will urge relevant departments and personnel to actively manage investor relations based on the needs of investors, and strengthen contact and communication with investors through various channels, such as non-deal road shows, results presentation, hotline and emails for investors, investor interaction platforms, field research and online briefings, to help investors deepen their understanding and recognition of the Company and promote long-term, stable and good interaction between the Company and investors. The Board will make appropriate arrangements for reception of target audience, such as institutional investors and news media, to visit the Company for on-site discussion and survey, and for maintaining properly the confidentiality of undisclosed information. In 2022, the Company will continue to strengthen the protection of investors' rights and interests, strictly abide by the relevant provisions on investor protection in the Securities Law, and effectively protect the legitimate rights and interests of investors. The Company will actively communicate with investors through online and offline channels such as investor rights protection publicity and education, hotline and online platforms, popularize risk concepts to investors, improve risk prevention awareness, and answer questions raised by investors, and treat all domestic and foreign investors openly and fairly, so as to ensure the legitimate rights of investors and protect their rights of suggestions and inquiries. At the same time, the Company will continue to improve the level of corporate governance, strive to improve the corporate governance mechanism, and ensure the legitimate rights and interests of investors.

4. Major business plan for 2022

In 2022, the Company will continue to implement the development strategy of “full process, integration and internationalization”, focusing on the following tasks:

(1) Further strengthening and reinforcing our leadership position in small molecule R&D services

After years of efforts, the Company has basically established a small molecule drug R&D and manufacturing service system covering the whole process of drug discovery, preclinical and clinical development. In 2022, we will continue to deepen our efforts, strengthen and reinforce our leadership position in small molecule R&D services, and further enhance our international competitiveness. On the one hand, we will continue to increase investment in new technologies in the field of small molecular services to ensure our leading position in technology; on the other hand, we will continue to expand our service offerings and deepen our service offerings. In 2022, we will adhere to the strategic positioning of laboratory chemistry as the core and cornerstone of the Company's business and development, actively expand our geographic presence and cross-regional management, and expand our network layout in China's hotspot cities. At the same time, we will further strengthen the synergy of laboratory chemistry and small molecule CDMO, accelerate the construction of commercial production base in Shaoxing, and

vigorously develop the one-stop service of global chemistry and manufacturing. In terms of bio-science services, on the basis of strengthening the advantages of early-stage bio-science services, we will focus on customer needs, expand experimental platforms, challenge new technologies, and strive to achieve breakthrough development in more fields.

(2) Continuing to accelerate the construction of the biologics and CGT service platform

In terms of the construction of the biologics service platform, in 2022, the Company will further develop the biologics service capabilities at the drug discovery stage, expand the team, introduce more professional and technical talents, and expand the service content. At the same time, the Company will accelerate the construction of the pilot test and production workshop for biologics in Ningbo, establish a quality system that complies with the highest level of international quality supervision standards, and build a large platform for biologics CDMO.

On the CGT service platform, in 2022, we will further integrate the CGT laboratories in the United States and the gene therapy drug development and manufacturing services (CDMO) in the United Kingdom in terms of management, improve their respective service capabilities and production capacity, give full play to positive synergies, and further improve and deepen the development of the CGT service platform.

(3) Continuing to build an integrated clinical development platform

China's clinical service platform will further deepen integration on the original basis, and strive to build a more integrated, more complete, end-to-end clinical R&D service system. Overseas clinical services will further consolidate and strengthen early-stage clinical trial services focusing on healthy subjects, and extend to clinical development services for patients with oncology and non-oncology diseases on this basis.

(4) Continuing to strengthen our talent pool to support long-term sustainable development

Talent is fundamental to strengthening innovation capability and enhancing core competitiveness. Building an open and inclusive talent development platform to attract and nurture talents has always been the talent policy of the Company. In 2022, the Company will continue to attract outstanding domestic and overseas pharmaceutical R&D talents, while improving the Company's welfare system to retain talents in key positions to the maximum extent. The Company will further expand and consolidate the multi-dimensional and comprehensive internal training platform, and focus on strengthening the training of middle and senior management personnel. On the basis of

professional training, the Company will strengthen the business etiquette training of “strengthening internal quality and creating external image” and customized business English training, both internal and external, to provide strong talent support for the development of the Company.

(5) *Strengthening management capability*

In 2022, the Company will continue to regard production safety and information security as an important part of its daily operation and management, so as to protect the health of employees and the safety of customer information and intellectual property rights, and promote the healthy development of the Company’s business. The Company will continue to attach importance to quality management and strictly comply with the highest level of international quality supervision standards to provide customers with high-quality products and services. On the basis of safety and quality, in 2022, the Company will strive to improve the execution efficiency of the management team, actively promote the “transparent, timely, professional and efficient” project management, further strengthen the advantages of the integrated platform, improve the Company’s international operation level, and provide a strong guarantee for the Company’s global expansion strategy.

(6) *Continuing to expand domestic and overseas markets*

In terms of overseas market expansion, the Company will maintain good customer relationship on the existing basis, conduct in-depth analysis and explore customer needs, expand service scope, and improve customer loyalty on the premise of ensuring service quality. At the same time, the Company will leverage its reputation and influence to develop more new customers. In the PRC market, the Company will formulate more strategic market strategies based on the characteristics of the PRC market, continue to accumulate customer resources and explore customer needs. The Company will focus on team building and service quality building to enhance competitiveness in the domestic market.

(7) *Infrastructure construction and capacity expansion*

In 2022, the Company will continue to actively carry out infrastructure construction and capacity expansion in China, the United Kingdom and the United States to provide strong support for its development. 1) The Hoddesdon, Liverpool and Rushden divisions in the UK will actively expand their experimental or production areas on the basis of the existing foundation to meet the growing business needs. 2) To support the development of U.S. laboratory services and CGT laboratory services, the San Diego and Exton divisions will further expand the laboratory space. 3) The Company will vigorously promote domestic infrastructure construction. The Company will ensure that the projects under construction such as the expansion of laboratories in Beijing, the second park in Ningbo (a company park in Qianwan New District, Ningbo, Zhejiang Province, which is

mainly engaged in the development and production services of biologics) and the third park in Ningbo (a company park in Qianwan New District, Ningbo, Zhejiang Province, which is mainly engaged in security assessment business) will be completed on time, with quality and quantity guaranteed. In addition, on the basis of commencing the construction of Pharmaron Beijing Second Park in Daxing District, Beijing and Pharmaron Xi' an Self-built Park, the Company will promote the construction of laboratories in Qingdao, Chongqing and Zhuhai, and strive to gradually put them into use in the next few years, so as to strengthen the Company's deployment and scale in R&D talent hotspot areas.

Board of Directors of Pharmaron Beijing Co., Ltd.

March 2022

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2021

(Independent Director: Dai Lixin)

Dear shareholders and shareholder representatives:

I was an independent director of the Second Session of the Board of Directors of Pharmaron Beijing Co., Ltd. (“The Company”). I was also a member of the Strategy Committee of the Second Session of the Board of Directors of the Company. I have performed my duties diligently, faithfully and faithfully in strict accordance with the Company Law, the Securities Law, the Guidelines on the Standard Operation of Companies Listed on the ChiNext of Shenzhen Stock Exchange and other relevant laws and regulations, as well as the provisions and requirements of the Articles of Association of the Company, the Rules of Procedure of the Board of Directors and the Working Policy of Independent Non-executive Directors since I took office. I have actively attended the general meetings and meetings of the Board of Directors, carefully deliberated various proposals of the Board of Directors, expressed independent opinions on relevant matters of the Company, given full play to the role of independent directors, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders. Now I will report my performance of duties in 2021 as follows:

I. DAILY PERFORMANCE OF DUTIES

During my tenure in 2021, I actively participated in the meetings of the Board of Directors held by the Company, carefully reviewed the meeting materials, actively participated in the discussion of various proposals and put forward reasonable suggestions in a diligent and responsible manner, and played a positive role in the correct decision-making of the Board of Directors.

During my tenure in 2021, the Company held 10 meetings of the Board of Directors. I attended 10 meetings of the Board of Directors in person, without absence. After careful review of the proposals, I did not find that the resolutions considered by the Board of Directors were harmful to the interests of the Company and all shareholders. Therefore, I voted yes in all the voting of the Board meetings I attended in 2021, with no objection or abstention.

In 2021, the Company convened 2 meetings of the Strategy Committee, and I, as a member of the Strategy Committee, attended 2 meetings in person. I voted yes at all meetings of the Strategy Committee I attended in 2021, with no objection or abstention.

II. INDEPENDENT OPINIONS AND PRIOR APPROVAL

As an independent director of the Company, I provided independent opinions and prior approval of opinions for the following matters in 2021:

1. Independent opinions

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
February 26, 2021	The 8th Meeting of the Second Session of the Board of Directors	1. Resolution on Acquisition of 100% Equity of Overseas Company	For
March 26, 2021	The 9th Meeting of the Second Session of the Board of Directors	1. Resolution on Profit Distribution Plan for 2020 2. Resolution on the Company's Self-Evaluation Report of Internal Control for 2020 3. Resolution on Remunerations Plan for Directors 4. Resolution on Remunerations Plan for Senior Management 5. Resolution on the Appointment of Domestic Accounting Firms for 2021 6. Resolution on the Appointment of Overseas Accounting Firms for 2021 7. Special Explanation and Independent Opinion on the Capital Occupation and External Guarantee by the Company's Related Party 8. Resolution on Confirmation of the Daily Related-party Transactions and Estimation of the Daily Related-party Transactions in 2020 9. Resolution on Using Some Idle Self-Owned Funds to Purchase Wealth Management Products 10. Resolution on Confirmation of Hedging Product Transaction in 2020 and Estimating Hedging Product Transaction Quota in 2021	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		<ul style="list-style-type: none"> 11. Resolution on Repurchase and Cancellation of Part of Restricted Shares 12. Resolution on Participating in Private Equity Investment Fund & Related party Transactions 	
June 9, 2021	The 12th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Independent Opinion on Matters Related to 2021 Restricted A-share Incentive Plan 2. Independent Opinion on Measures on Management of Implementation and Assessment of 2021 Restricted A-share Incentive Plan 3. Independent Opinion on Matters Related to Repurchase and Cancellation of Part of Restricted Shares 	For
July 14, 2021	The 13th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Resolution on the Changes of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) to be invested in & Matters on Related-Party Transactions 	For
July 27, 2021	The 14th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Independent Opinion on Adjusting the Grant Price of 2021 Restricted A-share Incentive Plan 2. Independent Opinion on Granting Restricted Shares to Qualified Employees 3. Independent Opinion on Participating in Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) & Matters on Related-party Transactions 	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
August 27, 2021	The 15th Meeting of the Second Session of the Board of Directors	1. Special Explanation and Independent Opinion on the Capital Occupation and External Guarantee by the Related Party	For
October 27, 2021	The 16th Meeting of the Second Session of the Board of Directors	1. Independent Opinion on Increasing the Capital of Shareholding Company & Matters on Related-party Transactions 2. Independent Opinion on Resolution on Signing Amended Agreements of Limited Partnership of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership)	For
December 21, 2021	The 17th Meeting of the Second Session of the Board of Directors	1. Independent Opinion on Fulfilment of Conditions for Unlocking within the Second Unlocking Period and Temporary Non-listing with Respect to The First Grant under the Restricted Stock and Stock Option Incentive Plan for 2019 2. Independent Opinion on Repurchase and Cancellation of Part of Restricted Shares 3. Independent Opinions on the Changes of Part of Voluntary Commitments by Shareholding Entities Controlled by the Company's Actual Controller 4. Independent Opinion on the Appointment of Internal Control Audit for 2021	For

2. Prior approval

Meeting Date	Session	Matters subject to prior approval	Type of opinions
March 26, 2021	The 9th meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on the Appointment of Domestic Accounting Firms for 2021; 2. Prior Approval Opinion on the Appointment of Overseas Accounting Firms for 2021 3. Prior Approval Opinion on Confirmation of the Daily Related-party Transactions in 2020 and Estimation of the Daily Related-party Transactions; 4. Prior Approval Opinion on Participating in Private Equity Investment Fund & Matters on Related-party Transactions 	For
July 14, 2021	The 13th meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on the Changes of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) to be Invested in & Matters on Related-Party Transactions 	For
July 27, 2021	The 14th meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on Participating in Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) & Matters on Related-party Transactions 	For
October 27, 2021	The 16th meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on Increasing the Capital of Shareholding Company & Matters on Related-party Transactions 2. Prior Approval Opinion on Resolution on Signing Amended Agreements of Limited Partnership of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) 	For
December 21, 2021	The 17th meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on the Appointment of Internal Control Audit for 2021 	For

III. SURVEYS TO THE COMPANY

In 2021, I kept in close contact with other directors, senior management and other relevant personnel of the Company through phone calls and email, regularly understood the condition of production and operation and financial condition. In addition, I paid close attention to the impact of external environment and market changes on the Company, kept abreast of the progress of major issues of the Company, mastered the operation and operation dynamics of the Company, and actively and effectively performed the duties of the independent director which promoted the scientific and objective decision-making of the Board of Directors, and earnestly safeguard the legitimate rights and interests of the Company and shareholders.

IV. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

Supervision on corporate governance structure and operation management: I kept timely communication with the management to have an in-depth understanding of the improvement and implementation of the Company's production and operation, internal control and other systems, the implementation of the resolutions of the Board of Directors and the general meeting, financial management and business development and other related matters, paid attention to the daily operation and governance of the Company, and fully expressed opinions on this basis at the Board meetings, and actively and effectively performed the duties of the independent director. I actively provided suggestions for the development of the Company, making use of my expertise in business management.

I strengthened my study and deepened my knowledge and understanding of the relevant laws and regulations regulating corporate governance structure and protecting the rights and interests of public shareholders, with an aim to continuously improve my performance ability through study, provide better opinions and suggestions for the Company's scientific decision-making and risk prevention, and earnestly perform my duties of protecting the rights and interests of the Company and investors.

V. PARTICIPATION IN TRAININGS

During my tenure in 2021, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding of the relevant laws and regulations. Moreover, I actively participated the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VI. OTHER WORKS

1. No proposal was made to convene Board meeting and general meeting;
2. No proposal was made to appoint or fire the accounting firm;
3. No independent external audit institutions and advisory bodies were hired;
4. I still meet the relevant provisions on independence of Independent directors upon self-inspection. Declaration and commitment remained unchanged.

VII. CONTACT INFORMATION

Name: Dai Lixin

Email: dailx@sioc.ac.cn

My performance of duties in 2021 has been reported above. In 2022, I will, as always, in line with the principle of diligence, good faith and prudence, actively and effectively perform the duties of the independent director in accordance with the provisions and requirements of laws, regulations and Articles of Association, make use of professional knowledge and experience to provide suggestions for the development of the Company, give play to the role of independent directors, and safeguard the legitimate rights and interests of the Company and shareholders, especially minority shareholders.

Independent Director: _____

Dai Lixin
March 25, 2022

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2021

(Independent Director: Chen Guoqin)

Dear shareholders and shareholder representatives:

As an independent director of the Second Session of the Board of Directors of Pharmaron Beijing Co., Ltd. (“The Company”), I have performed my duties diligently and faithfully in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, the Guiding Opinions on the Establishment of Independent Directors System in Listed Companies, the Listing Rules of ChiNext of Shenzhen Stock Exchange, the Guidelines on the Standard Operation of Companies Listed on the ChiNext of Shenzhen Stock Exchange and other relevant laws, regulations and normative documents, as well as the provisions and requirements of the Articles of Association of the Company and the Working Policy of Independent Non-executive Directors. I have actively attended the relevant meetings of the Company, carefully deliberated various proposals of the board of directors and made prudent decisions, expressed independent opinions on the major issues of the Company, given full play to the independent and professional role of independent directors, paid attention to the development of the Company, timely understood its production and operation information, promoted its standardized operation, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the minority shareholders. Now I will report my performance of duties as an independent director in 2021 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS IN 2021

In 2021, the Company held 10 meetings of the Board of Directors, 7 meetings of the Audit Committee, 3 meetings of the Remuneration and Appraisal Committee and 1 meeting of the Nomination Committee. In 2021, I attended all the meetings of the Board of Directors and special committees of the Board of Directors in person by communication, and voted in favor of the resolutions without voting by proxy.

In 2021, the Company held two shareholders’ general meetings and I attended two shareholders’ general meetings by means of telecommunication, namely (1) the 2020 Annual General Meeting of Shareholders, the 2021 First Class A Shareholders’ Meeting and the 2021 First Class H Shareholders’ Meeting held on May 28, 2021; (2) the 2021 First Extraordinary General Meeting of Shareholders, the 2021 Second Class A Shareholders’ Meeting and the 2021 Second Class H Shareholders’ Meeting held on July 12, 2021.

II. INDEPENDENT OPINIONS AND PRIOR APPROVAL

As an independent director of the second session of the Board of Directors of the Company, I provided independent opinions and prior approval opinions for the following matters in 2021:

1. Independent opinions

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
February 26, 2021	The 8th Meeting of the Second Session of the Board of Directors	1. Resolution on Acquisition of 100% Equity of Overseas Company.	For
March 26, 2021	The 9th Meeting of the Second Session of the Board of Directors	1. Resolution on Profit Distribution Plan for 2020; 2. Resolution on the Company's Self-Evaluation Report of Internal Control for 2020; 3. Resolution on Remunerations Plan for Directors; 4. Resolution on Remunerations Plan for Senior Management; 5. Resolution on the Appointment of Domestic Accounting Firms for 2021; 6. Resolution on the Appointment of Overseas Accounting Firms for 2021; 7. Special Explanation and Independent Opinion on the Capital Occupation and External Guarantee by the Company's Related Party; 8. Resolution on Confirmation of the Daily Related-party Transactions and Estimation of the Daily Related-party Transactions in 2020; 9. Resolution on Using Some Idle Self-Owned Funds to Purchase Wealth Management Products; 10. Resolution on Confirmation of Hedging Product Transaction in 2020 and Estimating Hedging Product Transaction Quota in 2021;	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		<ul style="list-style-type: none"> 11. Resolution on Repurchase and Cancellation of Part of Restricted Shares; 12. Resolution on Participating in Private Equity Investment Fund & Related-party Transactions. 	
June 9, 2021	The 12th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Independent Opinion on Matters Related to 2021 Restricted A-share Incentive Plan; 2. Independent Opinion on Measures on Management of Implementation and Assessment of 2021 Restricted A-share Incentive Plan; 3. Independent Opinion on Matters Related to Repurchase and Cancellation of Part of Restricted Shares. 	For
July 14, 2021	The 13th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Resolution on the Changes of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) to be invested in & Matters on Related-Party Transactions. 	For
July 27, 2021	The 14th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Independent Opinion on Adjusting the Grant Price of 2021 Restricted A-share Incentive Plan; 2. Independent Opinion on Granting Restricted Shares to Qualified Employees; 3. Independent Opinion on Participating in Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) & Matters on Related-party Transactions. 	For
August 27, 2021	The 15th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Special Explanation and Independent Opinion on the Capital Occupation and External Guarantee by the Related Party. 	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
October 27, 2021	The 16th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> Independent Opinion on Increasing the Capital of Shareholding Company & Matters on Related-party Transactions; Independent Opinion on Resolution on Signing Amended Agreements of Limited Partnership of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership). 	For
December 21, 2021	The 17th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> Independent Opinion on Fulfilment of Conditions for Unlocking within the Second Unlocking Period and Temporary Non-listing with Respect to The First Grant under the Restricted Stock and Stock Option Incentive Plan for 2019; Independent Opinion on Repurchase and Cancellation of Part of Restricted Shares; Independent Opinions on the Changes of Part of Voluntary Commitments by Shareholding Entities Controlled by the Company's Actual Controller; Independent Opinion on the Appointment of Internal Control Audit for 2021. 	For

2. Prior approval

Meeting Date	Session	Matters subject to prior approval	Type of opinions
March 26, 2021	The 9th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> Prior Approval Opinion on the Appointment of Domestic Accounting Firms for 2021; Prior Approval Opinion on the Appointment of Overseas Accounting Firms for 2021; 	For

Meeting Date	Session	Matters subject to prior approval	Type of opinions
		<ul style="list-style-type: none"> 3. Prior Approval Opinion on Confirmation of the Daily Related-party Transactions in 2020 and Estimation of the Daily Related-party Transactions; 4. Prior Approval Opinion on Participating in Private Equity Investment Fund & Matters on Related-party Transactions. 	
July 14, 2021	The 13th Meeting of the Second Session of the Board of Directors	1. Prior Approval Opinion on the Changes of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) to Be Invested in & Matters on Related-Party Transactions.	For
July 27, 2021	The 14th Meeting of the Second Session of the Board of Directors	1. Prior Approval Opinion on Participating in Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) & Matters on Related-party Transactions.	For
October 27, 2021	The 16th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Prior Approval Opinion on Increasing the Capital of Shareholding Company & Matters on Related-party Transactions; 2. Prior Approval Opinion on Resolution on Signing Amended Agreements of Limited Partnership of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership). 	For
December 21, 2021	The 17th Meeting of the Second Session of the Board of Directors	1. Prior Approval Opinion on the Appointment of Internal Control Audit for 2021.	For

III. PERFORMANCE OF SPECIAL COMMITTEES**1. Attendance to and voting at meetings of Audit Committee**

As a member of the Audit Committee, I actively performed my duties and participated in the meetings of the Audit Committee in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Audit Committee. The Audit Committee held seven meetings in 2021, and I attended all the meetings and voted for resolutions by way of communication, without attendance or voting by proxy.

2. Attendance to and voting at meetings of Remuneration and Appraisal Committee

As a member of the Remuneration and Appraisal Committee, I paid close attention to the scope of work and main responsibilities of the senior executives, and supervised the formulation and implementation of the compensation system and performance appraisal system of the Company in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee held three meetings in 2021, and I attended all the meetings and voted for resolutions by way of communication, without attendance or voting by proxy.

3. Attendance to and voting at meetings of Nomination Committee

The Nomination Committee held a total of one meeting in 2021. As a member of the Nomination Committee, I attended the meeting and voted for resolutions by way of communication, without attendance or voting by proxy.

IV. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties of the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely understood the Company's operating conditions and possible operating risks with other directors, independently, objectively and impartially exercised the right to vote, and maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.
2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, the Guidelines on the Standard Operation of Companies Listed on the ChiNext of Shenzhen Stock Exchange, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.

3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

V. FIELD VISIT TO THE COMPANY

By leveraging my expertise in law and other professions, I actively understand the company's production and operation, internal control and financial situation during my attendance to the Board meetings and general meetings as well as by seeking other opportunities. I took the initiative to communicate with other directors, senior management, auditors and related personnel of the Company, timely followed up the implementation of the resolutions of the board of directors, general meeting and internal system, paid attention to the impact of external environment and market changes on the Company, and actively put forward reasonable suggestions for the operation and management of the Company.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2021, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding of the relevant laws and regulations. Moreover, I actively participated the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene Board meeting in 2021;
2. No proposal was made to appoint or fire the accounting firm in 2021;
3. No independent external audit institutions and advisory bodies were hired in 2021;
4. I still meet the relevant provisions on independence of Independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: Chen Guoqin

Email: chenguoqin@splf.com.cn

As an independent director of the second session of the Board of Directors of the Company, in 2022, I will continue to diligently, responsibly and faithfully perform my duties, actively participate in the Company's operation and management decisions, and earnestly safeguard the rights and interests of the Company and all shareholders, especially minority shareholders. I will make full use of my professional knowledge and experience to put forward more reasonable suggestions for the decision of the board of directors, promote the objective and fair decision of the Board, improve the decision-making ability and leadership of the Board, and safeguard the legitimate rights and interests of the Company and all shareholders.

Independent Director: _____

Chen Guoqin
March 25, 2022

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2021

(Independent Director: TSANG Kwan Hung Benson)

Dear shareholders and shareholder representatives:

As an independent director of the second session of the Board of Directors of Pharmaron Beijing Co., Ltd. (“The Company”), I have performed my duties diligently and faithfully in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, the Guiding Opinions on the Establishment of Independent Directors System in Listed Companies, the Listing Rules of ChiNext of Shenzhen Stock Exchange, the Guidelines on the Standard Operation of Companies Listed on the ChiNext of Shenzhen Stock Exchange and other relevant laws, regulations and normative documents, as well as the provisions and requirements of the Articles of Association of the Company and the Working Policy of Independent Directors. I have actively attended the relevant meetings of the Company, carefully deliberated various proposals of the board of directors and made prudent decisions, expressed independent opinions on the major issues of the Company, given full play to the independent and professional role of independent directors, paid attention to the development of the Company, timely understood its production and operation information, promoted its standardized operation, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the minority shareholders. Now I will report my performance of duties as an independent director in 2021 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS IN 2021

In 2021, the Company held 10 meetings of the Board of Directors and 2 shareholders’ general meetings. I attended and voted at 10 meetings of the Board of Directors in person by communication, and voted for all resolutions at such meetings; and I attended 2 shareholders’ general meetings by communication.

II. INDEPENDENT OPINIONS AND PRIOR APPROVAL

As an independent director of the second session of the Board of Directors of the Company, I provided independent opinions and prior approval opinions for the following matters in 2021:

1. Independent opinions

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
February 26, 2021	The 8th Meeting of the Second Session of the Board of Directors	1. Resolution on Acquisition of 100% Equity of Overseas Company.	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
March 26, 2021	The 9th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Resolution on Profit Distribution Plan for 2020; 2. Resolution on the Company's Self-Evaluation Report of Internal Control for 2020; 3. Resolution on Remunerations Plan for Directors; 4. Resolution on Remunerations Plan for Senior Management; 5. Resolution on the Appointment of Domestic Accounting Firms for 2021; 6. Resolution on the Appointment of Overseas Accounting Firms for 2021; 7. Special Explanation and Independent Opinion on the Capital Occupation and External Guarantee by the Company's Related Party; 8. Resolution on Confirmation of the Daily Related-party Transactions and Estimation of the Daily Related-party Transactions in 2020; 9. Resolution on Using Some Idle Self-Owned Funds to Purchase Wealth Management Products; 10. Resolution on Confirmation of Hedging Product Transaction in 2020 and Estimating Hedging Product Transaction Quota in 2021; 11. Resolution on Repurchase and Cancellation of Part of Restricted Shares; 12. Resolution on Participating in Private Equity Investment Fund & Related-party Transactions. 	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
June 9, 2021	The 12th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> Independent Opinion on Matters Related to 2021 Restricted A-share Incentive Plan; Independent Opinion on Measures on Management of Implementation and Assessment of 2021 Restricted A-share Incentive Plan; Independent Opinion on Matters Related to Repurchase and Cancellation of Part of Restricted Shares. 	For
July 14, 2021	The 13th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> Resolution on the Changes of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) to be invested in & Matters on Related-Party Transactions. 	For
July 27, 2021	The 14th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> Independent Opinion on Adjusting the Grant Price of 2021 Restricted A-share Incentive Plan; Independent Opinion on Granting Restricted Shares to Qualified Employees; Independent Opinion on Participating in Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) & Matters on Related-party Transactions. 	For
August 27, 2021	The 15th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> Special Explanation and Independent Opinion on the Capital Occupation and External Guarantee by the Related Party. 	For
October 27, 2021	The 16th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> Independent Opinion on Increasing the Capital of Shareholding Company & Matters on Related-party Transactions; Independent Opinion on Resolution on Signing Amended Agreements of Limited Partnership of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership). 	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
December 21, 2021	The 17th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Independent Opinion on Fulfilment of Conditions for Unlocking within the Second Unlocking Period and Temporary Non-listing with Respect to The First Grant under the Restricted Stock and Stock Option Incentive Plan for 2019; 2. Independent Opinion on Repurchase and Cancellation of Part of Restricted Shares; 3. Independent Opinions on the Changes of Part of Voluntary Commitments by Shareholding Entities Controlled by the Company's Actual Controller; 4. Independent Opinion on the Appointment of Internal Control Audit for 2021. 	For

2. Prior approval

Meeting Date	Session	Matters subject to prior approval	Type of opinions
March 26, 2021	The 9th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on the Appointment of Domestic Accounting Firms for 2021; 2. Prior Approval Opinion on the Appointment of Overseas Accounting Firms for 2021; 3. Prior Approval Opinion on Confirmation of the Daily Related-party Transactions in 2020 and Estimation of the Daily Related-party Transactions; 4. Prior Approval Opinion on Participating in Private Equity Investment Fund & Matters on Related-party Transactions. 	For

Meeting Date	Session	Matters subject to prior approval	Type of opinions
July 14, 2021	The 13th Meeting of the Second Session of the Board of Directors	1. Prior Approval Opinion on the changes of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) to be invested in & Matters on Related-Party Transactions.	For
July 27, 2021	The 14th Meeting of the Second Session of the Board of Directors	1. Prior Approval Opinion on Participating in Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) & Matters on Related-party Transactions.	For
October 27, 2021	The 16th Meeting of the Second Session of the Board of Directors	1. Prior Approval Opinion on Increasing the Capital of Shareholding Company & Matters on Related-party Transactions; 2. Approval Opinion on Resolution on Signing Amended Agreements of Limited Partnership of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership).	For
December 21, 2021	The 17th Meeting of the Second Session of the Board of Directors	1. Prior Approval Opinion on the Appointment of Internal Control Audit for 2021.	For

III. SURVEYS TO THE COMPANY

In 2021, I kept in close contact with other directors, senior management and other relevant personnel of the Company through phone calls and email, regularly understood the condition of production and operation and financial condition. In addition, I paid close attention to the impact of external environment and market changes on the Company, kept abreast of the progress of major issues of the Company, mastered the operation and operation dynamics of the Company, and actively and effectively performed the duties of the independent director which promoted the scientific and objective decision-making of the Board of Directors, and earnestly safeguard the legitimate rights and interests of the Company and shareholders.

IV. PERFORMANCE OF SPECIAL COMMITTEES

I have been a member of the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee under the Second Session of the Board of Directors.

As a member of the Audit Committee of the Second Session of the Board of Directors, I actively performed my duties in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Audit Committee. I actively participated in the meetings of the audit committee. The Audit Committee of the Second Session of the Board of Directors held seven meetings in 2021, and I attended these meetings. I paid close attention to the Company's financial position, internal control work and its implementation, regularly checked the use of raised funds, and supervised the internal audit work.

As a member of the Remuneration and Appraisal Committee under the Second Session of the Board of Directors, I paid close attention to the scope of work and main responsibilities of the senior executives, and supervised the formulation and implementation of the compensation system and performance appraisal system of the Company in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Remuneration and Appraisal Committee. In 2021, the Remuneration and Appraisal Committee under the Second Session of the Board of Directors held three meetings, and I attended these meetings.

I have been a member of the Nomination Committee under the Second Session of the Board of Directors. In 2021, the Remuneration and Appraisal Committee under the Second Session of the Board of Directors held one meeting, and I attended the meeting.

V. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties of the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely understood the Company's operating conditions and possible operating risks, independently, objectively and impartially exercised the right to vote, and fully maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.

2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, the Guidelines on the Standard Operation of Companies Listed on the ChiNext of Shenzhen Stock Exchange, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.
3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2021, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding of the relevant laws and regulations. Moreover, I actively participated the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene a meeting of the Board of Directors or EGM in 2021;
2. No proposal was made to appoint or dismiss the accounting firm in 2021;
3. No independent external audit institutions and advisory bodies were hired in 2021;
4. I still meet the relevant provisions on independence of Independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: TSANG Kwan Hung Benson

Email: tsangbkh@yahoo.com.hk

As an independent director of the second session of the Board of Directors of the Company, in 2022, I will continue to diligently, responsibly and faithfully perform my duties, actively participate in the Company's operation and management decisions, and earnestly safeguard the rights and interests of the Company and all shareholders, especially minority shareholders. I will make full use of my professional knowledge and experience to put forward more reasonable suggestions for the decision-making of the board of directors, ensure the objective and fair decision of the board, improve the decision-making ability and leadership of the board, and safeguard the legitimate rights and interests of the Company and all shareholders.

Independent Director: _____

TSANG Kwan Hung Benson

March 25, 2022

WORK REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2021

(Independent Director: Yu Jian)

Dear shareholders and shareholder representatives:

I became an independent director of the Second Session of the Board of Directors of Pharmaron Beijing Co., Ltd. (“The Company”) upon approval by the shareholders’ general meeting on July 23, 2020, and became a member of the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee under the second session of the Board of Directors of the Company upon approval by the Board of Directors on July 28, 2020. As an independent director of the second session of the Board of Directors of the Company, I have performed my duties diligently and faithfully in strict accordance with the Company Law, the Governance Guidelines for Listed Companies, the Guiding Opinions on the Establishment of Independent Directors System in Listed Companies, the Listing Rules of ChiNext of Shenzhen Stock Exchange, the Guidelines on the Standard Operation of Companies Listed on the ChiNext of Shenzhen Stock Exchange and other relevant laws, regulations and normative documents, as well as the provisions and requirements of the Articles of Association of the Company and the Working Policy of Independent Directors. I have actively attended the relevant meetings of the Company, carefully deliberated various proposals of the Board of Directors and made prudent decisions, expressed independent opinions on the major issues of the Company, given full play to the independent and professional role of independent directors, paid attention to the development of the Company, timely understood its production and operation information, promoted its standardized operation, and safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the minority shareholders. Now I will report my performance of duties as an independent director in 2021 as follows:

I. ATTENDANCE TO AND VOTING AT THE MEETINGS OF BOARD OF DIRECTORS AND GENERAL MEETINGS

In 2021, I attended 10 meetings of the Board of Directors, 7 meetings of Audit Committee, 3 meetings of Remuneration and Appraisal Committee, 1 meeting of Nomination Committee, and 2 general meeting. Actually, I attended 10 meetings of the Board of Directors, 7 meetings of Audit Committee, 3 meetings of Remuneration and Appraisal Committee, 1 meeting of Nomination Committee and 2 general meeting. In 2021, I attended the meetings of the Board of Directors and its committees in person by communication, without voting by proxy. I believed the Board meetings were convened and held according to the statutory requirements, legal and effective decision-making procedures were performed for major business decisions and other major issues, and none of the proposals harmed the interests of all shareholders, especially minority shareholders. Therefore, I had no objection to the proposals of the Board of Directors and other matters of the Company in 2021, and voted for them without any objection or abstention.

II. INDEPENDENT OPINIONS AND PRIOR APPROVAL

As an independent director of the second session of the Board of Directors of the Company, I provided independent opinions and prior approval of opinions for the following matters in 2021:

1、Independent opinions

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
February 26,2021	The 8th Meeting of the Second Session of the Board of Directors	1. Resolution on Acquisition of 100% Equity of Overseas Company.	For
March 26, 2021	The 9th Meeting of the Second Session of the Board of Directors	1. Resolution on Profit Distribution Plan for 2020; 2. Resolution on the Company's Self-Evaluation Report of Internal Control for 2020; 3. Resolution on Remunerations Plan for Directors; 4. Resolution on Remunerations Plan for Senior Management; 5. Resolution on the Appointment of Domestic Accounting Firms for 2021; 6. Resolution on the Appointment of Overseas Accounting Firms for 2021; 7. Special Explanation and Independent Opinion on the Capital Occupation and External Guarantee by the Company's Related Party; 8. Resolution on Confirmation of the Daily Related-party Transactions and Estimation of the Daily Related-party Transactions in 2020; 9. Resolution on Using Some Idle Self-Owned Funds to Purchase Wealth Management Products;	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
		<ul style="list-style-type: none"> 10. Resolution on Confirmation of Hedging Product Transaction in 2020 and Estimating Hedging Product Transaction Quota in 2021; 11. Resolution on Repurchase and Cancellation of Part of Restricted Shares; 12. Resolution on Participating in Private Equity Investment Fund & Related-party Transactions. 	
June 9, 2021	The 12th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Independent Opinion on Matters Related to 2021 Restricted A-share Incentive Plan; 2. Independent Opinion on Measures on Management of Implementation and Assessment of 2021 Restricted A-share Incentive Plan; 3. Independent Opinion on Matters Related to Repurchase and Cancellation of Part of Restricted Shares. 	For
July 14, 2021	The 13th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Resolution on the Changes of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) to be invested in & Matters on Related-Party Transactions. 	For
July 27, 2021	The 14th Meeting of the Second Session of the Board of Directors	<ul style="list-style-type: none"> 1. Independent Opinion on Adjusting the Grant Price of 2021 Restricted A-share Incentive Plan; 2. Independent Opinion on Granting Restricted Shares to Qualified Employees; 3. Independent Opinion on Participating in Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) & Matters on Related-party Transactions. 	For

Meeting Date	Session	Matters on which I provided independent opinions	Type of opinions
August 27, 2021	The 15th Meeting of the Second Session of the Board of Directors	1. Special Explanation and Independent Opinion on the Capital Occupation and External Guarantee by the Related Party.	For
October 27, 2021	The 16th Meeting of the Second Session of the Board of Directors	1. Independent Opinion on Increasing the Capital of Shareholding Company & Matters on Related-party Transactions; 2. Independent Opinion on Resolution on Signing Amended Agreements of Limited Partnership of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership).	For
December 21, 2021	The 17th Meeting of the Second Session of the Board of Directors	1. Independent Opinion on Fulfilment of Conditions for Unlocking within the Second Unlocking Period and Temporary Non-listing with Respect to The First Grant under the Restricted Stock and Stock Option Incentive Plan for 2019; 2. Independent Opinion on Repurchase and Cancellation of Part of Restricted Shares; 3. Independent Opinions on the Changes of Part of Voluntary Commitments by Shareholding Entities Controlled by the Company's Actual Controller; 4. Independent Opinion on the Appointment of Internal Control Audit for 2021.	For

2. Prior approval

Meeting Date	Session	Matters subject to prior approval	Type of opinions
March 26, 2021	The 9th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on the Appointment of Domestic Accounting Firms for 2021; 2. Prior Approval Opinion on the Appointment of Overseas Accounting Firms for 2021; 3. Prior Approval Opinion on Confirmation of the Daily Related-party Transactions in 2020 and Estimation of the Daily Related-party Transactions; 4. Prior Approval Opinion on Participating in Private Equity Investment Fund & Matters on Related-party Transactions. 	For
July 14, 2021	The 13th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on the changes of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) to be invested in & Matters on Related-Party Transactions. 	For
July 27, 2021	The 14th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on Participating in Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) & Matters on Related-party Transactions. 	For
October 27, 2021	The 16th Meeting of the Second Session of the Board of Directors	<ol style="list-style-type: none"> 1. Prior Approval Opinion on Increasing the Capital of Shareholding Company & Matters on Related-party Transactions; 2. Approval Opinion on Resolution on Signing Amended Agreements of Limited Partnership of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership). 	For

Meeting Date	Session	Matters subject to prior approval	Type of opinions
December 21, 2021	The 17th Meeting of the Second Session of the Board of Directors	1. Prior Approval Opinion on the Appointment of Internal Control Audit for 2021.	For

III. PERFORMANCE OF SPECIAL COMMITTEES

As a member and the convener of the Audit Committee, I actively performed my duties and participated in the meetings of the Audit Committee in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Audit Committee. I paid close attention to the Company's financial position, internal control work and its implementation, regularly checked the use of raised funds, and supervised the internal audit work. The Audit Committee held seven meetings in 2021, and I attended these seven meetings.

As a member of the Remuneration and Appraisal Committee, I paid close attention to the scope of work and main responsibilities of the senior executives, and supervised the formulation and implementation of the compensation system and performance appraisal system of the Company in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Working Rules of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee held three meetings in 2021, and I attended these meetings.

As a member of the Nomination Committee, I actively participated in the meetings of the Nomination Committee, fully reviewed the performance and qualification of the Company's management, and safeguarded the interests of the Company and shareholders in strict accordance with the relevant provisions of the Working Policy of Independent Directors and the Nomination Committee under the Session of the Board of Directors. The Nomination Committee held one meeting in 2021, and I attended the meeting.

IV. EFFORTS MADE TO PROTECT THE RIGHTS OF INVESTORS

1. I actively and effectively performed the duties of the independent director, paid attention to the operating conditions and the construction and implementation of financial management and internal control systems of the Company, timely understood the Company's operating conditions and possible operating risks, independently, objectively and impartially exercised the right to vote, and fully maintained independence in the work, thus effectively safeguarding the rights and interests of the Company and all shareholders, especially minority shareholders.

2. I paid close attention to the information disclosure of the Company, and urged the Company to complete the information disclosure in a true, accurate, complete and timely manner according to the Listing Rules of ChiNext of Shenzhen Stock Exchange, the Guidelines on the Standard Operation of Companies Listed on the ChiNext of Shenzhen Stock Exchange, Hong Kong Listing Rules and other relevant laws and regulations as well as the Information Disclosure Management System of the Company.
3. Since I became an independent director of the Company, I have been paying attention to learning the latest laws, regulations and rules. In addition, I have learned about the management systems of listed companies through a variety of ways and channels, continuously improved my ability to perform my duties, and formed the ideological consciousness of consciously protecting the rights and interests of the public shareholders, so as to provide better opinions and suggestions for the scientific decision-making and risk prevention of the Company, and promote the Company to further improve the corporate governance structure and improve the standard operation.

V. FIELD VISIT TO THE COMPANY

By leveraging my expertise in financial and accounting and other professions, I actively understood its production and operation, internal control and financial situation during my attendance to the Board meetings and general meetings as well as by seeking other opportunities. I took the initiative to communicate with other directors, senior management and related personnel of the Company, timely followed up the implementation of the resolutions of the Board of Directors, general meeting and internal system, paid attention to the impact of external environment and market changes on the Company, and actively put forward reasonable suggestions for the operation and financial management of the Company.

VI. PARTICIPATION IN TRAININGS

During my tenure in 2021, I continuously paid attention to update of laws, regulations and rules, and actively learnt to deepen my knowledge and understanding of the relevant laws and regulations. Moreover, I actively participated the training in Mainland and Hong Kong markets, continuously improved my performance ability, and objectively and fairly protect the legitimate rights and interests of all investors.

VII. OTHER WORKS

1. No proposal was made to convene Board meeting and general meeting in 2021;
2. No proposal was made to appoint or dismiss the accounting firm in 2021;
3. No independent external audit institutions and advisory bodies were hired in 2021;
4. I still meet the relevant provisions on independence of Independent directors upon self-inspection. Declaration and commitment remained unchanged.

VIII. CONTACT INFORMATION

Name: Yu Jian

Email: yujian@snai.edu

As an independent director of the second session of the Board of Directors of the Company, in 2022, I will continue to diligently, responsibly and faithfully perform my duties, actively participate in the Company's operation and management decisions, and earnestly safeguard the rights and interests of the Company and all shareholders, especially minority shareholders. I will make full use of my professional knowledge and experience to put forward more reasonable suggestions for the decision-making of the board of directors, promote the objective and fair decision of the Board, improve the decision-making ability and leadership of the Board, and safeguard the legitimate rights and interests of the Company and all shareholders.

Independent Director: _____

Yu Jian
March 25, 2022

WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021

To the shareholders of Pharmaron Beijing Co., Ltd.:

In 2021 (hereafter collectively as “Reporting Period”), according to the Company Law, Securities Law, Articles of Association, other laws and regulations and the requirements of the Rules of Procedures of Supervisory Committee of the Company, the Supervisory Committee of Pharmaron Beijing Co., Ltd. earnestly performed the supervisory duties, diligently performs the functions and powers, and effectively monitored the major events such as decision making procedures of company operation, production and operation activities, financial condition and the performance of duty of directors and senior management of the Company, which promoted the standard operation and healthy development of the Company, and actively safeguarded the legitimate rights and interests of the Company and all Shareholders. The performance of duty of Supervisory Committee of the Company in 2021 was as follows:

I. MEETINGS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee organized and convened 8 meetings in total during the Reporting Period, which shall be attended by 3 supervisors and were actually attended by 3 supervisors. Details of these meetings are as follow:

- (I) The 6th Meeting of the Second Session of the Supervisory Committee of the Company was held on March 26, 2021, which considered and approved:
1. Resolution on Work Report of the Supervisory Committee for 2020;
 2. Resolution on Final Accounts Report for 2020;
 3. Resolution on Profit Distribution Plan for 2020;
 4. Resolution on the Company’s Self-Evaluation Report of Internal Control for 2020;
 5. Resolution on the Full Text and Summary of the Annual Report for 2020 and Annual Results Announcement for 2020;
 6. Resolution on Remunerations Plan for Supervisors;
 7. Resolution on the Appointment of Domestic Accounting Firms for 2021;
 8. Resolution on the Appointment of Overseas Accounting Firms for 2021;
 9. Resolution on Confirmation of the Daily Related-party Transactions in 2020 and Estimation of the Daily Related-party Transactions in 2020;

10. Resolution on Using Some Idle Self-own Funds to Purchase Wealth Management Products;
 11. Resolution on the Confirmation of the Hedging Product Transaction for 2020 and Estimating Hedging Product Transaction Quota in 2021;
 12. Resolution on Repurchase and Cancellation of Certain Restricted Shares;
 13. Resolution on the Grant of General Mandate by the General Meeting to the Board of Directors for Additional Issue of A-shares and/or H-shares;
 14. Resolution on Participation in Private Equity Investment Fund and Related Party Transaction.
- (II) The 7th Meeting of the Second Session of the Supervisory Committee of the Company was held on April 28, 2021, which considered and approved:
1. Resolution on the First Quarterly Report of the Company for 2021.
- (III) The 8th Meeting of the Second Session of the Supervisory Committee of the Company was held on June 9, 2021, which considered and approved:
1. Resolution on 2021 Restricted A-share Incentive Plan (Draft) of Pharmaron Beijing Co., Ltd. and Its Abstract;
 2. Resolution on Measures on Management of Implementation and Assessment of 2021 Restricted A-share Incentive Plan of Pharmaron Beijing Co., Ltd.;
 3. Resolution on Reviewing the List of Qualified Employees of 2021 Restricted A-share Incentive Plan;
 4. Resolution on Repurchase and Cancellation of Certain Restricted Shares;
 5. Resolution on the Appointment of CITIC CLSA Securities.
- (IV) The 9th Meeting of the Second Session of the Supervisory Committee of the Company was held on July 14, 2021, which considered and approved:
1. Resolution on the Change of Partner of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)* (寧波康君仲元股權投資合夥企業(有限合夥)) to be Invested and Connected Transaction.

- (V) The 10th Meeting of the Second Session of the Supervisory Committee of the Company was held on July 27, 2021, which considered and approved:
1. Resolution on Adjustment to the Grant Price under the 2021 Restricted A Share Incentive Scheme;
 2. Resolution on Grant of Restricted Shares to Participants;
 3. Resolution on Participation in the Private Equity Investment Fund of Beijing Legend Huikang Equity Investment Partnership (Limited Partnership)* (北京君聯惠康股權投資合夥企業(有限合夥)) and Related Party Transaction.
- (VI) The 11th Meeting of the Second Session of the Supervisory Committee of the Company was held on August 27, 2021, which considered and approved:
1. Resolution on the Full Text and Summary of the Semi-annual Report for 2021 and Interim Results Announcement for 2020.
- (VII) The 12th Meeting of the Second Session of the Supervisory Committee of the Company was held on October 27, 2021, which considered and approved:
1. Resolution on the Third Quarterly Report of the Company for 2021;
 2. Resolution on Capital Increase in Investee Companies and Related Party Transaction;
 3. Resolution on the Signing of the Amended Beijing Legend Huikang Equity Investment Partnership (Limited Partnership)* (北京君聯惠康股權投資合夥企業(有限合夥)) Limited Partnership Agreement.
- (VIII) The 13th Meeting of the Second Session of the Supervisory Committee of the Company was held on December 21, 2021, which considered and approved:
1. Resolution on the Fulfillment of the Conditions for Unlocking the Second Unlocking Period for the First Grant under the 2019 Restricted Share and Share Option Incentive Scheme, but with the Shares not be Listed Temporarily;
 2. Resolution on Repurchase and Cancellation of Certain Restricted Shares;
 3. Resolution on Amendments to the Rules of Procedure of the Supervisory Committee of Pharmaron Beijing Co., Ltd.;
 4. Resolution on the Proposed Change of Certain Voluntary Undertakings by the Holding Entity Controlled by the De Facto Controller of the Company;
 5. Resolution on the Appointment of Internal Control Auditor of the Company for 2021.

II. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2021**(I) The operation of the Company according to law**

During the Reporting Period, the Supervisory Committee has conducted effective supervision over the procedures for convening meetings of board of directors and the general meeting, the resolution matters, the decision-making process of the board of directors and the general meeting, the implementation of the general meeting resolution by the board of directors, the performance of the directors and senior management, the Company's internal control system and its legal compliance, supervised the authenticity, accuracy, completeness and timeliness of relevant announcement information, and continuously supervised the implementation of major decisions of the Company and the daily standard performance and full due diligence of directors and senior management.

In the view of the Supervisory Committee, the Company's works were conducted in strict accordance with the Company Law, the Articles of Association and other relevant laws and regulations, and the business decisions were scientific and reasonable. The Company has improved the internal management and internal control system, and established a good internal control mechanism. When performing their duties, the directors and senior management of the Company were diligent and dutiful, complied with the national laws, regulations and the Articles of Association of the Company, and safeguarded the interests of the Company. No violations of laws, regulations or actions against the interests of the Company were found.

(II) Financial activities of the Company

The Supervisory Committee inspected and supervised the Company's financial affairs in accordance with the law. After inspection and examination, the Supervisory Committee held that: The Company had sound financial system, standard financial operation and good financial condition. The Company's 2021 annual financial report complied with the relevant provisions of the PRC Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and was able to objectively, truly and accurately reflect the Company's financial position and business results.

(III) Asset disposal and acquisition of the Company

The Company did not have any major asset disposal during the Reporting Period.

During the Reporting Period, the Company obtained the control of Kangruitai (Zhanjiang) Biotechnology Co., Ltd.(康瑞泰(湛江)生物技術有限公司), Biomedical Research (GZ), Ltd.(肇慶創藥生物技術有限公司), Enyuan Pharmaceutical Technology (Beijing) Co., Ltd.(恩遠醫藥科技(北京)有限公司), Detaimai (Hangzhou) Pharmaceutical Technology Co., Ltd.(德泰邁(杭州)醫藥技術有限公司) and its subsidiaries, Detaimai (Shanghai) Pharmaceutical Technology Co., Ltd.(德泰邁(上海)醫藥技術有限公司), Detaimai (Wuhan) Pharmaceutical Technology

Co., Ltd.(德泰邁(武漢)醫藥科技有限公司), Beijing Detaimai Pharmaceutical Technology Co., Ltd. (北京德泰邁醫藥科技有限公司) and Pharmaron Biologics (UK) Ltd. The Company's capital expenditure for mergers and acquisitions amounted to RMB1,436,944,000. The above acquisitions have fulfilled the relevant approval procedures. Through the above mergers and acquisitions, the Company has further improved its international service platform and focused on the development of the Company's new businesses, providing new impetus for the Company's medium and long-term development.

(IV) Connected transactions of the Company

The Supervisory Committee paid close attention to the Company's dealings with connected parties. It completed the supervision and verification of the connected transactions during the Reporting Period in accordance with the Articles of Association and connected transaction management system and concluded that: The decision-making procedures for the daily connected transactions of the Company in 2021 complied with the provisions of the Company Law and other laws, regulations and normative documents as well as the Articles of Association and the connected transaction management system; The pricing of transactions followed the fair and reasonable principle, and there was no circumstance that the Company's profit was manipulated through connected transactions, and the interests of the Company and shareholders were prejudiced.

During the Reporting Period, the Company participated in the private equity funds of Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)* (寧波康君仲元股權投資合夥企業(有限合夥)) and Beijing Legend Huikang Equity Investment Partnership (Limited Partnership)* (北京君聯惠康股權投資合夥企業(有限合夥)) established by related parties. By participating in the investment funds managed by professional investment institutions and relying on the ability and experience of the partners of the investment funds as professional investment institutions, the Company made full use of the advantages of project collection and judgment of all parties in the industry to expand the Company's investment capacity, reduce the Company's industry merger and acquisition risks, actively grasp the good opportunities in industrial development, accelerate the realization of the Company's strategic objectives, improve the Company's future profitability, and jointly promote the coordinated development of the medical and health industry. There is no situation that harms the interests of the Company and all Shareholders, especially minority Shareholders.

(V) External guarantee of the Company and funds occupied by connected parties

After verification, the Supervisory Committee held that: during the Reporting Period, there was no violation of guarantee and overdue guarantee of the Company, and no connected party occupied its funds.

(VI) Internal control of the Company

The Company has, based on the needs of industry characteristics, company scale and actual production and operation conditions, formulated and effectively implemented its “Internal Control System”, improved its internal control organization, ensured the normal operation of its business activities, prevented operational risks, and protected the asset safety and integrity. The internal control system of the Company was robust, and there were no major defects in the overall internal control of the Company. The Self-evaluation Report of Internal Control for 2021 truly and objectively reflected the construction and operation of the Company’s internal control system, which conformed to the requirements of relevant national laws and regulations and the Articles of Association.

III. WORK PLAN OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022

In 2022, the Supervisory Committee will continue to strictly perform the duties assigned to it by the Company Law, Securities Law and other laws and regulations, and urge the Company to further improve its standard operation level and improve the corporate governance structure, and work hard to protect the legitimate rights and interests of the Company and its shareholders, focusing on the following three aspects:

- (I) To strengthen self-study, actively participate in the training organized by regulatory departments, improve professional quality, so as to further enhance the capacity and efficiency of the Supervisory Committee, promote the standardized operation of the Company.
- (II) To strengthen supervision and inspection and prevent business risks. The Supervisory Committee will monitor the financial operations of the Company by regularly understanding and reviewing financial reports; continue to strengthen oversight over major issues such as the Company’s internal control, connected transactions, and the diligent and responsible performance of directors and senior management, provide warning on the risks found in the supervision in a timely manner, and report to the relevant units and departments.
- (III) To cooperate with internal and external audit institutions, timely communicate with them, and fully understand the supervision information. The Supervisory Committee will strengthen the financial accounting audit and management, carefully check the financial statements, carry out special checks on important subjects, strengthen the awareness of risk prevention, and promote the further improvement of the Company’s financial management level.

Supervisory Committee of Pharmaron Beijing Co., Ltd.

March 25, 2022

FINANCIAL STATEMENTS FOR THE YEAR 2021

The financial and accounting statements prepared by the Company in accordance with the PRC Accounting Standards for Business Enterprises in 2021 have been audited by Ernst & Young Hua Ming LLP, which has issued an unqualified audit report (EYHM (2022) Audit No. 61401351_A01).

The financial and accounting statements prepared by the Company in accordance with International Financial Reporting Standards (“IFRSs”) in 2021 have been audited by Ernst & Young, which has issued an unqualified audit report.

Note:

Unless otherwise specified, the following data are financial data prepared by the Company in accordance with the PRC Accounting Standards for Business Enterprises.

The Company’s final statements for 2021 is summarized as follows:

I. KEY ACCOUNTING DATA AND FINANCIAL INDEXES

Unit: RMB

Item	The Reporting Period	During the corresponding period last year	Change (%)
Revenue	7,443,769,724.38	5,133,596,758.68	45.00
Net profit attributable to owners of the parent	1,661,028,567.53	1,172,382,387.80	41.68
Net profit attributable to owners of the parent excluding non-recurring gains or losses	1,340,802,324.63	800,680,286.11	67.46
Net cash flows from operating activities	2,058,043,830.38	1,648,609,957.11	24.84
Basic earnings per share	2.0982	1.4825	41.53
Diluted earnings per share	2.0537	1.4781	38.94
Return on net assets on weighted average basis	17.31%	14.13%	Increased by 3.18 percentage points

Item	As at the end of the Reporting Period	At the beginning of the Reporting Period	Change (%)
Total assets	18,389,124,353.35	11,908,792,687.05	54.42
Net assets attributable to owners of the parent	10,129,240,934.77	8,870,319,872.38	14.19

II. ANALYSIS ON FINANCIAL POSITION, BUSINESS RESULTS AND CASH FLOWS

(I) Asset composition and change during the Reporting Period

Unit: RMB10,000

Item	31 December 2021		1 January 2021		Change
	Amount	Proportion of total assets	Amount	Proportion of total assets	
Cash and bank balances	354,381.97	19.27%	294,235.27	24.71%	20.44%
Held-for-trading financial assets	155,462.11	8.45%	91,001.02	7.64%	70.84%
Trade receivables	122,884.90	6.68%	107,661.39	9.04%	14.14%
Prepayments	2,495.18	0.14%	999.14	0.08%	149.73%
Other receivables	11,608.97	0.63%	4,312.52	0.36%	169.19%
Inventories	68,004.00	3.70%	28,161.72	2.36%	141.48%
Contract assets	19,498.10	1.06%	13,376.42	1.12%	45.76%
Other current assets	130,014.99	7.07%	14,290.35	1.20%	809.81%
Total current assets	864,350.22	47.00%	554,037.83	46.52%	56.01%
Long-term equity investments	45,260.58	2.46%	28,047.41	2.36%	61.37%
Other non-current financial assets	31,006.31	1.69%	12,122.96	1.02%	155.77%
Investment properties	0.00	0.00%	4,388.89	0.37%	-100.00%
Fixed assets	392,257.32	21.33%	272,268.70	22.86%	44.07%
Construction in progress	137,370.29	7.47%	82,057.62	6.89%	67.41%
Productive biological assets	14,323.32	0.78%	0.00	0.00%	100.00%
Right-of-use assets	37,105.45	2.02%	25,543.98	2.14%	45.26%
Intangible assets	69,293.52	3.77%	56,607.64	4.75%	22.41%

Item	31 December 2021		1 January 2021		Change
	Amount	Proportion of total assets	Amount	Proportion of total assets	
Goodwill	209,626.51	11.40%	116,617.22	9.79%	79.76%
Long-term deferred expenses	17,160.14	0.93%	23,427.14	1.97%	-26.75%
Deferred tax assets	1,559.51	0.08%	843.60	0.07%	84.86%
Other non-current assets	19,599.26	1.07%	14,916.28	1.25%	31.40%
Total non-current assets	974,562.21	53.00%	636,841.44	53.48%	53.03%
Total assets	1,838,912.43	100.00%	1,190,879.27	100.00%	54.42%

Key change analysis:

- (1) **Held-for-trading financial assets:** increased by RMB644.61 million or 70.84% as compared with the balance at the beginning of the year, mainly due to the increase in holding medium-risk and low-risk wealth management products of banks invested by the Company with its own funds.
- (2) **Prepayments:** increased by RMB14.96 million or 149.73% as compared with the balance at the beginning of the year, mainly due to the increase in prepayments for purchase of raw materials.
- (3) **Other receivables:** increased by RMB72.96 million or 169.19% as compared with the balance at the beginning of the year, mainly due to the increase in tax refund subsidies receivable.
- (4) **Inventories:** increased by RMB398.42 million or 141.48% as compared with the balance at the beginning of the year. The major changes are as follows:
 - 1) During the Reporting Period, the Company acquired Biomedical Research (GZ), Ltd. (肇慶創藥生物科技有限公司) and Kangruitai (Zhanjiang) Biotechnology Co., Ltd. (康瑞泰(湛江)生物技術有限公司), increasing the consumable biological assets due to business combination not under common control;
 - 2) During the Reporting Period, raw materials reserved according to business needs and products under production increased.
- (5) **Contract assets:** increased by RMB61.22 million or 45.76% as compared with the balance at the beginning of the year, mainly due to the increase in business volume of the Company.

- (6) **Other current assets:** increased by RMB1,157.25 million or 809.81% as compared with the balance at the beginning of the year, mainly due to the increase in wealth management products with a fixed interest rate presented in other current assets.
- (7) **Long-term equity investments:** increased by RMB172.13 million or 61.37% as compared with the balance at the beginning of the year, mainly due to the increase in investment in Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) (寧波康君仲元股權投資合夥企業(有限合夥)) and Beijing Kangjun Ningyuan Equity Investment Partnership Enterprise (Limited Partnership) (北京康君寧元股權投資合夥企業(有限合夥)) and the increase in investment income arising from the investment in associates of the company.
- (8) **Other non-current financial Assets:** increased by RMB188.83 million or 155.77% as compared with the balance at the beginning of the year. The major changes are as follows:
- (1) During the Reporting Period, new investment in Wuxi AstraZeneca-CICC Venture Capital Partnership (Limited Partnership) (無錫阿斯利康中金創業投資合夥企業(有限合夥)) amounted to RMB59.00 million;
 - (2) During the Reporting Period, new investment in Beijing Legend Huikang Equity Investment Partnership (Limited Partnership) (北京君聯惠康股權投資合夥企業(有限合夥)) amounted to RMB36.19 million;
 - (3) During the Reporting Period, Shanghai Kejun Pharmaceutical Technology Co., Ltd. (上海柯君醫藥科技有限公司), an investment in associate, transfer to other non-current financial assets at fair value through profit or loss of approximately RMB31.82 million;
 - (4) During the Reporting Period, the fair value of other non-current financial assets increased significantly.
- (9) **Investment properties:** During the Reporting Period, investment properties were transferred to self-use, and relevant land and properties were transferred to intangible assets and fixed assets respectively.
- (10) **Fixed assets:** increased by RMB1,199.89 million or 44.07% as compared with the balance at the beginning of the year, with the following major changes:
- 1) Fixed assets increased due to purchase and transfer from construction in progress during the period;

- 2) During the Reporting Period, the Company acquired Pharmaron Biologics(UK)Ltd, Biomedical Research (GZ), Ltd. (肇慶創藥生物科技有限公司) and Kangruitai (Zhanjiang) Biotechnology Co., Ltd. (康瑞泰(湛江)生物技術有限公司), increasing the fixed assets due to business combination not under common control.
- (11) **Construction in progress:** increased by RMB553.13 million or 67.41% as compared with the balance at the beginning of the year, mainly due to the construction of Shaoxing Phase I facility, Campus II in Ningbo and Biomedical Innovation Platform Project as scheduled.
- (12) **Productive biological assets:** increased by RMB143.23 million as compared with the balance at the beginning of the year, mainly due to the acquisition of Biomedical Research (GZ), Ltd. (肇慶創藥生物科技有限公司) and Kangruitai (Zhanjiang) Biotechnology Co., Ltd. (康瑞泰(湛江)生物技術有限公司) during the Reporting Period, resulting in an increase due to business combination not under common control.
- (13) **Right-of-use assets:** increased by RMB115.61 million or 45.26% as compared with the balance at the beginning of the year, mainly due to the addition of properties under operating lease during the Reporting Period.
- (14) **Goodwill:** increased by RMB930.09 million or 79.76% as compared with the balance at the beginning of the year, mainly due to the business combination not under common control of Pharmaron Biologics (UK) Ltd and DeltaMed (Hangzhou) Co., Ltd. (德泰邁(杭州)醫藥科技有限公司) during the Reporting Period.
- (15) **Deferred tax assets:** increased by RMB7.16 million or 84.86% as compared with the balance at the beginning of the year, mainly due to the increase of the deferred tax assets related to tax losses.
- (16) **Other non-current assets:** increased by RMB46.83 million or 31.40% as compared with the balance at the beginning of the year, mainly due to the increase in prepayments for equipment.

APPENDIX III FINANCIAL STATEMENTS FOR THE YEAR 2021

(II) Liability composition and change during the Reporting Period

Unit: RMB10,000

Item	31 December 2021		1 January 2021		Change
	Amount	Proportion of total assets	Amount	Proportion of total assets	
Short-term					
borrowings	42,175.66	2.29%	37,726.54	3.17%	11.79%
Trade payable	31,553.35	1.72%	19,149.72	1.61%	64.77%
Contract liabilities	67,962.05	3.70%	47,328.89	3.97%	43.60%
Employee benefits payable	52,846.34	2.87%	38,744.25	3.25%	36.40%
Tax payables	11,419.16	0.62%	5,183.40	0.44%	120.30%
Other payables	75,281.26	4.09%	40,765.58	3.42%	84.67%
Non-current liabilities due within one year	15,583.68	0.85%	9,280.51	0.78%	67.92%
Other current liabilities	1,378.16	0.07%	0.00	0.00%	100.00%
Total current liabilities	298,199.66	16.22%	198,178.89	16.64%	50.47%
Long-term borrowings	95,609.50	5.20%	39,481.09	3.32%	142.17%
Bond payables	346,709.00	18.85%	0.00	0.00%	100.00%
Lease Liabilities	28,433.77	1.55%	18,660.79	1.57%	52.37%
Deferred income	14,943.92	0.81%	15,812.82	1.33%	-5.49%
Deferred tax liabilities	17,330.02	0.94%	10,690.64	0.90%	62.10%
Other non-current liabilities	8,155.89	0.44%	14,681.03	1.23%	-44.45%
Total non-current liabilities	511,182.10	27.80%	99,326.37	8.34%	414.65%
Total liabilities	809,381.76	44.01%	297,505.26	24.98%	172.06%

Key change analysis:

- (1) **Trade payable:** increased by RMB124.04 million or 64.77% as compared with the balance at the beginning of the year, mainly due to the significant increase in payables for purchase of raw materials.

- (2) **Contract liabilities:** increased by RMB206.33 million or 43.60% as compared with the balance at the beginning of the year, mainly due to the expansion of business scale.
- (3) **Employee benefits payable:** increased by RMB141.02 million or 36.40% as compared with the balance at the beginning of the year, mainly due to the increase of the size of workforce and the average salary cost with the increase of the company's business expansion.
- (4) **Tax payables:** increased by RMB62.36 million or 120.30% as compared with the balance at the beginning of the year, mainly due to the significant increase in the total profit during the Reporting Period, resulting in a greater increase in the income tax payable as compared with the balance at the beginning of the year.
- (5) **Other payables:** increased by RMB345.16 million or 84.67% as compared with the balance at the beginning of the year, mainly due to the significant increase in equity transfer consideration, equipment purchase price and engineering payments.
- (6) **Non-current liabilities due within one year:** increased by RMB63.03 million or 67.92% as compared with the balance at the beginning of the year, mainly due to the increase in long-term borrowings due within one year during the Reporting Period.
- (7) **Lease Liabilities:** increased by RMB97.73 million or 52.37% as compared with the balance at the beginning of the year, mainly due to the increase in lease liabilities as a result of the addition of properties under operating lease during the Reporting Period.
- (8) **Deferred tax liabilities:** increased by RMB66.39 million or 62.10% as compared with the balance at the beginning of the year, mainly due to the business combination not under common control during the Reporting Period.
- (9) **Other non-current liabilities:** decreased by RMB65.25 million or 44.45% as compared with the balance at the beginning of the year, mainly due to:
 - 1) The original contingent consideration of USD22,500,000 was paid to the transferor in advance due to the performance conditions were met this year;
 - 2) During the Reporting Period, the Company issued convertible bonds, of which the share conversion option of the USD Series 1 Bonds has the characteristics of embedded derivatives, and is separated from the convertible bonds as a whole. The derivative component of convertible bonds is treated separately as derivative financial instruments, which are initially recognized and subsequently measured at fair value, and presented in other non-current liabilities.

(III) Profit and loss and relevant change during the Reporting Period

Unit: RMB10,000

Item	2021		2020		Change
	Amount	Proportion of revenue	Amount	Proportion of revenue	
Revenue	744,376.97	100.00%	513,359.68	100.00%	45.00%
Cost	476,485.40	64.01%	321,007.52	62.53%	48.43%
Taxes and surcharges	4,403.89	0.59%	3,289.58	0.64%	33.87%
Selling expenses	15,561.65	2.09%	9,264.28	1.80%	67.97%
Administrative expenses	86,681.49	11.64%	65,324.29	12.72%	32.69%
Research and development costs	15,177.46	2.04%	10,534.52	2.05%	44.07%
Financial expenses	2,320.89	0.31%	8,236.86	1.60%	-71.82%
Other income	6,418.68	0.86%	4,518.37	0.88%	42.06%
Investment income	30,758.09	4.13%	15,748.92	3.07%	95.30%
Gains on changes in fair value	11,959.00	1.61%	19,086.05	3.72%	-37.34%
Credit impairment losses	-947.84	-0.13%	-1,505.56	-0.29%	-37.04%
Assets impairment losses	-363.26	-0.05%	-438.97	-0.09%	-17.25%
Loss from disposal of assets	-137.13	-0.02%	-727.98	-0.14%	-81.16%
Operating profit	191,433.73	25.72%	132,383.46	25.79%	44.61%
Add: Non-operating revenue	570.43	0.08%	79.69	0.02%	615.81%
Less: Non-operating expenses	904.61	0.12%	526.20	0.10%	71.91%
Profit before tax	191,099.55	25.67%	131,936.95	25.70%	44.84%
Less: Income tax expenses	29,091.89	3.91%	17,237.80	3.36%	68.77%
Net profit	162,007.66	21.76%	114,699.15	22.34%	41.25%
in which: Net profit attributable to owners of the parent	166,102.86	22.31%	117,238.24	22.84%	41.68%
Non-controlling interests	-4,095.20	-0.55%	-2,539.09	-0.49%	61.29%
Net profit attributable to owners of the parent excluding non-recurring profit or loss	134,080.23	18.01%	80,068.03	15.60%	67.46%

Key change analysis:

Key changes in operating results: During the Reporting Period, the Company further improved the small molecule drug R&D and manufacturing services platform throughout the drug discovery, preclinical, clinical development and commercial stages by further integrating its service offerings both vertically and horizontally; the Company further accelerated the establishment of R&D services capabilities for biologics and CGT services platform and committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities, so as to promote the continuous improvement of the Company's market position.

While deeply cultivating the international market and strengthening the cooperation with existing large international pharmaceutical companies and biotechnology companies, the Company vigorously explored the domestic market and implemented the market strategy that is more in line with the Chinese market to develop more new customers. With the increase in the number of orders and business scale, the Company's revenue increased significantly during the Reporting Period. With the increase in revenue, the scale effect was further enhanced. Total revenue amounted to RMB7,443.77 million, representing an increase of 45.00% as compared with the corresponding period of last year; operating profit amounted to RMB1,914.34 million, representing an increase of 44.61% as compared with the corresponding period of last year; net profit attributable to owners of the parent amounted to RMB1,661.03 million, representing an increase of 41.68% as compared with the corresponding period of last year; net profit attributable to owners of the parent excluding non-recurring profit or loss amounted to RMB1,340.80 million, representing an increase of 67.46% as compared with the corresponding period of last year.

Looking forward to 2022, all business segments will continue the momentum of development in 2021 under the continuous strong demand from customers, enhancement of service capabilities and expansion of R&D team and production capacity.

Cost, selling expenses and administrative expenses: With the significant increase in revenue and the continuous expansion of business scale, the cost, selling expenses and administrative expenses for the period increased by approximately 48.43%, 67.97% and 32.69% respectively during the Reporting Period.

Research and development Costs: increased by RMB46.43 million or 44.07% during the Reporting Period as compared with the corresponding period of last year, which was mainly due to the Company's efforts to improve its research and development capabilities and development capabilities of technical expertise, and continuously increased research and development spending.

Financial expenses: decreased by RMB59.16 million or 71.82% during the Reporting Period as compared with the corresponding period of last year, of which:

- (1) During the Reporting Period, interest expenses amounted to RMB83.07 million, representing an increase of RMB59.22 million as compared with RMB23.85 million for the same period last year;
- (2) During the Reporting Period, the foreign exchange losses amounted to RMB3.16 million, representing a decrease of RMB128.07 million as compared with the foreign exchange losses of RMB131.23 million for the same period last year.

Other income: During the Reporting Period, increased by RMB19.00 million or 42.06% as compared with the corresponding period of last year, mainly due to the increase of government subsidies by the Company related to daily activities received during the Reporting Period.

Investment income: During the Reporting Period, increased by RMB150.09 million or 95.30% as compared with the corresponding period of last year, of which:

- (1) During the Reporting Period, gains on changes in fair value transferred to investment income amounted to approximately RMB90.62 million due to the settlement of foreign currency forward contracts used for hedging against foreign exchange risks;
- (2) During the Reporting Period, the investment income from associates was approximately RMB71.85 million;
- (3) The investment income from the disposal of 142,531 shares of Zentalis Pharmaceuticals, Inc., an shareholding company, amounted to approximately RMB59.45 million;
- (4) During the Reporting Period, the amount of investment income recognized from wealth management products was approximately RMB60.21 million;
- (5) During the Reporting Period, the Company no longer had significant influence on Shanghai Kejun Pharmaceutical Technology Co., Ltd. (上海柯君醫藥科技有限公 司), and converted its investment from a long-term equity investment accounted for using the equity method to a financial asset at fair value through profit or loss, which was presented in other non-current financial assets, resulting in an investment income of approximately RMB25.45 million.

Gains on changes in fair value: During the Reporting Period, decreased by RMB71.27 million or 37.34% as compared with the corresponding period of last year, of which:

- (1) Mainly due to the fluctuation in the share price of the Company's H Shares, the non-cash book fair value gain of the convertible bonds embedded derivative financial component of the Company during the Reporting Period amounted to RMB72.85 million;
- (2) The losses on change in fair value recognized for the foreign currency forward contracts amounted to RMB83.12 million (mainly the portion of changes in fair value of contracts due for settlement transferred to investment income);
- (3) Gain on changes in fair value of other non-current financial assets for the Reporting Period amounted to approximately RMB68.52 million;
- (4) The increase in fair value of biological assets resulted in a gain on changes in fair value of RMB69.03 million.

Assets impairment losses and credit impairment losses: The total amount for the period decreased by RMB6.33 million or 32.57% as compared with the corresponding period of last year, mainly due to the decrease in impairment losses on trade receivables and impairment losses on inventories during the Reporting Period as compared with the corresponding period of last year.

Income tax expenses: The amount for the current period increased by RMB118.54 million or 68.77% as compared with the corresponding period of last year, mainly due to the significant increase of profit before tax during the Reporting Period.

(IV) Cash flow and relevant change during the Reporting Period

Unit: RMB10,000

Item	2021	2020	Change
	Amount	Amount	
Net cash flows from operating activities	205,804.38	164,861.00	24.84%
Net cash flows from investment activities	-525,814.69	-337,105.09	-55.98%
Net cash flows from financing activities	366,139.49	-28,017.76	1,406.81%
Effect of foreign exchange rate changes on cash and cash equivalents	-4,551.62	-8,566.58	46.87%
Net increase in cash and cash equivalents	41,577.56	-208,828.44	119.91%

Key change analysis:

- (1) **Net cash flows from investment Activities:** During the Reporting Period, the net cash outflow from investment activities amounted to RMB5,258.15 million, representing an increase of RMB1,887.10 million or 55.98% as compared with the corresponding period of the previous year, which was mainly due to the higher cash outflow from investment activities as compared with the cash inflow from investing activities, of which 1) net cash outflows used in purchase of time deposits over three months and some medium-risk and low-risk wealth management products with idle funds of RMB1,969.08 million; 2) approximately RMB2,092.82 million in cash paid for the construction of facility and purchases of other fixed assets, intangible assets and other long-term assets using funds including the proceeds of H Shares and the proceeds of H Share Convertibles Bonds; 3) net cash paid for acquisition of subsidiaries and other business units and net payment for other equity investments amounted approximately RMB1,436.94 million;
- (2) **Net cash flows from financing activities:** net cash inflow from financing activities during the Reporting Period amounted to RMB3,661.39 million, as compared with net outflow of RMB280.18 million in the same period last year, mainly due to the receipt of proceeds of convertible bonds by the Company during the Reporting Period.
- (3) **Effect of foreign exchange rate changes on cash and cash equivalents:** During the Reporting Period, the effect of exchange rate changes on cash and cash equivalents amounted to RMB-45.52 million, as compared with RMB-85.67 million in the same period last year, mainly due to the fluctuation in exchange rate that was used to convert USD to RMB.
- (4) **Net increase in cash and cash Equivalents:** increased by 119.91% as compared with the corresponding period of last year, mainly due to the receipt of proceeds from convertible bonds during the Reporting Period.

III. ACCOUNTING DATA DIFFERENCES UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

For the net profit attributable to owners of the parent and the net assets attributable to owners of the parent, there was no difference between disclosed in accordance with International Financial Reporting Standards (“IFRSs”) and in accordance with the PRC Accounting Standards for Business Enterprises.

The Board of
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司
March 2022

* For identification purposes only

GUARANTEES QUOTA FOR THE YEAR 2022

I. GUARANTEE OVERVIEW

In order to meet the daily operation and business development funding needs of the Company and subsidiaries, secure the applications made by the Company and subsidiaries to business related parties (including but not limited to banks, financial institutions and other business partners) for comprehensive bank credit (including but not limited to the applications for RMB or foreign currency liquidity loans, project loans, trade financing, bank acceptance, the L/C, letter of guarantee, bills discounting, factoring, export bill purchase, forward settlement and sale of foreign exchange, derivatives, etc) and the smooth handling of other business matters, in 2022, the Company is expected to provide a guarantee of no more than RMB6.4 billion¹ (including equivalent in foreign currency, same below) for the majority-controlled subsidiaries, of which RMB0.9 billion will be provided to companies with asset-liability ratios of more than 70%, and RMB5.5 billion will be provided to companies with asset-liability ratios of less than 70%.

The guarantee items and related amounts that are still in the guarantee period under the Company's 2021 guarantee shall not be included in the estimated amount of guarantee in 2022. The guarantees within the aforesaid limit may include: the guarantees provided by the Company for its subsidiaries at all levels. The guarantee methods include but are not limited to guarantee, mortgage, pledge, etc. Subject to the aforesaid limit and the maximum asset-liability ratio of 70%, the Company may adjust the guarantee quota among eligible guarantee objects (including newly added subsidiaries in the future) according to the actual situation.

The details are as follows:

Guarantor	Secured party	Shareholding proportion of guarantor	Asset-liability ratio of the secured party in the latest period	Guarantee balance up to now (RMB100 million)	Increase in guarantee quota (RMB100 million)	Percentage of guarantee quota over the net assets of the Listed Company in the latest period	Whether related-party guarantee or not
Pharmaron	Pharmaron (Ningbo) Technology Development Co., Ltd. ("Pharmaron Ningbo Tech")	100%	38.73%	4.96	-	-	No

¹ Note: All in RMB unless otherwise stated

Guarantor	Secured party	Shareholding proportion of guarantor	Asset-	Guarantee balance up to now (RMB100 million)	Increase in guarantee quota (RMB100 million)	Percentage	Whether related-party guarantee or not
			liability ratio of the secured party in the latest period			of guarantee quota over the net assets of the Listed Company in the latest period	
Pharmaron	Pharmaron Shaoxing Co., Ltd. (“ Pharmaron Shaoxing ”)	100%	64.39%	4.34	6	5.92%	No
Pharmaron	Pharmaron (Ningbo) Biologics Co., Ltd. (“ Pharmaron Ningbo Biologics ”)	85%	2.44%	–	14	13.82%	No
Pharmaron	Pharmaron (Beijing) Pharmaceutical Technology Co., Ltd. (“ Pharmaron Beijing Pharmaceutical Technology ”)	100%	None	–	18	17.77%	No
Pharmaron	Pharmaron (Ningbo) Biologics Co., Ltd. (“ Pharmaron Ningbo Biologics ”)	100%	16.13%	–	12	11.85%	No
Pharmaron	Pharmaron (Xi’ an) Technology Development Co., Ltd. (“ Pharmaron Xi’ an Technology Development ”)	100%	100.06%	–	9	8.89%	No
Pharmaron	Pharmaron (Chengdu) Clinical Research Service Co., Ltd. (“ Pharmaron Chengdu Clinical ”)	56.58%	60.54%	–	2	1.97%	No
Pharmaron	Pharmaron (Hong Kong) International Limited (“ Pharmaron Hong Kong International ”)	100%	26.55%	3.19	3	2.96%	No

The Company follows the principle of prudence and has the corresponding authorization system and system process to support the external guarantee. The resolution on external guarantee limit shall be valid from the date of approval by the 2021 annual general meeting to the date of convening of the 2022 annual general meeting. The above guarantee limit is reusable. The resolution shall be submitted to the general meeting for reconsideration. It is expected that the general meeting authorize the chairman of the Company and his authorized representative to sign the contracts related to the aforesaid guarantee matters. This matter does not involve connected transactions. For the guarantee beyond the above mentioned guarantee objects and total amount, the Company shall carry out the corresponding review procedures in accordance with the specific provisions of the Company Law, the Stock Listing Rules of ChiNext of Shenzhen Stock Exchange, Guideline on Self-discipline Supervision of Listed Companies No. 2 – Standard Operation of Companies Listed on GEM and the Articles of Association.

II. BASIC INFORMATION OF THE SECURED PARTY

1. Pharmaron Ningbo Tech

Name:	Pharmaron (Ningbo) Technology Development Co., Ltd.
Unified social credit code:	9133020130890257XK
Date of establishment:	January 12, 2015
Domicile:	No.800, Binhai Fourth Road, Hangzhou Bay New District, Ningbo, Zhejiang Province
Registered capital (paid-in capital):	RMB1,100,000,000
Legal representative:	Boliang Lou
Business scope:	Research, development, technology transfer, technical consultation and technical services for medicinal compounds, chemical drugs, biological products and biotechnology; Drug production; Production of preparations and chemical bulk drugs; Import and export of all kinds of goods and technologies on its own or as agent, with the exception of goods and technologies whose import and export are restricted or prohibited by the state; property lease (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws.)
Equity Structure:	A subsidiary in which the Company directly and indirectly holds 100% of the total shares
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Pharmaron Ningbo Tech is as follows:

Unit: RMB0'000

Accounting Period	For the year 2020/ as at 31 December 2020	For the year 2021/ as at 31 December 2021
Total assets	191,709.61	234,509.45
Total liabilities	76,276.22	90,824.88
Net assets	115,433.39	143,684.57
Revenue	51,524.01	107,128.90
Profit before tax	4,721.14	32,679.38
Net profit	4,109.43	27,935.94

2. Pharmaron Shaoxing

Name:	Pharmaron Shaoxing Co., Ltd.
Unified social credit code:	91330604MA2894X91L
Date of establishment:	January 3, 2017
Domicile:	East Zone, Shangyu Economic and Technological Development Zone, Hangzhou Bay
Registered capital (paid-in capital):	RMB400,000,000
Legal representative:	Boliang Lou
Business scope:	Production of new pharmaceutical compounds and pharmaceutical intermediates (non-pharmaceutical products) (produced with a valid Pharmaceutical Manufacturing Permit); development, consultation, service and transfer of new compound drugs, active ingredient drugs, chemical raw medicine and pharmaceutical compound technology; sales of chemical raw materials and products (excluding hazardous chemicals and precursor products); import and export business.
Equity Structure:	The Company holds 100% of its equity
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Pharmaron Shaoxing is as follows:

Unit: RMB0'000

Accounting Period	For the year 2020/ as at 31 December 2020	For the year 2021/ as at 31 December 2021
Total assets	47,787.68	111,727.68
Total liabilities	8,166.82	71,942.02
Net assets	39,620.86	39,785.66
Revenue	–	–
Profit before tax	-8.59	144.50
Net profit	-6.44	108.38

3. Pharmaron Ningbo Bio-Medicine

Name:	Pharmaron (Ningbo) Biologics Co., Ltd.
Unified social credit code:	91330201MA2H8JR46W
Date of establishment:	9 October 2020
Domicile:	Rooms 109, Building No.1, 800 Binhai Forth Road, Hangzhou Bay New District, Ningbo, Zhejiang Province
Registered capital:	RMB700,000,000
Legal representative:	Boliang Lou
Business scope:	General items: medical research, trial and development; technical services, technical development, technical consulting, technical exchange, technical transfer, technical promotion (except for items required to be approved by law, carrying out business activities independently according to law against the business license). Licensed items: pharmaceutical production; entrusted production of medicines; technology import and export; goods import and export (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws. The specific items shall be subject to the approval).

Equity Structure: The Company holds 85% of its equity and Ningbo Kangzhi Zhongsheng Enterprise Management Consulting Partnership (Limited Partnership) holds 15% of its equity.

Connected relationship with the Company Holding subsidiary of the Company

Financial data of Pharmaron Ningbo Bio-Medicine is as follows:

Unit: RMB0'000

Accounting Period	For the year 2020/ as at 31 December 2020	For the year 2021/ as at 31 December 2021
Total assets	1,050.56	52,445.15
Total liabilities	121.76	1,278.57
Net assets	928.80	51,166.58
Revenue	–	–
Profit before tax	-125.68	-452.99
Net profit	-71.20	-362.80

4. Pharmaron Beijing Pharmaceutical Technology

Name: Pharmaron (Beijing) Pharmaceutical Technology Co., Ltd.

Unified social credit code: 91110400MA04GDFK29

Date of establishment: 21 October 2021

Domicile: Room 511, 5/F, Building 1, 6 Tai-He Road, Beijing Economic-Technological Development Area, Beijing (Yizhuang Group, High-end Industrial Area of Beijing Pilot Free Trade Zone)

Registered capital : RMB100,000,000

Legal representative: Boliang Lou

Business scope:	Research, development, technology transfer, technical consultation and technical services for medicinal compounds, chemical drugs, biological products and biotechnology (except human stem cells, genetic diagnosis and treatment technology development and application); import and export of goods, import and export agency, import and export of technology; production of pharmaceutical products (market entities shall independently select business projects and carry out business activities in accordance with the law; pharmaceutical production and projects subject to approval in accordance with the law shall be carried out in accordance with the approved content after obtaining the approval from the relevant authorities; business activities prohibited and restricted by the national and local industrial policies shall not be carried out.).
Equity Structure:	The Company holds 100% of its equity
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

No data of the corresponding period last year as Pharmaron Beijing Pharmaceutical Technology was newly established on October 21, 2021.

5. Pharmaron Ningbo Biologics

Name:	Pharmaron (Ningbo) Biologics Co., Ltd.
Unified social credit code:	91330201MA2CJJYR49
Date of establishment:	31 August 2018
Domicile:	Room 203-9, Building No. 2, 290 Xingci First Road, Hangzhou Bay New District, Ningbo, Zhejiang Province
Registered capital:	RMB500,000,000
Legal representative:	Boliang Lou

Business scope: General items: medical research, trial and development; technical services, technical development, technical consulting, technical exchange, technical transfer, technical promotion; leasing of non-residential properties (except for items required to be approved by law, carrying out business activities independently according to law against the business license). Licensed items: technology import and export; goods import and export (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws. The specific items shall be subject to the approval).

Equity Structure: The Company holds 100% of its equity

Connected relationship with the Company: Wholly-owned subsidiaries of the Company

Financial data of 1. Pharmaron Ningbo Biologics is as follows:

Unit: RMB0'000

Accounting Period	For the year 2020/ as at 31 December 2020	For the year 2021/ as at 31 December 2021
Total assets	58,068.95	59,056.54
Total liabilities	8,499.39	9,523.42
Net assets	49,569.56	49,533.12
Revenue	–	–
Profit before tax	-255.98	-48.59
Net profit	-191.98	-36.44

6. Pharmaron Xi' an Technology Development

Name: Pharmaron (Xi' an) Technology Development Co., Ltd.

Unified social credit code: 91611101MAB2T1EW09

Date of establishment: 28 September 2021

Domicile:	No. 10302, 3/F, Area E, BDEF, Airport International Business Center, Airport New Town, Xixian New District, Shaanxi Province (C066)
Registered capital:	RMB100,000,000
Legal representative:	Boliang Lou
Business scope:	General items: medical research and experimental development; technical services, technology development, technology consulting, technology exchange, technology transfer and technology promotion; import and export of goods; import and export of technology (except for items required to be approved by law, carrying out business activities independently according to law against the business license).
Equity Structure:	The Company holds 100% of its equity
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Xi' an Technology Development is as follows:

Unit: RMB0'000

Accounting Period	For the year 2021/ as at 31 December 2021
Total assets	202.82
Total liabilities	202.95
Net assets	-0.13
Revenue	-
Profit before tax	-0.13
Net profit	-0.13

No data of the corresponding period last year as Xi' an Technology Development was newly established on September 28, 2021.

7. Pharmaron Chengdu Clinical

Name:	Pharmaron (Chengdu) Clinical Research Service Co., Ltd.
Unified social credit code:	91510100MA6AGA9A02
Date of establishment:	27 May 2021
Domicile:	Room 3301, 33/F, Block 2, No. 1199 North Section of Tianfu Avenue, Chengdu Hi-tech Zone, China (Sichuan) Pilot Free Trade Zone
Registered capital:	RMB530,240,000
Legal representative:	Xiaoqiang Lou
Business scope:	General items: medical research and experimental development (excluding human stem cells, genetic diagnosis and treatment technology development and application); health consultation services (excluding diagnosis and treatment services); remote health management services; technical services, technology development, technology consulting, technology exchange, technology transfer and technology promotion; data processing services; corporate management consulting; corporate image planning; convention and exhibition services; computer system services; import and export of goods; technology import and export (except for items required to be approved by law, carrying out business activities independently according to law against the business license)
Equity Structure:	A subsidiary in which the Company holds 56.58% of the equity interest, WU YU holds 14.56% of the equity interest, Xiamen Long Tai Kang Lin Enterprise Management Partnership (Limited Partnership) holds 11.69% of the equity interest, Li Xianghao holds 7.40% of the equity interest, and Liu Yang holds 6.07% of the equity interest
Connected relationship with the Company	Subsidiaries of the Company

Financial data of Pharmaron Chengdu Clinical is as follows:

Unit: RMB0'000

Accounting Period	For the year 2021/ as at 31 December 2021
Total assets	106,306.22
Total liabilities	64,360.23
Net assets	41,945.99
Revenue	–
Profit before tax	-715.13
Net profit	-715.13

No data of the corresponding period last year as Pharmaron Chengdu Clinical was newly established on May 27, 2021.

8. Pharmaron Hong Kong International

Name:	Pharmaron (Hong Kong) International Limited (康龍化成(香港)國際有限公司)
Unified social credit code:	2325640
Date of establishment:	31 December 2015
Domicile:	22nd Floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
Registered capital (paid-in capital):	10,000 ordinary shares, with per value of US\$1.00 each share
Legal representative:	Boliang Lou
Business scope:	Shareholding by investment
Equity Structure:	The Company holds 100% of its equity
Connected relationship with the Company	Wholly-owned subsidiaries of the Company

Financial data of Pharmaron Hong Kong International is as follows:

Unit: USD0'000

Accounting Period	For the year 2020/ as at 31 December 2020	For the year 2021/ as at 31 December 2021
Total assets	30,493.67	56,897.27
Total liabilities	11,064.73	15,105.61
Net assets	19,428.94	41,791.66
Revenue	–	–
Profit before tax	-61.68	-119.49
Net profit	-61.68	-119.49

The aforesaid guaranteed companies have good credit rating and no overdue loans, and none of them is a dishonest person subject to enforcement.

III. CONTENTS OF GUARANTEE AGREEMENT

This guarantee project is designed to predetermine the expected guarantee amount in the next 12 months, and the relevant agreement has not been signed. When the actual loan and guarantee occur, the guarantee amount, guarantee period, guarantee rate and other contents shall be determined by the Company and its related subsidiaries through negotiation with the lending bank and other financial institutions within the above limit, and relevant contracts shall be signed. The relevant guarantee matters shall be subject to the duly signed guarantee document, and the above guarantee limit can be reused.

IV. OPINIONS OF THE BOARD OF DIRECTORS

The capital arrangement and actual demand of the subsidiaries in 2022 have been taken into full account for this guarantee project, which is conducive to making full use of and flexibly allocating the Company's resources, solving the capital needs of the subsidiaries and improving the decision-making efficiency of the Company. The guarantee objects hereunder include wholly-owned subsidiaries and partly-owned subsidiaries. The risks in connection with the guarantees provided for the aforesaid wholly-owned subsidiaries and controlled subsidiaries are within the scope of control of the Company, which conforms to the overall interests of the Company and does not harm the interests of the Company and the investors. Other shareholders of the controlled subsidiaries, Pharmaron Ningbo Bio-Medicine and Pharmaron Chengdu Clinical have not provided corresponding guarantees in proportion to their shareholdings. Pharmaron Ningbo Bio-Medicine and Pharmaron Chengdu Clinical are in a stable financial position, with good credit standing and the ability to discharge its debts, and the financial risk in connection with the guarantees provided by the Company to it is within

the control, and there is no situation that damages the interests of the Company and its shareholders. This guarantee project does not involve counter-guarantee. The board of directors made a comprehensive assessment on the asset quality, operating conditions, industry prospects, solvency and credit status of each secured party, and concluded that the secured party is in good operating conditions, has sufficient funds and has the ability to repay debts. Therefore, the board of directors approved the resolution on estimated external guarantee limit in 2022, and it shall be submitted to the general meeting for consideration.

V. TOTAL NUMBER OF EXTERNAL GUARANTEES AND OVERDUE GUARANTEES

After provision of the guarantees hereunder, the total amount of guarantee quota for the listed company and its controlled subsidiaries is RMB9.722 billion (including the guarantees hereunder, of which RMB2.095215 billion is valid until the date the 2020 Annual General Meeting will be held), accounting for 95.98% of the audited net assets attributable to parent company of the Company during the latest period. As of December 31, 2021, the actual external guarantee balance of the Company and its subsidiaries amounted to RMB1,248.3991 million (all guarantees were provided by the Company for the wholly-owned subsidiaries), accounting for 12.32% of the audited net assets attributable to parent company of the Company in the latest period. The Company and its subsidiaries have no overdue external guarantee, no guarantee in relation to litigation or guarantee for the damages due to a losing judgment, and no guarantee for shareholders, actual controllers and their affiliates.

FOREIGN EXCHANGE HEDGING QUOTA FOR THE YEAR 2022**I. BASIC INFORMATION OF HEDGING BUSINESS****1. Investment purpose**

In recent years, the high volatility of the exchange rate of foreign currencies (e.g. the U.S. dollar) against the RMB has a certain impact on the Company's financial position. In order to hedge the risk of exchange rate fluctuations of foreign currencies against the RMB, prevent the adverse effects of significant exchange rate fluctuations on the Company, improve the efficiency of capital use and enhance financial soundness, the Company proposes to carry out foreign exchange hedging products transactions.

2. Investment amount

According to the Company's export income, overseas business scale, overseas financing and the practice of the peer companies, the Company and its subsidiaries expect to carry out hedging product transactions with a cap of USD0.8 billion or other equivalent foreign currencies in 2022. The above transaction amount can be recycled during the investment period.

3. Investment method

The business categories of the proposed investment products are: forward foreign exchange business, swap business, foreign exchange options and other financial derivatives trading business, which were mainly denominated in US dollars. The risk level of such products is low.

4. Term of investment: the investment shall be valid from the date of approval at the 2021 annual general meeting to the date of convening of the 2022 annual general meeting. It is proposed at the general meeting to authorize the chairman of the Company and his authorized representatives to sign the relevant contracts in relation to the above transactions, which do not involve related party transactions.

5. Fund source

The fund source is the Company's own funds. There is no direct or indirect use of the proceeds from the A Share Offering and bank borrowings to engage in the business.

II. REVIEW PROCEDURES

When the hedging business actually occurs, it is proposed to the general meeting to authorize the Company and its subsidiaries to jointly negotiate with relevant financial institutions to determine the transaction volume, transaction amount, transaction contract term, performance guarantee, trading leverage ratio, liquidity arrangement, settlement principle, payment method, liability for breach of contract within the above limit, and to sign relevant contracts. The relevant hedging business matters shall be subject to the official signed documents.

After being considered and approved by the Board of the Company, the resolution shall be submitted to the general meeting of the Company for consideration and shall take effect after being considered and approved at the general meeting. There is no connected relationship between the Company and its subsidiaries and the financial institutions providing hedging products.

III. INVESTMENT RISK ANALYSIS AND RISK CONTROL MEASURES

1. Investment risk analysis

The Company follows the principle of prudence. All hedging business is based on normal production and operation, relies on specific business operations, with the purpose of hedging and preventing exchange rate risks. However, hedging business has certain risks, mainly including:

- (1) Market risk: in the event that the trend of foreign exchange rates deviates from the Company's judgment, the cost of the Company's foreign exchange hedging business may exceed expectations, resulting in losses to the Company;
- (2) Liquidity risk: on one hand, due to incomplete and asymmetrical market information of foreign exchange hedging business and lack of deep secondary trading market, the liquidity of products in the market is insufficient; on the other hand, the foreign exchange hedging business market is a one-on-one personalized contract, which is due for settlement, and inherently creates the risk of poor liquidity;
- (3) Credit risk: the counterparties of the foreign exchange hedging transactions default and fail to pay the Company's hedging profits as agreed, which will not be able to hedge the actual exchange losses of the Company, and will cause losses to the Company;
- (4) Operational risk: the foreign exchange hedging business is highly professional and complex, which may cause losses in the process of foreign exchange hedging business due to employee's operational errors, system failures and other reasons;
- (5) Legal risk: in the course of foreign exchange hedging business, the legal risk arising from the signing of contracts by the Company.

2. Risk control measures:

- (1) The Company has formulated the “Financial Derivatives Trading Business Management System”, which clearly defines the operational rules, process, confidentiality rules and risk management of foreign exchange hedging business;
- (2) In order to control the market risk, the Company will strengthen its research and analysis of exchange rates, pay attention to changes in the international and domestic market environment in real time, adjust its operation and business operation strategies in a timely manner, so as to minimize the exchange losses;
- (3) In order to reduce liquidity risk, the Company tries to shorten the contract period and carry out foreign exchange hedging business for many times in the short term;
- (4) In order to control credit risk, the Company only conducts foreign exchange hedging business with financial institutions such as banks with relevant business qualifications to ensure the legality of the Company’s financial derivatives trading management;
- (5) In order to prevent operational risks, all foreign exchange transactions of the Company are for the purpose of hedging and preventing exchange rate risks, no speculative and arbitrage transactions are allowed, and operations are conducted in strict accordance with the provisions of the Financial Derivatives Trading Business Management System to effectively ensure the implementation of the system. The Company’s internal control and internal audit department regularly audits the actual operation, use of funds and profit and loss of foreign exchange hedging business, and verifies whether transactions and information disclosure are performed in accordance with the relevant internal control system;
- (6) In order to prevent legal risks, the Company will review the legal status and trading qualifications of counterparties to prevent legal risks during the process of signing contracts.

IV. IMPACT OF INVESTMENT ON THE COMPANY

The hedging business conducted by the Company and its subsidiaries can fully utilize hedging instruments to reduce or avoid exchange rate risks arising from exchange rate fluctuations, reduce exchange losses and control operating risks. In accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments, the Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement and other relevant regulations and guidelines issued by the Ministry of Finance, the Company conducts corresponding accounting treatment for the foreign exchange hedging business that has been carried out, reflecting the relevant items in the balance sheet and profit and loss statement.

STATEMENT

The Company and all of its Directors and Supervisors undertake that there are no false records, misleading statements or material omissions in the Incentive Scheme and its summary, and assume individual and joint legal responsibility for its truthfulness, accuracy and completeness.

SPECIAL NOTE

- I. The 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.* (Draft) (the “**Incentive Scheme**”) is formulated by Pharmaron Beijing Co., Ltd.* (“**Pharmaron**”, “**Company**”, or “**our Company**”) in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》)(revised in December 2020), the Management Measures for Share Incentive Scheme Adopted by Listed Companies (《上市公司股權激勵管理辦法》), Guide No. 1 for Self-Regulation and Supervision of Companies Listed on the Growth Enterprise Market of Shenzhen Stock Exchange – Business Handling (《深圳證券交易所創業板上市公司自律監管指南第1號—業務辦理》) and other relevant laws, administrative regulations, regulatory documents and the relevant requirements of the Articles of Association.
- II. The form of incentive adopted by the Incentive Scheme is Restricted Shares (Type II Restricted Shares). The source of the shares shall be the Company’s RMB ordinary A shares issued by the Company to the Participants.

Participants that meet the conditions for the grant under the Incentive Scheme, after fulfilling the corresponding attribution conditions and attribution arrangement, shall obtain the Company’s ordinary A shares at the grant price during the attribution period. Such shares will be registered at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. Prior to the attribution, the Restricted Shares granted to the Participants do not carry any rights of the shareholders of the Company, and such Restricted Shares shall not be transferred, used to guarantee or repay debts.

- III. The Restricted Shares proposed to be granted to the Participants under the Incentive Scheme shall be 1,548,800 shares, representing 0.20% of the total share capital of the Company of 794,177,098 shares as at the date of the announcement of the draft Incentive Scheme. This grant is made on one-off basis and without reserved interests.

The 2019 Restricted Share and Share Option Incentive Plan considered and approved at the second extraordinary general meeting of the Company for the year 2019 and the 2021 Restricted A Share Incentive Scheme considered and approved at the he first extraordinary general meeting of 2021, the 2021 second class meeting of A Shareholders and the 2021 second class meeting of H Shareholders of the Company are being implemented. As of the date of the announcement of the draft Incentive Scheme, the cumulative total number of underlying shares involved under all share incentive schemes

of the Company which are within their validity period shall not exceed 20.00% of the Company's total share capital as at the date on which the Incentive Scheme is submitted for approval at a general meeting. The total number of shares to be granted to any Participant under all share incentive schemes of the Company which are within their validity period shall not exceed 1.00% of the total share capital of the Company.

- IV. The number of the Participants under the Incentive Scheme shall be 403 persons in total, including core management, mid-level management and core technical personnel, basic-level management and technical personnel working at the Company (including its subsidiaries, the same applies below) at the time of the Company's announcement of the Incentive Scheme, but excluding the Directors, independent Directors, Supervisors, senior management, non-PRC employees, shareholders who individually or collectively hold more than 5% of the shares of the Company, *de facto* controllers, or the spouses, parents or children of such *de facto* controllers of the Company.
- V. The grant price of the Restricted Shares to be granted to the Participants under the Incentive Scheme shall be RMB58.38 per share. In the event of any capitalization issue, bonus issue, dividend distribution, share split or share consolidation or rights issue of the Company during the period from the date of announcement of the Incentive Scheme to the date of completion of the attribution registration by the Participants, the grant price of the Restricted Shares and the number of Restricted Shares shall be adjusted in accordance with the Incentive Scheme accordingly.
- VI. The validity period of the Incentive Scheme commences from the grant date of the Restricted Shares until the date on which all Restricted Shares granted to the Participants have been attributed or lapsed. The validity period shall not exceed 60 months.
- VII. The Restricted Shares under the grant of the Incentive Scheme shall be attributed in four tranches after the expiry of 12 months following the grant date, with the proportion of attribution in each tranche being 25%, 25%, 25% and 25%, respectively.

The performance assessment targets in relation to the Restricted Shares to be granted are shown in the following table:

Attribution Arrangement Performance Assessment Target

Attribution Arrangement	Performance Assessment Target
First Attribution Tranche	Based on 2021 revenue, the revenue growth in 2022 is set to be not less than 20%.
Second Attribution Tranche	Based on 2021 revenue, the revenue growth in 2023 is set to be not less than 40%.

Attribution Arrangement	Performance Assessment Target
Third Attribution Tranche	Based on 2021 revenue, the revenue growth in 2024 is set to be not less than 60%.
Fourth Attribution Tranche	Based on 2021 revenue, the revenue growth in 2025 is set to be not less than 80%.

Note: The above “revenue” refers to the audited revenue of the Listed Company.

VIII. None of the following circumstances under which the implementation of the equity incentives shall not be carried out as stipulated in the Management Measures for Share Incentives of Listed Companies has occurred to the Company:

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

IX. None of the following circumstances under which one shall not be a Participant as stipulated in the Management Measures for Share Incentive Scheme Adopted by Listed Companies has occurred to a Participant under the Incentive Scheme:

- (i) the Participant has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
- (ii) the Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
- (iii) the Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
- (iv) the Participant has the circumstances stipulated in the Company Law that he/she shall not act as a director or member of the senior management of a company;

- (v) laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies;
 - (vi) other circumstances as determined by the CSRC.
- X. Pharmaron undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Participants to obtain their Restricted Shares through the Incentive Scheme under the Restricted A Share Incentive Scheme.
- XI. Pharmaron undertakes that there are no false records, misleading statements or material omissions in the relevant information disclosure documents of the Incentive Scheme.
- XII. The Participants under the Incentive Scheme undertake if there are false records, misleading statements or material omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting or attributing rights and interests, the Participants shall return all the benefits obtained from the Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.
- XIII. The Incentive Scheme shall be implemented after being considered and approved at the general meeting of the Company by way of special resolution.
- XIV. The Company shall convene a meeting of the Board in accordance with the relevant requirements to grant the Restricted Shares to the Participants and complete the announcement and other relevant procedures within 60 days after the Incentive Scheme is considered and approved at a general meeting. If the Company fails to complete the above procedures within the 60-day period, it shall promptly disclose the reasons for the failure to complete such procedures and declare the termination of the Incentive Scheme. The period during which no interests shall be granted pursuant to the Management Measures for Share Incentives of Listed Companies and Self-discipline Supervision Guidelines for Companies Listed on the ChiNext Market of Shenzhen Stock Exchange No. 1 – Business Handling is excluded from the calculation of the 60-day period.
- XV. The implementation of the Incentive Scheme shall not result in the shareholding structure of the Company to fail to meet the listing requirements.

* *For identification purpose only*

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CHAPTER I DEFINITIONS

Unless otherwise requires, the following expressions herein shall have the following meanings:

Term	Meaning
Pharmaron, Our Company, Company, Listed Company	: Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司)
Restricted Share Incentive Scheme, Incentive Scheme, Scheme	: the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.* (《康龍化成(北京)新藥技術股份有限公司2022年A股限制性股票激勵計劃》)
Restricted Shares, Type II Restricted Shares	: the shares of the Company to be obtained in tranches and registered by the Participants who meet the conditions for grant under the Incentive Scheme after meeting the corresponding attribution conditions
Participant(s)	: the core management, mid-level management and core technical personnel, basic-level management and technical personnel of the Company (including its subsidiaries), but excluding the Directors, independent Directors, Supervisors, senior management, non-PRC employees, shareholders who individually or collectively hold more than 5% of the shares of the Company, <i>de facto</i> controllers, or their respective spouses, parents or children, who shall be granted the Restricted Shares pursuant to the Incentive Scheme
Grant date	: the date on which the Company grants the Restricted Shares to the Participants, which must be a trading day
Grant price	: the price at which a Participant obtains the Company's shares, as determined at the time of grant of Restricted Shares to the Participant by the Company
Attribution	: the act of registering the Restricted Shares by the Listed Company to the account of a Participant after the attribution conditions having been satisfied by the Participant

Term	Meaning
Attribution date	: the date on which the registration of the granted Restricted Shares is completed after the attribution conditions having been satisfied by a Participant, which must be a trading day
Attribution conditions	: the attribution conditions as stipulated under the Restricted Share Incentive Scheme which must be satisfied by a Participant in order to obtain the incentive shares
Validity period	: the period commencing on the grant date of the Restricted Shares and ending on the date on which all Restricted Shares granted to the Participants have been attributed or lapsed
Remuneration Committee	: the remuneration and appraisal committee of the Board of the Company
CSRC	: the China Securities Regulatory Commission
Stock Exchange	: Shenzhen Stock Exchange
CSDC	: the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
Company Law	: the Company Law of the People's Republic of China (《中華人民共和國公司法》)
Securities Law	: the Securities Law of the People's Republic of China 《中華人民共和國證券法》
Listing Rules	: the Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》(Revised in December 2020))
Management Measures	: the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》)
Self-discipline Supervision Guidelines	: Self-discipline Supervision Guidelines for Companies Listed on the ChiNext Market of Shenzhen Stock Exchange No. 1 – Business Handling

Term	Meaning
Articles of Association	: the Articles of Association of Pharmaron Beijing Co., Ltd.* (《康龍化成(北京)新藥技術股份有限公司章程》)
Company's Assessment Management Measures	: the Management Measures for Assessment for the Implementation of the 2022 Restricted A Share Incentive Scheme of Pharmaron Beijing Co., Ltd.* (《康龍化成(北 京)新藥技術股份有限公司2022年A股限制性股票激勵計劃 實施考核管理辦法》)
RMB/RMB'0,000/ RMB'00,000,000	: RMB/RMB'0,000/RMB'00,000,000, the unit of the lawful currency of the People's Republic of China

CHAPTER II PURPOSE OF THE INCENTIVE SCHEME

To further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management and core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals, and under the premise of fully safeguarding the interests of shareholders, the Incentive Scheme is formulated following the principle of income equivalent to contribution in accordance with the relevant laws, regulations and regulatory documents including the Company Law, the Securities Law, the Management Measures, the Listing Rules and the Self-discipline Supervision Guidelines, as well as the Articles of Association.

CHAPTER III ADMINISTRATIVE BODIES OF THE INCENTIVE SCHEME

- I. The general meeting, as the ultimate authority of the Company, shall be responsible for considering and approving the implementation, amendment and termination of the Incentive Scheme. The general meeting may, within its powers and authority, authorize the Board to handle certain matters relating to the Incentive Scheme.
- II. The Board shall act as the executive and administrative body for the Incentive Scheme and be responsible for the implementation of the Incentive Scheme. The Remuneration Committee under the Board shall be responsible for drafting and revising the Incentive Scheme, and submitting the Incentive Scheme to the Board of the Company for review and approval. Upon approval by the Board, the Incentive Scheme shall be further submitted to the general meeting of the Company for review and approval, and the Board may handle matters relating to the Incentive Scheme within its scope of authority as delegated by the general meeting.
- III. The Supervisory Committee and the independent Directors shall act as the supervisory authority for the Incentive Scheme, and shall express opinions as to whether the Incentive Scheme is conducive to the sustainable development of the Company, and whether there are any situations that clearly harm the interests of the Company and all shareholders. The Supervisory Committee shall verify the list of the Participants under the Incentive Scheme, and shall supervise the implementation of the Incentive Scheme as to whether it is in compliance with the relevant laws, administrative regulations, regulatory documents and operational rules of the Stock Exchange. The independent Directors shall solicit voting rights by proxy from all shareholders in respect of the Incentive Scheme.
- IV. Where amendments are being made to the Incentive Scheme before or after the Incentive Scheme is approved at the general meeting, the independent Directors and the Supervisory Committee shall express opinions as to whether the amended Incentive Scheme will be conducive to the sustainable development of the Company or whether there are any situations that clearly harm the interests of the Company and all shareholders.
- V. The Participants don't engage in approval process, and will not participant in follow-up management in the Incentive Scheme in future, thus not existing conflict of interest herein.

Before the Restricted Shares are granted to a Participant, the independent Directors and the Supervisory Committee shall express clear opinions on the conditions stipulated for the Participant to receive such Restricted Shares as set out in the Incentive Scheme. In the event of any discrepancy between the Restricted Shares to be granted to a Participant and the arrangement under the Incentive Scheme, the independent Directors and the Supervisory Committee (where there are changes occurred to the Participants) shall express their clear opinions thereon at the same time.

Before the granted Restricted Shares are attributed to a Participant, the independent Directors and the Supervisory Committee shall express clear opinions as to whether the attribution conditions stipulated under the Incentive Scheme for the Participant have been fulfilled.

**CHAPTER IV BASIS FOR DETERMINING THE PARTICIPANTS AND
SCOPE OF PARTICIPANTS****I. BASIS FOR DETERMINING THE PARTICIPANTS****(i) Legal Basis for Determining the Participants**

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

(ii) Duty Basis for determining the Participants

The Participants under the Incentive Scheme include core management, mid-level management and core technical personnel, basic-level management and technical personnel (including subsidiaries, the same applies below), in accordance with the purposes of implementing the Share Incentive Scheme. The list of persons who fall within the scope of Participants under the Incentive Scheme shall be drawn up by the Remuneration Committee, and verified by the Supervisory Committee of the Company.

II. SCOPE OF THE PARTICIPANTS

The total number of the Participants under the Incentive Scheme shall be 403, including:

1. Core management;
2. Mid-level management and core technical personnel;
3. Basic-level management and technical personnel

None of the Participants are Directors, independent Directors, Supervisors, senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of Pharmaron or *de facto* controllers and their spouses, parents or children of such *de facto* controllers. All Participants must have entered into a labour or employment contract with the Company or its subsidiaries during the assessment period of the Incentive Scheme.

III. CIRCUMSTANCES IN WHICH A PERSON IS PROHIBITED FROM BEING A PARTICIPANT UNDER THE INCENTIVE SCHEME

- (i) The person has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
- (ii) The person has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
- (iii) The person has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major illegal acts in the past 12 months;
- (iv) The person has the circumstances stipulated in the Company Law that he/she shall not act as a director or senior manager of any company;
- (v) Laws and regulations stipulate that the person shall not participate in the equity incentives of listed companies;
- (vi) Other circumstances as determined by the CSRC.

During the implementation process of the Incentive Scheme, if any of the above circumstances in relation to a Participant arises, the Company shall terminate his/her right to participate in the Incentive Scheme, and any granted Restricted Shares which have not yet been attributed shall not be attributed and shall lapse.

IV. VERIFICATION OF PARTICIPANTS

- (i) After the Board of the Company has reviewed and approved the Incentive Scheme, the Company shall publish the names and positions of the Participants internally via the Company's website or other channels for no less than 10 days.
- (ii) The Supervisory Committee of the Company shall review the list of the Participants and take sufficient consideration of the public response. The Company shall disclose the information regarding the review by the Supervisory Committee regarding the list of Participants and the publication situation 5 days prior to the Incentive Scheme being considered at the general meeting. Any adjustments to the list of the Participants made by the Board of the Company shall also be reviewed by the Supervisory Committee of the Company.

**CHAPTER V RESTRICTED SHARES TO BE GRANTED UNDER
THE INCENTIVE SCHEME****I. FORM OF ENTITLEMENTS TO BE GRANTED BY THE INCENTIVE SCHEME**

The form of incentive to be adopted under the Incentive Scheme is the Type II Restricted Shares.

**II. SOURCE AND TYPE OF UNDERLYING SHARES INVOLVED IN RESTRICTED
SHARES TO BE GRANTED UNDER THE INCENTIVE SCHEME**

The Company will issue RMB ordinary A shares of the Company to Participants as the source of shares under the Incentive Scheme.

**III. THE NUMBER OF RESTRICTED SHARES TO BE GRANTED UNDER THE
INCENTIVE SCHEME AND ITS PROPORTION TO THE TOTAL SHARES OF
THE COMPANY**

The total number of the Restricted Shares proposed to be granted to the Participants under the Incentive Scheme shall be 1,548,800 shares, representing 0.20% of the total share capital of the Company of 794,177,098 shares as at the date of the announcement of the draft Incentive Scheme. This grant shall be on a one-off basis and without reserved interests.

The 2019 Restricted Shares and Share Options Incentive Scheme considered and approved at the 2019 second EGM of the Company and the 2021 A-Share Restricted Share Incentive Plan considered and approved at the company's first extraordinary general meeting in 2021, the second A-share class meeting in 2021 and the second H-share class meeting in 2021 is still under implementation. As of the date of the announcement of the draft Incentive Scheme, the cumulative total number of underlying shares involved under all share incentive schemes of the Company which are within their validity period shall not exceed 20.00% of the Company's total share capital as at the date on which the Incentive Scheme is submitted for approval at a general meeting. The cumulative total number of the shares to be granted to any Participant in the Incentive Scheme under all share incentive schemes of the Company which are within their validity period shall not exceed 1.00% of the total share capital of the Company.

CHAPTER VI LIST OF PARTICIPANTS AND ALLOCATION OF
RESTRICTED SHARES TO BE GRANTEDI. LIST OF PARTICIPANTS AND ALLOCATION OF RESTRICTED SHARES TO BE
GRANTED

Position	Number of Restricted Shares to be granted (‘0,000 shares)	Percentage to the total number of Restricted Shares to be granted	Percentage to the current total share capital
Core management (4 persons in total)	16.74	10.81%	0.02%
Mid-level management and core technical personnel (116 persons in total)	98.84	63.82%	0.12%
Basic-level management and technical personnel (283 persons in total)	39.30	25.37%	0.05%
Total	154.88	100.00%	0.20%

Note: Any discrepancies in this table between the total shown and the sum of the amounts listed in the Incentive Scheme are due to rounding (the same applies below).

II. EXPLANATORY NOTES

The total number of the shares to be granted to any Participant under all share incentive schemes of the Company which are within their validity period do not exceed 1.00% of the total share capital of the Company. The cumulative total number of underlying shares involved under all share incentive schemes of the Company which are within their validity period do not exceed 20.00% of the Company’s total share capital as at the date on which the Incentive Scheme is submitted for approval at the general meeting. If a Participant, due to personal reasons, voluntarily waives the Restricted Shares which have been granted to him/her, the Board shall adjust the number of granted Restricted Shares accordingly.

**CHAPTER VII VALIDITY PERIOD, GRANT DATE,
ATTRIBUTION ARRANGEMENT AND LOCK-UP PERIOD****I. VALIDITY PERIOD OF THE INCENTIVE SCHEME**

The validity period of the Incentive Scheme commences on the grant date of the Restricted Shares and ends on the date on which all Restricted Shares granted to the Participants have been attributed or forfeited, such period shall not exceed 60 months.

II. GRANT DATE OF THE INCENTIVE SCHEME

The Company will convene a Board meeting to grant the Restricted Shares to the Participants and complete the relevant procedures including making relevant announcement(s) according to the relevant regulations, within 60 days after the Incentive Scheme having been considered and approved at a general meeting of the Company. If the Company is unable to complete the above procedures within the 60-day period, the Company shall make a timely announcement to disclose the reason for being unable to complete the procedures and declare the termination of the Incentive Scheme. The period during which no Restricted Shares shall be granted pursuant to the Management Measures and the Self-discipline Supervision Guidelines is excluded from the calculation of the 60-day period.

The grant date shall be determined by the Board of the Company after the Incentive Scheme has been considered and approved at a general meeting of the Company. The grant date must be a trading day. If the date determined pursuant to the above principles falls on a non-trading day, the grant date will be postponed to the next trading day immediately after such non-trading day.

III. ATTRIBUTION ARRANGEMENT UNDER THE INCENTIVE SCHEME

The Restricted Shares granted under the Incentive Scheme may be attributed in tranches as per the agreed proportions after the expiry of 12 months following the grant date and upon the Participants satisfying the corresponding attribution conditions. The attribution date must be the trading day within the validity period of the Incentive Scheme, and the period when the stock exchange listing rules of the place where the company's stock is listed shall not be attributed shall not be included. During the validity period of this incentive scheme, if the relevant provisions of the stock exchange where the stock is listed on the exercise period has changed, the attribution date shall comply with the provisions of the revised relevant laws, regulations and normative documents.

The attribution arrangements for the grant of the Restricted Shares are shown in the table below:

Tranche	Attribution period	Attribution percentage
First tranche	From the first trading day after the expiry of 12 months following the grant date until the last trading day within the 24 months following the grant date	25%
Second tranche	From the first trading day after the expiry of 24 months following the grant date until the last trading day within the 36 months following the grant date	25%
Third tranche	From the first trading day after the expiry of 36 months following the grant date until the last trading day within the 48 months following the grant date	25%
Fourth tranche	From the first trading day after the expiry of 48 months following the grant date until the last trading day within the 60 months following the grant date	25%

Those Restricted Shares which have not been attributed during the period of their respective tranches as a result of failure to fulfil the attribution conditions are not allowed to be attributed or deferred to be attributed in the next year(s) and shall be forfeited according to the provisions under the Incentive Scheme.

After the attribution conditions of the Restricted Shares are met, the Company shall handle the matters in relation to the attribution of the Restricted Shares which have met the conditions.

IV. LOCK-UP PERIOD UNDER THE INCENTIVE SCHEME

- (i) Any Restricted Shares attributed in the respective tranche shall not be transferable for 6 months from the date of satisfying the attribution conditions considered and approved by the Board for the Restricted Shares in each tranche.
- (ii) The Lock-up arrangement granted by the Incentive Scheme to the Participants shall be implemented in accordance with the requirements of the Company Law, the Securities Law and the relevant laws, administrative regulations, regulatory documents and the Articles of Association.
- (iii) During the validity period of the Incentive Scheme, if the relevant requirements under the relevant laws, administrative regulations, regulatory documents such as the Company Law and the Securities Law and the Articles of Association are changed, the transfer of the shares held by the Participants shall comply with the relevant laws, regulations and regulatory documents including the Company Law and the Securities Law and the Articles of Association as amended at the time of transfer.

**CHAPTER VIII GRANT PRICE AND BASIS OF DETERMINATION OF
THE GRANT PRICE OF RESTRICTED SHARES****I. GRANT PRICE OF RESTRICTED SHARES**

The Grant Price of the Restricted Shares shall be RMB58.38 per share. A Participant who has satisfied the conditions for grant and attribution may purchase the Company's shares at the price of RMB58.38 per share.

**II. BASIS OF DETERMINATION OF THE GRANT PRICE OF RESTRICTED
SHARES****(i) Pricing Method**

The Grant Price of the Restricted Shares shall not be lower than the par value of the shares, and in principle shall not be lower than the higher of the following:

- (1) 50% of the average trading price of the Company's shares on the trading day prior to the announcement of the draft Incentive Scheme, being RMB58.38 per share;
- (2) 50% of the average trading price of the Company's shares for the 20 trading days prior to the announcement of the draft Incentive Scheme, being RMB55.06 per share.

**CHAPTER IX GRANT AND ATTRIBUTION CONDITIONS OF
THE RESTRICTED SHARES****I. CONDITIONS FOR GRANT OF THE RESTRICTED SHARES**

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

- (i) None of the following has occurred on the part of the Company:
 - 1. An audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - 2. An audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - 3. In the past 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
 - 4. Laws and regulations stipulate that equity incentives shall not be implemented;
or
 - 5. Other circumstances as determined by the CSRC.

- (ii) None of the following has occurred on the part of the Participants:
 - 1. The Participant has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
 - 2. The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
 - 3. The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
 - 4. The Participant has the circumstances stipulated in the Company Law that he/she shall not act as a director or member of the senior management of a company;

5. Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
6. Other circumstances as determined by the CSRC.

II. CONDITIONS FOR ATTRIBUTION OF THE RESTRICTED SHARES

For the Restricted Shares to be attributed to the Participant, all of the following conditions need to be satisfied within the attribution period:

- (i) None of the following has occurred on the part of the Company:
 1. An audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 2. An audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 3. In the past 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
 4. Laws and regulations stipulate that equity incentives shall not be implemented; or
 5. Other circumstances as determined by the CSRC.

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

- (ii) None of the following has occurred on the part of the Participants:
 1. The Participant has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
 2. The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
 3. The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;

4. The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of a company;
5. Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
6. Other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified in the above subparagraph (ii) arises in relation to a certain Participant, the Company shall terminate such Participant's right to participate in the Incentive Scheme, and the Restricted Shares that have been granted but have not yet been attributed to such Participant under the Incentive Scheme shall not be attributed and shall lapse.

- (iii) Requirements on length of employment of the Participants for attribution of Restricted Shares:

Before each tranche of Restricted Shares granted to the Participants is attributed, the length of employment of the Participant must be more than 12 months.

- (iv) Performance assessment requirements at the Company level:

Under the Incentive Scheme, the Company's performance indicators will be evaluated on an annual basis for the financial years of 2022 to 2025, and the achievement of performance assessment target will be one of the attribution conditions for the Participants for the current year. The performance assessment objectives under the Incentive Scheme are set out below:

Attribution Period	Performance Assessment Objectives
First Attribution Period	Based on the figure in 2021, the growth rate of revenue in 2022 shall not be less than 20%
Second Attribution Period	Based on the figure in 2021, the growth rate of revenue in 2023 shall not be less than 40%
Third Attribution Period	Based on the figure in 2021, the growth rate of revenue in 2024 shall not be less than 60%

Attribution Period	Performance Assessment Objectives
Fourth Attribution Period	Based on the figure in 2021, the growth rate of revenue in 2025 shall not be less than 80%

Note: The above “revenue” refers to the audited revenue of the Listed Company.

During the attribution period, the Company will handle the registration of the attributed Restricted Shares for the Participants who have satisfied the attribution conditions. In the event that the above performance assessment requirements at the Company level have not been reached within the respective attribution tranche, all the Restricted Shares that have been granted and are to be attributed to the Participants in such tranche shall not be attributed and shall be forfeited.

- (v) Performance assessment requirements at the Participant’s individual level:

The individual assessment of Participants is carried out according to the internal performance assessment system of the Company. The results of the individual assessment of Participants are divided into two levels – “pass” and “fail”, and the corresponding attribution percentage as follows:

Assessment results	Pass	Fail
Attribution percentage	100%	0%

Subject to the Company achieving its performance target, if the Participant’s personal performance assessment result in the previous year is pass, all the Restricted Shares of the Participant corresponding to the assessment year can be attributed; if the Participant’s personal performance assessment result in the previous year is fail, then the Restricted Shares of the Participant corresponding to the assessment year shall not be attributed and shall lapse.

The performance at individual level shall be assessed by the Remuneration Committee under the Incentive Scheme. The content of the assessment is implemented in accordance with the “Assessment Management Measures of the Company”. None of the Participants belong to the Remuneration Committee and will not involve in performance assessment at the Participant’s individual level.

III. EXPLANATION ON THE SCIENTIFICNESS AND REASONABLENESS OF THE PERFORMANCE ASSESSMENT INDICATORS OF THE COMPANY

The Company is a leading fully-integrated and international pharmaceutical R&D service platform with operations all over the world. It is committed to assisting customers in accelerating drug innovation and providing fully-integrated drug research, development and production services from drug discovery to drug development. In addition, the company is also accelerating the construction of R&D service capabilities for macro molecular drugs and cell and gene therapy. Pharmaron is committed to becoming a global leader in multi-therapeutic drug R&D services. The Company has set out a drug R&D service framework in compliance with general global R&D standards to provide customers with complete solutions for drug research, development and production around the world. Currently, the Company's customer portfolio comprises the top 20 multinational pharmaceutical companies worldwide.

In order to realize the strategy of the Company and maintain its competitiveness, the Company intends to motivate the core management, mid-level management and core technical personnel, basic-level management and technical personnel of the Company through the implementation of the Incentive Scheme. After reasonable prediction and taking into account the incentive effects of the Incentive Scheme, the revenue of the Company is adopted as the company-level performance appraisal indicator under the Incentive Scheme, which can directly reflect the Company's principal business operations and indirectly reflect the market share of the Company in the industry.

According to the performance indicators with revenue of 2021 as the basis, the growth rate of the Company's revenue for 2022 to 2025 shall not be less than 20%, 40%, 60% and 80% respectively. The performance indicators are formulated with reference to the prevailing situation and future strategic planning of the Company as well as industry trends and various potential risks (refers to the risk factors beyond the control of the Directors, such as the risk of international policy changes, exchange rate risk, etc.). The satisfaction of the performance indicators presents a certain degree of challenge, which helps to continuously improve the profitability of the Company and proactiveness of the staff, ensure the successful implementation of future development strategy and business objectives, and bring better and lasting returns to the shareholders.

In addition to the performance assessment at the Company level, the Company has also set up a strict performance appraisal system at individual level, which allows a more accurate and comprehensive evaluation of the work performance of the Participants. The Company will determine whether the Participants meet the attribution conditions based on the previous annual performance evaluation results of the Participants.

In summary, the Company's appraisal system under the Incentive Scheme is integrated, comprehensive and operable. Not only is it conducive to fully mobilize the enthusiasm and creativity of the Participants, it can also promote the construction of the Company's core team, and play a good role in restraining the Participants, providing solid guarantee for realization of the Company's future business strategies and objectives.

**CHAPTER X METHODS AND PROCEDURES FOR ADJUSTMENT UNDER
THE INCENTIVE SCHEME****I. ADJUSTMENT METHOD OF THE NUMBER OF RESTRICTED SHARES**

In the event of any capitalization issue, bonus issue, sub-division, rights issue or share consolidation of the Company during the period from the date of announcement of the Incentive Scheme to the completion of attribution registration of Restricted Shares by the Participants, the number of Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

(i) Capital reserve converted into share capital, bonus stock distribution, stock split

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

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by conversion of capital reserve, bonus issue or sub-division of shares (i.e. the number of shares increased per share upon issue of shares by conversion of capital reserve, bonus issue or sub-division of shares); Q represents the number of Restricted Shares after the adjustment.

(ii) Rights issue

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

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

(iii) Share consolidation

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one share of the Company to be consolidated into n share); Q represents the number of Restricted Shares after the adjustment.

(iv) New issue of shares

In the event of new issue of Shares by the Company, no adjustment shall be made to the number of Restricted Shares.

II. ADJUSTMENT METHOD OF THE GRANT PRICE OF THE RESTRICTED SHARES

In the event of any dividend distribution, capitalization issue, bonus issue, sub-division, rights issue or share consolidation of the Company during the period from the date of the announcement of the Incentive Scheme to the completion of attribution registration of Restricted Shares by the Participants, the grant price of the Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

(i) Capital reserve converted into share capital, bonus stock distribution, stock split

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

Where: P_0 represents the grant price before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by conversion of capital reserve, bonus issue and sub-division of shares to each Share; P represents the grant price after the adjustment.

(ii) Rights issue

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

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

(iii) Share consolidation

$$P = P_0 \div n$$

Where: P_0 represents the grant price before the adjustment; n represents the ratio of consolidation of shares per share; P represents the grant price after the adjustment.

(iv) Dividend distribution

$$P = P_0 - V$$

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

(v) New issue of shares

In the event of new issue of shares by the Company, no adjustment shall be made to the grant price of the Restricted Shares.

III. ADJUSTMENT PROCEDURES FOR THE INCENTIVE SCHEME

The Company's general meeting authorizes the Board to adjust the number of Restricted Shares and the grant price based on the reasons set forth in the Incentive Scheme. After the Board adjusts the number of Restricted Shares and the grant price in accordance with the above provisions, it shall promptly announce and notify the Participants. The Company shall employ lawyers to provide professional opinions to the Board on whether the above adjustments comply with the requirements under the Management Measures, the Articles of Association and the Incentive Scheme.

CHAPTER XI ACCOUNTING TREATMENT ON THE RESTRICTED SHARES

In accordance with relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-Based Payments and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments published by the Ministry of Finance, at each balance sheet date within the Lock-up Period, the Company shall revise the number of Restricted Shares which are expected to be attributed according to the changes in the latest available number of persons eligible to be attributed the Restricted Shares, fulfilment of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the grant date.

I. FAIR VALUE OF THE TYPE II RESTRICTED SHARES AND THE DETERMINATION METHOD

Based on the commitment of the Participants under the Incentive Scheme, any Restricted Shares attributed in the respective tranche shall not be transferable for 6 months from the date of satisfying the attribution conditions considered and approved by the Board for the Restricted Shares in each tranche (the “**Restrictive Factor**”). Such condition is a non-attribution condition, and based on the Enterprise Accounting Standard, when determining the fair value of an equity instrument on the Grant Date, the enterprise shall consider the impact of such non-attribution condition. The fair value of the Type II Restricted Shares represents the fair value (including the option’s inherent value and time value) by adopting the Option Pricing Model after deducting the discounted costs arising from the Restrictive Factor.

According to the relevant requirements of the Accounting Standards for Business Enterprises No. 11-Share Payments and Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Company adopts the Black-Scholes model (B-S model) as the pricing model to determine the fair value of the Type II Restricted Shares. The Company uses such model to estimate the fair value of the Restricted Shares using March 25, 2022 as the record date (formal estimation at the time of grant) for calculation. Specific parameters selected are as follows:

- a. Underlying share price: RMB115.40 (closing price as at March 25, 2022);
- b. Valid period of call option: 1 year, 2 years, 3 years and 4 years (from grant date to the first vesting date of each period), valid period of put option: 0.5 year (restricted factors, i.e. the additional Lock-up Period after each vesting date);
- c. Historical volatility: annualized volatility of the Shenzhen Composite Index for respective period;
- d. Risk-free interest rate: the benchmark deposit rate for financial institutions formulated by the People’s Bank of China for respective period.

II. THE ESTIMATED IMPACT ON THE OPERATING PERFORMANCE IN EACH ACCOUNTING PERIOD DUE TO OF THE IMPLEMENTATION OF THE RESTRICTED SHARES

The Company will grant 1,548,800 Restricted Shares to the Participants. The fair value of the Restricted Shares was estimated based on the closing data on the trading day prior to the publication of the draft Incentive Scheme, and the total equity expense of the grant was estimated to be RMB84,843,600. The total amount of the above expenses as the incentive cost of the Company's Incentive Scheme will be recognized over the course of the Incentive Scheme in proportion in installments and will be charged to operating profit or loss. In accordance with accounting standards, the actual amount shall be based on the fair value of the Shares calculated on the "actual grant date", assuming the grant date to be in April 2022, and the amortization of cost of the Restricted Shares from the years 2022 to 2026 shall be as follows:

Unit: RMB0'000

Amortization cost of the Restricted Shares	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026
8,484.36	2,885.21	2,987.17	1,626.22	799.50	186.27

Notes:

1. The above costs are projected costs, and actual costs are related to the actual grant price, the grant date, the closing price on the grant date, the number of Restricted Shares granted and the best estimate of the number of attributable equity instrument;
2. Shareholders' attention is drawn to the possible dilutive effect of the share-based payment described above;
3. The final influence of the above projected amortization expenses on the Company's operating results is subject to the audit report issued by the accountants.

The cost of the Incentive Scheme will be charged to cost expenses. Without considering the positive effect of the Incentive Scheme on the Company's performance, the Company estimates, based on current information, that the amortization of cost expenses of the Incentive Scheme will have an impact on net profit of each year within the validity period. Considering the positive effect of the Incentive Scheme on the Company's operation and development, which will stimulate the enthusiasm of the management and business team, improve operating efficiency and reduce operating costs, the Incentive Scheme will play a positive role in the Company's long-term performance.

**CHAPTER XII PROCEDURES FOR IMPLEMENTATION, GRANT,
ATTRIBUTION OF AND AMENDMENTS TO, AND TERMINATION OF
THE INCENTIVE SCHEME**

I. PROCEDURES FOR IMPLEMENTATION OF THE INCENTIVE SCHEME

- (i) The Remuneration Committee is responsible for formulating the draft Incentive Scheme and the Company's Assessment Management Measures.
- (ii) The Board shall resolve on the draft Incentive Scheme and the Company's Assessment Management Measures formulated by the Remuneration Committee. When the Board resolves on the Incentive Scheme, related directors shall abstain from voting.
- (iii) The independent Directors and the Supervisory Committee should express opinions as to whether the Incentive Scheme is conducive to the sustainable development of the Company and whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders.
- (iv) The Company will engage an independent financial adviser to give professional opinions on the feasibility of the Incentive Scheme, whether the Incentive Scheme is conducive to the sustainable development of the Company and whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders. The legal adviser engaged by the Company will issue a legal opinion on the Incentive Scheme.
- (v) Within two trading days after the Board having reviewed and approved the draft Incentive Scheme, the Company will make an announcement of the board resolutions, the draft and summary of the Incentive Scheme, the opinions of independent Directors, and the opinions of the Supervisory Committee.
- (vi) The Company shall carry out self-investigation on the trading of shares of the Company by individuals in possession of inside information within 6 months prior to the announcement of the Incentive Scheme.
- (vii) Before convening a general meeting, the Company shall announce the names and positions of the Participants internally via the Company's website or other channels for no less than 10 days. The Supervisory Committee shall review the list of Participants and take sufficient consideration of the public response. The Company shall disclose the information regarding the review by the Supervisory Committee regarding the list of Participants and the publication responses 5 days prior to the consideration of the Incentive Scheme at the general meeting.

- (viii) During voting on the Incentive Scheme and related resolutions at the general meeting of the Company, the independent Directors shall solicit proxy voting rights from all shareholders regarding the Incentive Scheme and related resolutions. When the Incentive Scheme and related resolutions are considered by way of special resolution at the general meeting, the related shareholders shall abstain from voting.
- (ix) The Company will disclose an announcement of the resolutions of the general meeting, the Incentive Scheme as considered and approved at the general meeting, the self-investigation report on the trading of shares of the Company by individuals in possession of inside information and the legal opinions.
- (x) After the Incentive Scheme has been considered and approved by the general meeting of the Company, the Board will grant the Restricted Shares to the Participants and complete the announcements and other relevant procedures pursuant to the authorization granted by the shareholders within 60 days after the Incentive Scheme having been adopted and approved at a general meeting. The Board shall handle matters including the attribution and registration of Restricted Shares in accordance with the authorization at a general meeting.

II. PROCEDURES FOR GRANT OF THE RESTRICTED SHARES

- (i) The Company shall convene a meeting of the Board to grant the Restricted Shares to the Participants within 60 days from the date on which the Incentive Scheme has been adopted and approved at a general meeting.
- (ii) Before granting the Restricted Shares to the Participants, the Board shall consider whether the Participants have satisfied the conditions for grant prescribed in the Incentive Scheme and make an announcement thereafter. The independent Directors and the Supervisory Committee shall also issue their express opinions at the same time. The legal advisor shall issue a legal opinion on whether the Participants have satisfied the conditions of the grant. The Supervisory Committee of the Company shall verify the list of the Participants on the grant date of the Restricted Shares and issue its opinion.

When there is any discrepancy between the Company's grant of the Restricted Shares to the Participants and the arrangement stipulated under the Incentive Scheme, the independent Directors, the Supervisory Committee (when there are changes to the Participants), legal advisor and the independent financial adviser shall issue their clear opinions simultaneously.

- (iii) The Company shall enter into the Agreement on the Granting of Restricted Shares with the Participants setting out their respective rights and obligations.

- (iv) The Company shall keep a register for management of the Restricted Shares with reference to the Agreement on the Granting of Restricted Shares signed by the Participants and the subscription situation, and such register shall record the names of the Participants, the number of Restricted Shares granted, the grant date and the serial number of the relevant Agreement on the Granting of Restricted Shares.
- (v) Upon the general meeting's consideration and approval of the Share Incentive Scheme, the Company shall grant the Restricted Shares to the Participants and make an announcement within 60 days. If the Company fails to publish an announcement in respect of the grant of the Restricted Shares within the 60-day period, the Incentive Scheme shall be terminated, and the Board shall promptly disclose the reasons for the failure to complete and is prohibited from considering a share incentive scheme again within 3 months thereafter.
- (vi) Where connected persons or other situations required by the listing rules of the place where the Company's securities are listed are involved, the Company shall comply with such local laws and regulations and meet the relevant requirements (including, if necessary, any prior approval from the independent shareholders).

III. PROCEDURES FOR THE ATTRIBUTION OF THE RESTRICTED SHARES

- (i) Prior to attribution, the Company shall confirm whether the Participants have satisfied the attribution conditions. The Board shall consider whether the attribution conditions under the Incentive Scheme have been satisfied, and the independent Directors and the Supervisory Committee shall express clear opinions at the same time. The legal advisor shall issue a legal opinion on whether the conditions for attributing the Restricted Shares to the Participants have been satisfied. The board's meeting of reviewing satisfaction of the attribution conditions shall be held within 6 months after each attribution period commences.
- (ii) The Participants shall open securities account before the first attribution period commences. The Participants who have fulfilled the attribution conditions shall pay the funds for the subscription of the Restricted Shares into the account designated by the Company according to the Company's requirements within 1 month from the date on which the attribution conditions are fulfilled as determined by the Board of the Company to 2 months from the date on which the attribution conditions are fulfilled (the exact date and time of payment will be confirmed according to demand note issued then by the Company), which will be verified and confirmed by a certified public accountant. Participants who have not paid the funds within the requisite period shall be deemed to have waived his/her right to subscribe for the Restricted Shares. The Company shall in a unified manner make an application to the Stock Exchange, and after confirmation by the Stock Exchange, the CSDC will handle the matters for the attribution of the Restricted Shares. The Restricted Shares of the Participants who have not fulfilled the attribution conditions in the relevant tranche shall not be attributed and shall lapse. The Company shall make timely disclosure in respect of the implementation of the Incentive Scheme.

- (iii) Participants may transfer their attributed Restricted Shares, however, the transfer of the Restricted Shares held by the directors and members of the senior management of the Company should comply with the requirements of the relevant laws, administrative regulations and regulatory documents.

IV. PROCEDURES FOR AMENDMENT AND TERMINATION OF THE INCENTIVE SCHEME

(i) Procedures for the Amendment of the Incentive Scheme

1. If the Company intends to make amendments to the Incentive Scheme before it is considered and approved at the general meeting, the amendments shall be considered and approved by the Board. If the Company intends to make amendments to the Incentive Scheme that has been adopted at the general meeting, such amendments shall be submitted to the general meeting for its approval and shall not include circumstances that would result in the acceleration of attribution or reduction of the grant price.
2. The Company shall timely disclose the reasons for and the content of the amendments. The independent Directors and the Supervisory Committee of the Company shall give clear opinions as to whether the amendments to the Incentive Scheme is conducive to the sustainable development of the Company and whether there are any situations that clearly harm the interests of the Company and all shareholders. The legal advisor shall express its professional opinions as to whether the amended proposal is in compliance with the requirements of the Management Measures and relevant laws and regulations, and whether there are any circumstances that clearly harm the interests of the Company and all shareholders.

(ii) Procedures of Termination of the Incentive Scheme

1. If the Company intends to terminate the Incentive Scheme before it is considered and approved at the general meeting, the Board shall consider and approve and make an announcement. If the Company intends to terminate the implementation of the Incentive Scheme after it is considered and approved at the general meeting, such termination shall be submitted to the Board and the general meetings for approval and be disclosed.
2. The Company shall timely disclose the resolutions of the general meetings or the resolutions of the Board. The legal advisor shall express its professional opinions as to whether the Company's termination of the implementation of the Incentive Scheme is in compliance with the requirements of the Management Measures and relevant laws and regulations and whether there are any circumstances that clearly harm the interests of the Company and all shareholders.

**CHAPTER XIII OTHER RIGHTS AND OBLIGATIONS OF
THE COMPANY/PARTICIPANTS****I. RIGHTS AND OBLIGATIONS OF THE COMPANY**

- (i) The Company has the right to interpret and implement the Incentive Scheme, to conduct performance assessment of the Participants, and to supervise and examine whether the Participants are eligible for attribution. If a Participant fails to fulfill the attribution conditions as determined under the Incentive Scheme, upon the approval of the Board of the Company, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.
- (ii) The Company has the right to require the Participants to work for the Company according to the requirements of the positions at which he/she is employed. If the Participant is not qualified for the positions or fails the assessment, or if the Participant violates the laws and professional ethics, divulges company secrets, violates the rules and regulations of the Company, and neglects his/her duty or malfeasance or has other acts that seriously damage the Company's interests or reputation, upon the approval of the Board, the Restricted Shares that have been granted to the Participant but have not yet been attributed shall not be attributed and shall lapse.
- (iii) The Company shall withhold and pay the personal income tax and other taxes and fees payable by the Participants in accordance with relevant national tax laws and regulations.
- (iv) The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Participants to obtain relevant Restricted Shares according to the Incentive Scheme.
- (v) The Company shall timely, truthfully, accurately and completely disclose the information disclosure documents related to the Incentive Scheme in accordance with relevant laws, regulations and regulatory documents, ensure that there are no false records, misleading statements or material omission and fulfil relevant reporting obligations under the Incentive Scheme in a timely manner.
- (vi) In accordance with the Incentive Scheme and relevant requirements of the CSRC, the Stock Exchange and registration and clearing companies, the Company shall handle the registration of the attribution of Restricted Shares for the Participants that meet the attribution conditions. However, the Company shall not be held liable if the Participants fails to complete the registration of the attribution of Restricted Shares due to the reasons on the part of the CSRC, the Stock Exchange and the registration and clearing companies, which causes losses to the Participants.
- (vii) Other relevant rights and obligations as stipulated under the laws, administrative regulations and regulatory documents.

II. RIGHTS AND OBLIGATIONS OF THE PARTICIPANTS

- (i) The Participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions at which he/she is employed by the Company.
- (ii) The Participants have the right to receive the attributed Restricted Shares granted in accordance with the provisions of the Incentive Scheme, and should lock-up and deal with his/her Restricted Shares in accordance with relevant provisions.
- (iii) Source of funds for the Participants shall be their own financing.
- (iv) Prior to the vesting and registration, the Restricted Shares granted to the Participants under the Incentive Scheme shall not be transferred, used to guarantee or repay debts.
- (v) Prior to the vesting and registration, the Restricted Shares granted to the Participants under the Incentive Scheme do not carry any voting rights or right to participate in the distribution of bonus shares or share dividends.
- (vi) The income received by the Participants as a result of the Incentive Scheme shall be subject to personal income tax and other taxes and fees in accordance with national tax regulations.
- (vii) The Participants undertake that, if there are false records, misleading statements or material omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting rights and interests, the Participants shall fulfill their undertakings and return all the benefits obtained from the Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in relevant information disclosure documents.
- (viii) If the Participant is no longer eligible to be a Participant under the Incentive Scheme as stipulated in Article 8 of the Management Measures during the implementation of the Incentive Scheme, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed, and shall lapse.
- (ix) If the Participant ceases to be employed by the Company after attribution of the Restricted Shares, such Participant shall not engage in business related or similar to that of the Company for two years following the end of such Participant's employment with the Company. If the Participant who ceases to be employed by the Company after attribution of the Restricted Shares, engages in business related or similar to that of the Company within the two years following the end of such Participant's employment with the Company, such Participant shall return to the Company all interests obtained from the Incentive Scheme, and be liable for damages for breach in the same amount. Such Participant shall also be liable for damages should he/she cause loss to the Company.

- (x) The Participant agreed to authorize the Company to register the share-related matters under the Incentive Scheme.
- (xi) Other relevant rights and obligations as stipulated by laws, administrative regulations, regulatory documents and the Incentive Scheme.

III. OTHER EXPLANATORY NOTES

1. The Company shall enter into the Agreement on the Granting of Restricted Shares with each Participant after the Incentive Scheme having been considered and approved at the general meeting, setting out the parties' respective rights and obligations under the Incentive Scheme and other relevant matters.
2. The Participants don't engage in approval processes, and will not participate in follow-up performance assessment at individual level under the Incentive Scheme.
3. Any dispute between the Company and the Participants shall be resolved in accordance with the provisions of the Incentive Scheme and the Agreement on the Granting of Restricted Shares. In event of any dispute that is not clearly covered by such provisions, both parties shall negotiate and resolve their disputes in accordance with national laws and the principles of fairness and reasonableness. Where any dispute cannot be settled by negotiation, it shall be resolved through litigation by submitting to the People's Court with jurisdiction over the Company's place of business.
4. The Company's determination of a Participant under the Incentive Scheme does not constitute an undertaking with regards to the employment period of any employee. The employment relationship between the Company and the Participants shall be determined in accordance with the labor contract or employment contract signed.

**CHAPTER XIV ARRANGEMENTS FOR THE INCENTIVE SCHEME IN
THE EVENT OF CHANGE AT THE LEVEL OF COMPANY/PARTICIPANTS****I. IN THE EVENT OF ANY CHANGES OCCURRED AT THE COMPANY LEVEL**

(i) In the event that any of the circumstances below occurs in respect of the Company, the Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Participants under the Incentive Scheme but have not yet been attributed shall not be attributed and shall lapse:

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

(ii) Merger or division of the Company, etc.;

In case of merger or division of the Company, the Board of the Company shall decide whether to terminate the Incentive Scheme within five trading days from the date of merger or division.

(iii) Change of Control of the Company

In the event of a change of control of the Company due to mergers, debt consolidation plans or privatization offers, or significant asset restructuring, the Company shall replace half of all members of the Board before the expiration of the term of office of the Board and the Board of the Company shall decide whether to terminate the Incentive Scheme within five trading days from the date of the change of the control.

- (iv) If the Company fails to meet the conditions for granting or attributing the Restricted Shares due to false records, misleading statements or major omissions in the information disclosure documents, the Restricted Shares that have been granted to the Participants but have not yet been attributed shall not be attributed and shall lapse.

If the Restricted Shares that have been granted to the Participants have already been attributed, all the Participants shall return the granted rights and interests. If a Participant who is not responsible for the above matters suffers from losses due to the return of rights and interests, such Participant can recover such losses from the Company or the responsible targets in accordance with relevant arrangements under the Incentive Scheme. The Board shall recover the proceeds from the Participants in accordance with the requirements under the preceding paragraph and relevant arrangements under the Incentive Scheme.

II. IN THE EVENT OF CHANGES IN THE PERSONAL CIRCUMSTANCES OF THE PARTICIPANTS

- (i) Change in Position of the Participants
1. If the position of the Participant changes but he/she still works in the Company or its subsidiaries, the Restricted Shares granted to him/her shall still be carried out in accordance with the procedures stipulated in the Incentive Scheme.
 2. If the Participant is a supervisor or an independent director of the Company or other person who cannot hold the Restricted Shares of the Company, the Restricted Shares that have been attributed shall not be handled. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.
 3. If the Participant violates the law, violates professional ethics, divulges company secrets, damages the interests or reputation of the Company due to dereliction of duty or malfeasance resulting in a change in position, or causes the Company to terminate the labor relationship with the Participant due to the above reasons, the Participants shall return all gains obtained from the attribution of the Restricted Shares. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse. At the same time, in the event of serious circumstances, the Company may also recover the losses suffered by the Company in accordance with relevant laws and regulations.

(ii) Resignation of the Participants

1. If the contract of the Participant expires and he/she no longer renews the contract or resigns voluntarily, the Restricted Shares that have been attributed shall not be handled. In such case, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.
2. If the Participant leaves the Company passively due to layoffs and other reasons and there are no behaviors such as failure to pass performance evaluation, negligence or violation of laws and disciplines, the Restricted Shares that have been attributed shall not be handled. In such case, the Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.
3. If the Company decides to terminate the labor relationship with the Participants, the Shares that have been attributed before the date of termination of the labor relationship shall not be handled, and the Restricted Shares that have been granted but not yet attributed shall not be attributed and shall lapse.

(iii) Retirement of the Participants

If the Participants that have retired are re-hired, the Restricted Shares that have been granted to them will be carried out in accordance with the procedures stipulated in the Incentive Scheme which took effect before the retirement. If the Participants reject the Company's request for continued employment, or if the Participants retire and leave the Company, the Restricted Shares that have been attributed shall not be handled and the Restricted Shares granted but not yet attributed shall not be attributed and shall lapse.

(iv) Incapacity of the Participants

1. If the Participants are incapacitated and leave the Company due to work injury, the Remuneration Committee shall decide that the Restricted Shares granted to the Participants shall be carried out in accordance with the procedures stipulated in the Incentive Scheme which takes effect before the occurrence thereof, and the personal performance assessment results will no longer be included in the attribution conditions; or the Company shall cancel the Restricted Shares that have been granted but have not yet been attributed.
2. If the Participants leave the Company, which is not due to the incapability arising from work injury, the Restricted Shares that have been attributed shall not be handled. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.

(v) Death of the Participants

1. If the Participants die due to their duty, the Remuneration Committee shall decide that the Restricted Shares granted to them shall be held by the designated property heir or legal heir on their behalf, and shall be carried out in accordance with the procedures stipulated in the Incentive Scheme which takes effect before their death, and the results of their personal performance evaluation shall not be included in the attribution conditions; or the Company shall cancel his/her Restricted Shares that have been granted but have not yet been attributed.
2. If the Participants die for other reasons, the Restricted Shares that have been attributed for the Participants shall not be handled. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.

(vi) Change of Control of the Subsidiary where the Participants Work

If the Participants work in a subsidiary controlled by the Company, and if the Company loses control of the subsidiary and the Participants no longer work in the Company or subsidiaries controlled by the Company, the Restricted Shares that have been attributed shall not be handled. The Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.

(vii) Changes in Eligibility of Participants

If the Participant no longer meets the eligibility of the Participant due to any one of the following circumstances, the Restricted Shares that have been attributed shall not be handled; and the Restricted Shares that have been granted but have not yet been attributed shall not be attributed and shall lapse.

1. the Participant has been determined as an inappropriate candidate by the Stock Exchange within the past 12 months;
2. the Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the past 12 months;
3. the Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the past 12 months;
4. the Participant has the circumstances stipulated in the Company Law that he/she shall not act as a director or member of the senior management of a company;

5. laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies;
6. other circumstances as determined by the CSRC.

III. OTHERS

The Remuneration Committee shall be responsible for making decisions on other unspecified situations and the methods of handling them.

CHAPTER XV SUPPLEMENTARY PROVISIONS

- I. The Incentive Scheme shall become effective after being considered and approved at the general meeting of the Company;
- II. The Board of the Company shall be responsible for the interpretation of the Incentive Scheme.

The Board of
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司

25 March 2022

* *For identification purposes only*

PHARMARON BEIJING CO., LTD.*
康龍化成(北京)新藥技術股份有限公司

**ASSESSMENT MANAGEMENT MEASURES FOR THE 2022 RESTRICTED
A SHARE INCENTIVE SCHEME**

To further perfect the corporate governance structure of Pharmaron Beijing Co., Ltd.* (the “**Company**”), establish and improve the Company’s long-term incentive and restraint mechanism, attract and retain the Company’s core management, mid-level management and core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and core competitiveness of the enterprise, align the interests of shareholders, the Company and core teams effectively, bring their attention to the long-term development of the Company and ensure the achievement of the Company’s development strategies and business goals. Under the premise of fully safeguarding the interests of shareholders, the Company has formulated the 2022 Restricted A Share Incentive Scheme (Draft) of Pharmaron Beijing Co., Ltd.* (the “**Share Incentive Scheme**” or the “**Incentive Scheme**”).

To ensure the smooth implementation of the Share Incentive Scheme of the Company, these measures are specially formulated according to the Company Law of the People’s Republic of China (《中華人民共和國公司法》), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) and other relevant laws, administrative regulations, regulatory documents, relevant articles of the Articles of Association as well as the actual situation of the Company.

ARTICLE 1 PURPOSE OF ASSESSMENT

The purposes of these measures are to strengthen the planned implementation of the Company’s Share Incentive Scheme, quantify the specific objectives set by the Company’s Share Incentive Scheme, promote the scientific, standardized and institutionalized assessment management of Participants, and ensure the realization of the various performance indicators under the Company’s Share Incentive Scheme; at the same time, these measures are to guide the Participants to improve work performance and competence and evaluate employees’ performance and contribution in an objective and fair manner, to provide an objective and comprehensive evaluation basis for the implementation of the Incentive Scheme.

ARTICLE 2 PRINCIPLES OF ASSESSMENT

- (i) Assessment and evaluation of the Participants shall be conducted in strict accordance with these measures following the principles of fairness, justice, and openness;
- (ii) The assessment indicators shall be combined with the Company's medium and long-term development strategies and annual business objectives; as well as the work performance, work competence and work attitude of the Participants.

ARTICLE 3 SCOPE OF ASSESSMENT

These measures apply to all Participants identified in the Incentive Scheme, including core management, mid-level management and core technical personnel, basic-level management and technical personnel of the Company (including its subsidiaries) but excluding the Director, Independent Director, Supervisor, senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, *de facto* controllers, or the spouses, parents or children of such *de facto* controllers. All Participants must be employed in the Company or its subsidiaries during the assessment period of the Incentive Scheme and have signed labour contracts or employment contracts with the Company or its subsidiaries.

ARTICLE 4 ASSESSMENT BODY AND IMPLEMENTATION BODY

- (i) The Remuneration and Appraisal Committee of the board of directors is responsible for leading and reviewing the assessment of the Participants;
- (ii) The human resources department, finance department, internal audit department and other relevant departments of the Company are responsible for the specific assessment work and reporting to the Remuneration and Appraisal Committee;
- (iii) The human resources department, finance department, internal audit department and other relevant departments of the Company are responsible for the collection and provision of relevant assessment data, as well as the authenticity and reliability of the data;
- (iv) The board of directors of the Company is responsible for reviewing the assessment results.

ARTICLE 5 PERFORMANCE ASSESSMENT INDICATORS AND STANDARDS

The attribution of the Restricted Shares that have been granted to the Participants will depend on the assessment results at both the Company level and at the level of the Participants.

(i) Performance assessment requirements at the Company level:

Under the Incentive Scheme, in the accounting years of 2022 to 2025, the Company's performance indicators will be evaluated on an annual basis and the achievement of the performance assessment targets will be one of the attribution conditions for the Participants for the current year. The performance assessment targets, attribution percentage and attribution arrangement of the Incentive Scheme are shown in the following table:

Attribution Arrangement	Performance Assessment Target
First attribution period	The Company's revenue shall increase by no less than 20% in 2022 as compared to that of 2021
Second attribution period	The Company's revenue shall increase by no less than 40% in 2023 as compared to that of 2021
Third attribution period	The Company's revenue shall increase by no less than 60% in 2024 as compared to that of 2021
Fourth attribution period	The Company's revenue shall increase by no less than 80% in 2025 as compared to that of 2021

Note: The above revenue refers to the audited revenue of the Company.

During the attribution period, the Company will handle the registration of attributed Restricted Shares for Participants who have satisfied the attribution conditions. In the event that the performance assessment requirements at the Company level have not been reached within the respective attribution tranche, all Restricted Shares that have been granted and attributable to the Participants for the current assessment year shall not be attributed and shall lapse.

(ii) Performance assessment requirements at the individual level of Participants:

The individual assessment of Participants is carried out according to the internal performance assessment system of the Company. The results of the individual assessment of Participants are divided into two levels – “pass” and “fail”, and the corresponding attribution percentage is as follows:

Assessment Results	Pass	Fail
Attribution Percentage	100%	0%

Subject to the Company achieving the performance target, the Restricted Shares that have been granted but are yet to be attributed to the Participant in the year of the assessment shall be attributed to such Participant if he/she achieves assessment result of “pass” in the year immediately preceding. If the assessment result achieved by such Participant in the year immediately preceding is “fail”, the Restricted Shares that have been granted but are yet to be attributed to the Participant in the year of the assessment shall not be attributed and shall be forfeited.

ARTICLE 6 ASSESSMENT PROCEDURES

The human resources department, finance department, internal audit department and other relevant departments of the Company is responsible for the specific assessment work under the guidance of the Remuneration and Appraisal Committee and retaining the assessment results. On this basis, a performance assessment report shall be prepared and submitted to the Remuneration and Appraisal Committee, and the board of directors of the Company is responsible for reviewing the assessment results.

ARTICLE 7 PERIOD AND TIMES OF ASSESSMENT

(i) Assessment Period

The accounting year prior to attribution of each tranche of Restricted Shares of the Participants.

(ii) Number of times of assessment

The assessment years of the Incentive Scheme are the four accounting years of 2022-2025, and the assessment shall be conducted once a year.

ARTICLE 8 MANAGEMENT OF ASSESSMENT RESULTS

(i) Feedback and application of assessment results

1. The assessment targets are entitled to know their own assessment results. The direct supervisor of the employees shall inform the assessment targets of the assessment results within 5 working days after the completion of the assessment.
2. If the assessment targets have objections against the assessment results, they can communicate with the human resources department, finance department, internal audit department and other relevant departments to resolve. If the objections cannot be resolved through communication, the assessment objects may appeal to the Remuneration and Appraisal Committee which shall review and determine the final assessment result or level within 10 working days.
3. The assessment results shall be the basis for the attribution of Restricted Shares.

(ii) Filing of assessment records

1. After the completion of assessment, the human resources department, finance department, internal audit department and other relevant departments shall retain all the records of the performance assessment. The assessment results shall be kept as confidential information.
2. In order to ensure the validity of the performance records, the performance records are not allowed to be altered. If the records are to be revised or re-recorded, it must be signed by the assessment recorder.
3. The performance assessment records shall be kept for 5 years. Documents and records that exceed the storage period shall be uniformly destroyed by the Remuneration and Appraisal Committee of the board of directors of the Company.

ARTICLE 9 SUPPLEMENTARY PROVISIONS

- (i) The board of directors is responsible for the formulation, interpretation and revision of these measures.
- (ii) If the relevant provisions of these measures conflict with the relevant national laws, administrative regulations, regulatory documents, and the draft of the Share Incentive Scheme, the relevant national laws, administrative regulations, regulatory documents, and the draft of the Share Incentive Scheme shall prevail. If there are no clear provisions in these measures, the relevant national laws, administrative regulations, regulatory documents, and the Share Incentive Scheme shall be implemented.
- (iii) These measures shall be subject to consideration and approval at the general meeting and become effective upon the Share Incentive Scheme becoming effective.

The Board of
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司

March 2022

* For identification purposes only

APPENDIX VIII PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE H SHARES

PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE H SHARES

In order to meet the need of the Company's business development, consolidate its leading position in the field of pharmaceutical research and development services and further enhance its capital and comprehensive strength, in accordance with the Company Law of the PRC and other relevant laws and regulations, the listing rules of the stock exchanges in the place where the shares of the Company are listed and the Articles of Association, the Board of Directors intends to propose the general meeting to generally and unconditionally authorize the Board of Directors to, or to re-delegate to the Chairman and its authorized persons to determine to allot, issue and deal with the H shares of up to 20% of the number of H shares in issue of the Company, or securities which may be converted into such shares, share options, warrants, or the similar rights to subscribe for the H shares of the Company (hereinafter referred to as the "Similar Rights", and the above-mentioned authorization is hereinafter referred to as the "General Mandate") separately or simultaneously. The specific authorization is as follows:

- I. To generally and unconditionally authorize the Board of Directors to, or to re-delegate to the Chairman and its authorized persons to determine to allot, issue and deal with the H Shares or similar rights separately or simultaneously, and to determine the terms and conditions for allotment, issuance and disposal of new shares or issue similar rights, including but not limited to:
 1. Class and number of new shares to be issued;
 2. Pricing mechanism and/or issue price of the new shares to be issued (including price range);
 3. The starting and closing dates of such issue;
 4. The class and number of the new shares to be issued to existing shareholders; and/or
 5. To make or authorize the share offer, agreements, share options, conversion rights or other rights that may require the exercise of such rights.

- II. The number of the H Shares (excluding the shares issued by way of the conversion of public reserve into share capital) to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Board of Directors or the Chairman and its authorized persons separately or simultaneously in accordance with the General Mandate referred to in first paragraph above shall not exceed 20% of the number of the H shares of such class in issue of the Company at the time when this resolution is passed at the general meeting of the Company.

**APPENDIX VIII PROPOSED GRANTING OF GENERAL MANDATE
TO ISSUE H SHARES**

- III. Where the Board of Directors or the Chairman and its authorized persons have, during the effective period of the General Mandate specified in the fifth paragraph of this resolution, determined to allot, issue and deal with the H shares or similar rights, and the Company also has, during the effective period of the mandate, obtained the relevant approval, permission from, or registration (if applicable) with the regulatory authorities, the Board of Directors of the Company or the Chairman and its authorized persons may, during the effective period of such approval, permission or registration, complete the relevant allotment, issuance and disposal of such shares.
- IV. To authorize the Board of Directors or the Chairman and its authorized persons to obtain an approval from all relevant government departments and/or regulatory authorities (if applicable) in accordance with the applicable laws (including but not limited to the Company Law of the PRC, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) to exercise the General Mandate.
- V. The effective period of the General Mandate shall be from the passing of this resolution at the general meeting to the following date, whichever is earlier:
1. from the date when this resolution is passed at the general meeting of the Company until the expiry of 12 months since then;
 2. the date of conclusion of the 2022 annual general meeting of the Company; or
 3. at the time of passing a special resolution by the shareholders of the Company at the general meeting to revoke or vary the General Mandate under this resolution.
- VI. To authorize the Board of Directors or the Chairman and its authorized persons to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the allotment, issuance and disposal of any new shares under the abovementioned General Mandate, handle the necessary procedures and take other necessary actions.
- VII. To authorize the Board of Directors or the Chairman and its authorized persons to increase the registered capital of the Company and make appropriate and necessary amendments to the Articles of Association in accordance with the way, type and number of the allotment and issuance of new shares of the Company and the actual shareholding structure of the Company upon completion of the allotment and issuance of new shares.

NOTICE OF ANNUAL GENERAL MEETING

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Pharmaron Beijing Co., Ltd.*

康龍化成(北京)新藥技術股份有限公司

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

(Stock Code: 3759)

NOTICE OF THE ANNUAL GENERAL MEETING OF 2021

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of 2021 (the “AGM”) of Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司) (the “Company”) will be held at Juyuan Hall, 5/F, Block A, Zhaolin Plaza, No. 19 Ronghua Middle Road, Beijing Economic and Technological Development Area, Daxing District, Beijing, the PRC on Tuesday, May 31, 2022 at 2 p.m. for the purposes. In this notice, unless the context otherwise requires, capitalized terms and used herein shall have the same meanings as defined in the Company’s circular (the “Circular”) dated May 6, 2022.

ORDINARY RESOLUTIONS

1. Work Report of the Board of Directors for the year 2021.
2. Work Report of the Supervisory Committee for the year 2021.
3. Financial Statements for the year 2021.
6. 2021 Annual Report’s full text and report summary and 2021 Annual Results Announcement.
7. Remuneration of the Directors for the year 2022.
8. Remuneration of the Supervisors for the year 2022.
9. Engagement of Domestic Financial and Internal Control Auditors for the year 2022.
10. Engagement of International Auditor for the year 2022.
12. Foreign Exchange Hedging Quota for the year 2022.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

4. (Subject to the passing of resolution no. 5 below) 2021 Profit Distribution Plan.
5. (Subject to the passing of resolution no. 4 above) Proposed Grant of the Convertible Bonds-Related Specific Mandate to Issue Additional Conversion Shares.
11. Guarantees Quota for the year 2022.
13. 2022 A Share Incentive Scheme (Draft) and its summary.
14. Assessment Management Measures for the Implementation of the 2022 A Share Incentive Scheme.
15. Authorization to the Board to handle matters pertaining to the 2022 A Share Incentive Scheme.
16. Granting of General Mandate to Issue H Shares.

Proxy Form for the Solicitation of Voting Rights by Independent Directors ("Independent Director's Proxy Form")

Pursuant to the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) ("Management Measures"), the independent directors of a listed company shall solicit voting rights from all shareholders of the company in the event of the proposed adoption of a share option scheme by such company. The solicitation is intended to provide shareholders of such listed company with an alternative approach to participation in general meetings, so as to encourage them to vote on the resolution in respect of the adoption of a share option scheme. Pursuant to the Management Measures and the authorisation of other independent Directors, Mr. Yu Jian, an independent non-executive Director, has sent out an Independent Director's Proxy Form to solicit voting rights from the Shareholders. For further details of the Independent Director's Proxy Form, please refer to the Report on the Solicitation of Voting Rights by the Independent Directors included in the announcement of the Company dated May 6, 2022.

Should you wish to appoint Mr. Yu Jian as your proxy to vote for you and on your behalf at the AGM on the resolutions regarding the 2022 A Share Incentive Scheme and the related matters, please complete and return the Independent Director's Proxy Form to Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by hand or by post, no later than 48 hours before the time appointed for holding the AGM or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

You may appoint Mr. Yu Jian as your proxy to vote for you and on your behalf solely on resolutions regarding the 2022 A Share Incentive Scheme and the related matters. In addition, if you wish to appoint persons other than Mr. Yu Jian as your proxy to vote for you and on your behalf on all resolutions at the AGM, you may complete and return the form of proxy only and disregard the Independent Director's Proxy Form.

Please note that if you have completed and returned both the form of proxy and the Independent Director's Proxy Form, but have given inconsistent voting instructions on the resolutions concerned between the form of proxy and the Independent Director's Proxy Form, your voting instructions given in the Independent Director's Proxy Form will be counted as your vote for or against the resolutions or abstain from voting on the resolutions regarding the 2022 A Share Incentive Scheme and the related matters.

CLOSURE OF REGISTER OF MEMBERS

H Shareholders who intend to attend the AGM are required to deposit the share certificates accompanied by relevant transfer documents at the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, May 25, 2022. H Shareholders whose names appear on the register of members of the Company on Thursday, May 26, 2022 shall be entitled to attend and vote at the AGM. The register of members of the Company will be closed from Thursday, May 26, 2022 to Tuesday, May 31, 2022 (both days inclusive), during which period no transfer of Shares will be registered.

By order of the Board
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司
Dr. Lou Boliang
Chairman

Beijing, the PRC
May 6, 2022

As at the date of this announcement, the Board of Directors comprises Dr. Lou Boliang, Mr. Lou Xiaoqiang and Ms. Zheng Bei as executive Directors; Mr. Chen Pingjin, Mr. Hu Baifeng, Mr. Li Jiaqing and Mr. Zhou Hongbin as non-executive Directors; Mr. Dai Lixin, Ms. Chen Guoqin, Mr. Tsang Kwan Hung Benson and Mr. Yu Jian as independent non-executive Directors.

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) The register of members of the Company will be closed for the purpose of determining Shareholders' entitlement to attend the AGM from Thursday, May 26, 2022 to Tuesday, May 31, 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend the AGM, H Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) no later than 4:30 p.m. on Wednesday, May 25, 2022 to complete registration. The H shareholders listed on the register of the Company on Thursday, May 26, 2022 shall have the right to attend and vote at the Annual General Meeting.
- (2) Subject to the approval of the resolution regarding the declaration of dividends at the AGM for 2021, dividends will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on Monday, June 13, 2022. The register of members of the Company will be closed from Wednesday, June 8, 2022 to Monday, June 13, 2022 (both days inclusive), during which period no transfer of shares will be registered. In order for the holders of H Shares of the Company to qualify for receiving the final dividends, but no transfer documents have been registered, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Tuesday, June 7, 2022 at 4:30 p.m.
- (3) The Company shall duly dispatch and publish the circular, reply slip and form of proxy of shareholders of the AGM. Any shareholder of the Company ("**Shareholder**") who intends to appoint a proxy shall refer to the 2021 Annual Report of the Company which were published on the website of The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") and the Company's website and dispatched to the relevant shareholders. The 2021 Annual Report included Directors' Report for 2021, audited Financial Statements and Auditor's Report for 2021.
- (4) All votes of resolutions at the Annual General Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.pharmaron.com) in accordance with the Listing Rules.
- (5) Any shareholders entitled to attend and vote at the AGM can appoint one or more proxies to attend and vote at the AGM on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.
- (6) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation's seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorization document shall be notarized. For H Shareholders, the aforementioned documents must be lodged with the H Shares Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof (i.e. 2 p.m. on Sunday, May 29, 2022 (Hong Kong time)) in order for such documents to be valid. Completion and delivery 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.
- (7) Shareholders who intend to attend the AGM (in person or by proxy) shall deliver the reply slip of AGM to the H Shares Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post on or before Wednesday, May 25, 2022.
- (8) Shareholders shall produce their identification documents when attending the AGM.

NOTICE OF ANNUAL GENERAL MEETING

- (9) If a proxy attends the AGM on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the AGM, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the board of directors or other authority or notarized copy of any authorization documents issued by such corporate shareholder.
- (10) The AGM is expected to last for half a day. Shareholders who attend the AGM (in person or by proxy) shall bear their own traveling, accommodation and other expenses.
- (11) The contact of the Company:
- Address: Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司)
6 Tai-He Road, Economic Technological Development Area, Beijing, the PRC
- Postal Code: 100176
Tel: 86 010-57330087
Contact Person: LI Shing Chung Gilbert
Fax: 86 010-57330087
- (12) Further details of the resolutions are set out in the announcement of the Company dated March 27, 2022 in relation to, among others the proposed adoption of the 2022 A Share Incentive Scheme (Draft) and its summary.

* *For identification purposes only*

NOTICE OF THE SECOND H SHARES CLASS MEETING OF 2022

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Pharmaron Beijing Co., Ltd.*
康龍化成 (北京) 新藥技術股份有限公司

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

(Stock Code: 3759)

NOTICE OF THE SECOND H SHARES CLASS MEETING OF 2022

NOTICE IS HEREBY GIVEN THAT the second H Shares Class Meeting of 2022 (the “**H Shares Class Meeting**”) of Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司) (the “**Company**”) will be held at Juyuan Hall, 5/F, Block A, Zhaolin Plaza, No. 19 Ronghua Middle Road, Beijing Economic and Technological Development Area, Daxing District, Beijing, the PRC after the conclusion of the Annual General Meeting of 2021 to be held on Tuesday, May 31, 2022 at 2 p.m. for the purposes of considering and, if deemed appropriate, approving the following resolutions. In this notice, unless the context otherwise requires, capitalized terms and used herein shall have the same meanings as defined in the Company’s circular (the “**Circular**”) dated May 6, 2022.

SPECIAL RESOLUTIONS

1. (Subject to the passing of resolution no. 2 below) 2021 Profit Distribution Plan.
2. (Subject to the passing of resolution no.1 above) Proposed Grant of the Convertible Bonds-Related Specific Mandate to Issue Additional Conversion Shares.
3. 2022 A Share Incentive Scheme (Draft) and its summary.
4. Assessment Management Measures for the Implementation of the 2022 A Share Incentive Scheme.
5. Authorization to the Board to handle matters pertaining to the 2022 A Share Incentive Scheme.

NOTICE OF THE SECOND H SHARES CLASS MEETING OF 2022

Proxy Form for the Solicitation of Voting Rights by Independent Directors (“Independent Director’s Proxy Form”)

Pursuant to the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) (“**Management Measures**”), the independent directors of a listed company shall solicit voting rights from all shareholders of the company in the event of the proposed adoption of a share option scheme by such company. The solicitation is intended to provide shareholders of such listed company with an alternative approach to participation in general meetings, so as to encourage them to vote on the resolution in respect of the adoption of a share option scheme. Pursuant to the Management Measures and the authorisation of other Independent Directors, Mr. Yu Jian, an Independent Non-executive Director, has sent out an Independent Director’s Proxy Form to solicit voting rights from the Shareholders. For further details of the Independent Director’s Proxy Form, please refer to the Report on the Solicitation of Voting Rights by the Independent Directors included in the announcement of the Company dated May 6, 2022.

Should you wish to appoint Mr. Yu Jian as your proxy to vote for you and on your behalf at the AGM on the resolutions regarding the 2022 A Share Incentive Scheme and the related matters, please complete and return the Independent Director’s Proxy Form to Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by hand or by post, no later than 48 hours before the time appointed for holding the AGM or any adjournment thereof.

You may appoint Mr. Yu Jian as your proxy to vote for you and on your behalf solely on resolutions regarding the 2022 A Share Incentive Scheme and the related matters. In addition, if you wish to appoint persons other than Mr. Yu Jian as your proxy to vote for you and on your behalf on all resolutions at the AGM, you may complete and return the form of proxy only and disregard the Independent Director’s Proxy Form.

Please note that if you have completed and returned both the form of proxy and the Independent Director’s Proxy Form, but have given inconsistent voting instructions on the resolutions concerned between the form of proxy and the Independent Director’s Proxy Form, your voting instructions given in the Independent Director’s Proxy Form will be counted as your vote for or against the resolutions or abstain from voting on the resolutions regarding the 2022 A Share Incentive Scheme and the related matters.

NOTICE OF THE SECOND H SHARES CLASS MEETING OF 2022

CLOSURE OF REGISTER OF MEMBERS

H Shareholders who intend to attend the AGM are required to deposit the share certificates accompanied by relevant transfer documents at the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, May 25, 2022. H Shareholders whose names appear on the register of members of the Company on Thursday, May 26, 2022 shall be entitled to attend and vote at the AGM. The register of members of the Company will be closed from Thursday, May 26, 2022 to Tuesday, May 31, 2022 (both days inclusive), during which period no transfer of Shares will be registered.

By order of the Board
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司
Dr. Lou Boliang
Chairman

Beijing, the PRC
May 6, 2022

As at the date of this announcement, the Board of Directors comprises Dr. Lou Boliang, Mr. Lou Xiaoqiang and Ms. Zheng Bei as executive Directors; Mr. Chen Pingjin, Mr. Hu Baifeng, Mr. Li Jiaqing and Mr. Zhou Hongbin as non-executive Directors; Mr. Dai Lixin, Ms. Chen Guoqin, Mr. Tsang Kwan Hung Benson and Mr. Yu Jian as independent non-executive Directors.

NOTICE OF THE SECOND H SHARES CLASS MEETING OF 2022

Notes:

- (1) All votes of resolutions at the H Shares Class Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.pharmaron.com) in accordance with the Listing Rules.
- (2) Any shareholders entitled to attend and vote at the H Shares Class Meeting can appoint one or more proxies to attend and vote at the H Shares Class Meeting on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.
- (3) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation’s seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorization document shall be notarized. For H Shareholders, the aforementioned documents must be lodged with the H Shares Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the H Shares Class Meeting (i.e. 2 p.m. on Sunday, May 29, 2022 (Hong Kong time)) or any adjournment thereof in order for such documents to be valid. Completion and delivery 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) Shareholders who intend to attend the H Shares Class Meeting (in person or by proxy) shall complete and deliver the reply slip of H Shares Class Meeting to the H Shares Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by hand or by post on or before Wednesday, May 25, 2022.
- (5) Shareholders shall produce their identification documents when attending the H Shares Class Meeting.
- (6) If a proxy attends the H Shares Class Meeting on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the H Shares Class Meeting, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the board of directors or other authority or other notarized copy of any authorization documents issued by such corporate shareholder.
- (7) The H Shares Class Meeting is expected to last for half a day. Shareholders who attend the H Shares Class Meeting (in person or by proxy) shall bear their own traveling, accommodation and other expenses.
- (8) The contact of the Company:

Address: 6 Tai-He Road, Economic Technological Development Area, Beijing, the PRC
Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司)

Postal Code: 100176
Tel: 86 010-57330087
Contact Person: LI Shing Chung Gilbert
Fax: 86 010-57330087
- (9) Further details of the resolutions are set out in the announcement of the Company dated March 27, 2022 in relation to, among others the proposed adoption of the 2022 A Share Incentive Scheme (Draft) and its summary.

* For identification purposes only