
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 **CANbridge Pharmaceuticals Inc.**, you should disregard this circular and the proxy form.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CANbridge Pharmaceuticals Inc.

北海康成製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1228)

- (1) PROPOSED GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES;**
- (2) PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME;**
- (3) PROPOSED AMENDMENTS TO THE RSU SCHEME;**
- (4) PROPOSED RE-ELECTION OF DIRECTORS;**
- (5) PROPOSED RE-APPOINTMENT OF AUDITOR;**
- AND**
- (6) NOTICE OF AGM**

A notice convening the AGM of **CANbridge Pharmaceuticals Inc.** 北海康成製藥有限公司 to be held virtually via electronic means without physical attendance on Thursday, June 27, 2024 at 9:00 a.m., at which, among other things, the above proposals will be considered, is set out on pages N-1 to N-6 of this circular.

A form of proxy for use at the AGM is also published on the website of the Company at www.canbridgepharma.com and the HKExnews website of the Stock Exchange at www.hkexnews.hk. As set out in the section headed "Arrangements for the virtual AGM" of this circular, the AGM will be a virtual meeting. Shareholders who wish to appoint a proxy to attend and vote at the AGM shall appoint the Chairman of the AGM as their proxy by completing, signing and returning the form of proxy in accordance with the instructions stated thereon to the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in the case of an appointment of proxy in hard copy or for a poll taken more than 48 hours) or to the electronic address specified in the AGM notice or in the form of proxy (in the case of appointment of proxy in electronic form or for a poll taken more than 48 hours). For the AGM convened to be held on Thursday, June 27, 2024 at 9:00 a.m., the deadline to submit completed forms of proxy is Tuesday, June 25, 2024 at 9:00 a.m. in the case of an appointment of proxy in hard copy form or in electronic form, or after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll in the case of a poll taken more than 48 hours.

Holders of treasury shares, if any, have no voting rights at the AGM.

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

June 6, 2024

ARRANGEMENTS FOR THE VIRTUAL AGM

The AGM will be held virtually via electronic means without physical attendance. Details of the arrangements for the virtual AGM are set out below.

Attending the AGM by means of electronic facilities

The AGM will be held as a virtual meeting. Shareholders should attend, participate and vote at the AGM through online access by visiting the website – <http://meetings.computershare.com/CANPAGM2024> (the “**Online Platform**”). Shareholders participating in the AGM will be counted towards the quorum and they will be able to cast their vote and submit questions through the Online Platform.

The Online Platform permits a “split vote” on a resolution, in other words, a Shareholder casting his/her/its votes through the Online Platform does not have to vote all of his/her/its shares in the same way (“For” or “Against”). In the case of a proxy, he/she can vote such number of shares in respect of which he/she has been appointed as a proxy. Votes cast through the Online Platform are irrevocable once the voting session at the AGM ends.

The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the AGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures. Please refer to the Online User Guide for the AGM at <https://www.canbridgepharma.com/> for assistance.

Login details for registered Shareholders

Details regarding the AGM arrangements including login details to access the Online Platform will be included in the Company’s notification letter dispatched by the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, to the registered Shareholders.

Login details for non-registered Shareholders

Non-registered Shareholders who wish to attend, participate and vote at the AGM using the Online Platform should:

- (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (together, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to attend the AGM; and
- (2) provide their e-mail address to their Intermediary before the time limit required by the relevant Intermediary.

Details regarding the AGM arrangements including login details to access the Online Platform will be sent by the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, to the e-mail addresses of the non-registered

ARRANGEMENTS FOR THE VIRTUAL AGM

Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 12:00 noon on Wednesday, June 26, 2024 should reach out to the Hong Kong Share Registrar of the Company for assistance. Without the login details, non-registered Shareholders will not be able to participate and vote using the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

Login details for proxies or corporate representatives

Details regarding the AGM arrangements including login details to access the Online Platform will be sent by the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, to the email address of the proxies or corporate representatives provided to it in the relevant forms of proxy.

Registered and non-registered Shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the AGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

Questions at and prior to the AGM

Shareholders attending the AGM will be able to submit questions relevant to the proposed resolutions online during the AGM. Shareholders can also send their questions by email from Wednesday, June 19, 2024 (9:00 a.m.) to Tuesday, June 25, 2024 (5:00 p.m.) to AGM@canbridgepharma.com (for registered Shareholders, please state the 10-digit shareholder reference number starting with “C” (SRN) as printed on the top right corner of the Company’s notification letter).

Whilst the Company will endeavour to respond to as many questions as possible at the AGM, due to time constraints, unanswered questions may be responded to after the AGM as appropriate.

Submission of forms of proxy for registered Shareholders

A form of proxy for use at the AGM is published on the website of the Company at www.canbridgepharma.com and the HKExnews website of the Stock Exchange at www.hkexnews.hk.

ARRANGEMENTS FOR THE VIRTUAL AGM

The deadline to submit completed forms of proxy is

- (1) in the case of an appointment of proxy in hard copy form, Tuesday, June 25, 2024 at 9:00 a.m., with the completed form of proxy being deposited at the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; or
- (2) in the case of a poll taken more than 48 hours, after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll, with the completed form of proxy being received as aforesaid. To be effective, all proxy appointments must be lodged with Computershare Hong Kong Investor Services Limited before the deadline.

If Shareholders have any questions relating to the AGM, please contact the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: +852 2862 8555
Facsimile: +852 2865 0990
Website: www.computershare.com/hk/contact

CONTENTS

	<i>Page</i>
Arrangements for the virtual AGM	i
Definitions	1
Letter from the Board	4
Appendix I – Explanatory Statement on Repurchase Mandate	I-1
Appendix II – Proposed Amendments to the Share Option Scheme	II-1
Appendix III – Proposed Amendments to the RSU Scheme	III-1
Appendix IV – Details of the Directors proposed to be Re-elected at the AGM	IV-1
Notice of AGM	N-1

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held virtually via electronic means without physical attendance, the notice of which is set out on pages N-1 to N-6 of this circular or any adjournment thereof
“Articles”	the memorandum and articles of association of the Company currently in force
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System, a securities settlement system established and operated by the HKSCC
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961) of the Cayman Islands, as amended, consolidated or otherwise modified from time to time
“Company”	CANbridge Pharmaceuticals Inc. 北海康成製藥有限公司, an exempted company incorporated in the Cayman Islands on January 30, 2018 with limited liability whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1228)
“Consultation Conclusions”	the consultation conclusions on the proposed amendments to the Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Issuing Mandate”	a general unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with (including any sale or transfer of treasury shares) Shares of up to 20% of the total number of Shares in issue (excluding any treasury shares) as at the date of passing of the relevant resolution granting such mandate and adding thereto any Shares representing the aggregate number of Shares repurchased by the Company pursuant to the authority granted under the Repurchase Mandate
“Latest Practicable Date”	May 31, 2024, being the latest practicable date prior to the finalisation of this circular for ascertaining certain information contained herein
“Listing Date”	the date on which dealings in the Shares on the Stock Exchange first commenced, being December 10, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	the nomination and corporate governance committee of the Company
“PRC” or “China”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated November 30, 2021
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general unconditional mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the total number of Shares in issue (excluding any treasury shares) as at the date of passing of the relevant resolution granting such mandate
“RSU Scheme”	the Company’s post-IPO share award scheme adopted by resolution of the Shareholders on November 18, 2021
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the Company’s post-IPO share option scheme adopted by resolution of the Shareholders on November 18, 2021

DEFINITIONS

“Shareholder(s)”	the holder(s) of Share(s)
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of USD0.00001 each, which include treasury share(s) of the Company, if any (for the avoidance of doubt, the holders of treasury shares have no voting rights at the general meeting(s) of the Company)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buybacks, as amended, supplemented or otherwise modified from time to time
“treasury shares”	has the meaning ascribed to it in the Listing Rules which will come into effect from 11 June 2024 as amended from time to time
“%”	per cent

LETTER FROM THE BOARD



CANbridge Pharmaceuticals Inc.

北海康成製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1228)

Executive Director:

Dr. James Qun Xue (*Chairman and
Chief Executive Officer*)

Non-executive Directors:

Dr. Kan Chen
Mr. Edward Hu

Independent Non-executive Directors:

Dr. Richard James Gregory
Mr. James Arthur Geraghty
Mr. Peng Kuan Chan
Dr. Lan Hu

Registered Office:

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

***Principal place of business in
Hong Kong:***

Room B01, 20/F, CITIC Tower
1 Tim Mei Avenue, Admiralty
Hong Kong

June 6, 2024

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES;**
(2) PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME;
(3) PROPOSED AMENDMENTS TO THE RSU SCHEME;
(4) PROPOSED RE-ELECTION OF DIRECTORS;
(5) PROPOSED RE-APPOINTMENT OF AUDITOR;
AND
(6) NOTICE OF AGM

INTRODUCTION

The purpose of this circular is to provide you with the information in respect of the resolutions to be proposed at the AGM to seek approval of the Shareholders in respect of, among other matters, (i) the granting to the Directors of the Issuing Mandate and the Repurchase Mandate; (ii) the proposed amendments to the Share Option Scheme and the RSU Scheme; (iii) the re-election of Directors; and (iv) the re-appointment of auditor, and to give you notice and seek your approval of the resolutions in relation to these matters at the AGM.

LETTER FROM THE BOARD

GENERAL MANDATES

In order to ensure greater flexibility for the Company to issue new Shares (including any sale or transfer of treasury shares), an ordinary resolution no. 4 will be proposed at the AGM to grant to the Directors a general mandate to exercise the powers of the Company to allot and issue new Shares in the share capital of the Company (including any sale or transfer of treasury shares) of up to 20% of the total number of Shares in issue (excluding any treasury shares) as at the date of the passing of the resolution in relation to such general mandate. As at the Latest Practicable Date, the Company had 424,838,320 Shares in issue and did not hold any treasury shares. Subject to the passing of the ordinary resolution no. 4 and on the basis that there is no change to the number of issued Shares between the Latest Practicable Date and the AGM, the Company will be allowed to issue a maximum of 84,967,664 Shares (excluding any treasury shares). In addition, subject to a separate approval of the ordinary resolution no. 6, the number of Shares bought back by the Company under the ordinary resolution no. 5, if approved by the Shareholders at the AGM, will also be added to the general mandate as mentioned in the ordinary resolution no. 4 provided that such additional number shall not exceed 10% of the issued Shares as at the date of passing of the Issuing Mandate and the Repurchase Mandate. The Directors wish to state that they have no immediate plans to issue any new Shares, to sell or to transfer treasury shares pursuant to such general mandate.

In addition, an ordinary resolution no. 5 will be proposed at the AGM to approve the general mandate to the Directors to exercise the powers of the Company to repurchase Shares, representing up to 10% of the total number of Shares in issue (excluding any treasury shares) as at the date of the passing of the resolution in relation to such general mandate. As at the Latest Practicable Date, there were 424,838,320 Shares in issue. Subject to the passing of resolution no. 5 and on the basis that no further Shares are issued or bought back after the Latest Practicable Date and up to the date of the AGM, the Company will be allowed to buy back a maximum of 42,483,832 Shares (excluding any treasury shares).

Each of the Issuing Mandate and the Repurchase Mandate will expire at the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; and
- (ii) the date on which such mandate is revoked or varied by an ordinary resolution at any general meeting of the Company.

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate at the AGM.

LETTER FROM THE BOARD

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME AND THE RSU SCHEME

Background

Prior to the Company's listing, the Company adopted the 2019 equity incentive plan on July 25, 2019 (which was amended on June 11, 2021) (the "**Pre-IPO Equity Incentive Plan**"), details of which are set forth in the Prospectus. The Pre-IPO Equity Incentive Plan were not subject to Chapter 17 of the Listing Rules as the Company's shares were not listed on the Stock Exchange at the time the Pre-IPO Equity Incentive Plan existed. For the avoidance of doubt, no share options were granted under the Pre-IPO Equity Incentive Plan after the Company's listing on December 10, 2021 and the Company does not intend to amend the Pre-IPO Equity Incentive Plan.

The Share Option Scheme and the RSU Scheme were adopted by resolution of the Shareholders on November 18, 2021. Under the Share Option Scheme, the Company may grant a right to subscribe for such number of Shares (an "**Option**"), and under the RSU Scheme, the Company may grant awards by way of restricted share unit(s) ("**RSU(s)**"), in each case in accordance with the relevant scheme rules. Details of the existing Share Option Scheme and the existing RSU Scheme are set out in the Prospectus.

Since the adoption date of the Share Option Scheme and the RSU Scheme and up to the Latest Practicable Date:

- (i) the Company awarded 24,685,000 Options under the Share Option Scheme, while 3,708,785 Options have lapsed, 0 Options have been exercised and 20,976,125 Options remain outstanding;
- (ii) the Company awarded 12,136,000 RSUs under the RSU Scheme, 1,185,875 RSUs have lapsed, while 10,011,750 RSUs remain outstanding; and
- (iii) no Shares have been issued without specific grantees under the Share Option Scheme and the RSU Scheme.

No shares have been issued under the Share Option Scheme. A total of 120,000 shares have been issued under the RSU Scheme, amongst which, 75,673 shares have been utilized for the settlement of RSUs granted to specific participants that have vested prior to the Latest Practicable Date, and 44,327 are currently held by the trustee in respect of RSUs granted to specific participants that are outstanding as at the Latest Practicable Date.

When adopted on November 18, 2021, the Share Option Scheme was subject to the then Chapter 17 of the Listing Rules and the RSU Scheme was not a share scheme governed by the then Chapter 17 of the Listing Rules. As the RSU Scheme involves the issuance or potential issuance of new Shares, it constitutes a share scheme governed by the amended Chapter 17 of the Listing Rules which came into effect on January 1, 2023 (subject to the transitional arrangements). To bring the terms of the Share Option Scheme and the RSU Scheme in line with the amended Chapter 17 of the Listing Rules (as the Options and RSUs may be satisfied by newly issued shares, existing shares or in cash as the Board may

LETTER FROM THE BOARD

determine), the Board proposes to make certain amendments to the existing terms of each of the Share Option Scheme and the RSU Scheme. In addition, other amendments are also proposed to be made to these schemes to align with market practice. Unless terminated earlier in accordance with its terms, the amended Share Option Scheme and the amended RSU Scheme will continue to be in effect until the 10th anniversary of the adoption date.

As at the Latest Practicable Date, the Company has appointed a trustee to administer the RSU Scheme. While the rules allows the flexibility to do so, no trustee has been appointed by the Company, and as at the Latest Practicable Date, there is no plan to appoint such trustee, to administer the Share Option Scheme. The Company will appoint a trustee to administer the Share Option Scheme where necessary (e.g. in order to arrange for the satisfaction of Options using existing shares of the Company).

Where applicable and in accordance with the relevant requirements under the Listing Rules, the Company may use treasury shares to satisfy Options and RSUs granted under the amended Share Option Scheme and the amended RSU Scheme.

Principal terms of the amended Share Option Scheme and the amended RSU Scheme

Summaries of the principal terms of the amended Share Option Scheme and the amended RSU Scheme are set out in Appendix II and Appendix III respectively.

Under the proposed amendments to the Share Option Scheme and the RSU Scheme:

- (i) the minimum period of vesting of an Option and a RSU shall not be less than 12 months, except in certain specified circumstances. The Board is of the view that the shorter vesting period (which may potentially be less than 12 months) permitted under each of the exceptions is appropriate and in line with the purposes of the Share Option Scheme and the RSU Scheme and market practice, as it gives the Company more flexibility to (a) adapt to exceptional and justified circumstances; or (b) attract talents or reward exceptional performers with accelerated vesting. Accordingly, the Directors are of the view that the discretion in allowing a shorter vesting period in each of the specified circumstances aligns with the purposes of the Share Option Scheme and the RSU Scheme. For the avoidance of doubt, in respect of awards to be granted under the amended Share Option Scheme and the amended RSU Scheme, these accelerated vesting events will only apply to Employee Participants;
- (ii) any Option or RSU granted may, but there is no mandatory requirement for the Company to, impose conditions as to performance criteria to be achieved prior to the vesting of the Option or the RSU. Where no performance criteria is imposed, the vesting of the Option and/or the RSU will be contingent on the continued service of the eligible participants. As the value of the Option and the RSU is linked to the future Share price, which in turn depends on the performance of the Company. Accordingly, the Directors are of the view that Options and RSUs granted on a time-vesting basis without performance criteria, in applicable cases, will be aligned with the purposes of the Share Option Scheme and the RSU Scheme in order to drive long-term focus and shareholder value creation;

LETTER FROM THE BOARD

- (iii) it is proposed that the limit on the total number of Shares which may be issued during the scheme period upon the exercise of all Options to be granted under the Share Option Scheme and upon the vesting of all RSUs to be granted under the RSU Scheme (excluding Options and RSUs lapsed in accordance with the respective scheme rules) shall not exceed 10 per cent of the number of Shares in issue (excluding any treasury shares) as at the date of the AGM (currently being 42,483,832 Shares based on the number of Shares in issue and that the Company did not hold any treasury shares as at the Latest Applicable Date and assuming there is no change in the number of Shares in issue and treasury shares between the Latest Practicable Date and the date of the AGM). In other words, the outstanding Options and RSUs granted prior to the date of the AGM, as well as any Shares issued in satisfaction of any exercised Options or vested RSUs prior to the date of the AGM, will not affect be counted towards such limit;
- (iv) the eligible participants of the Share Option Scheme and the RSU Scheme include Related Entity Participants. In assessing the eligibility of Related Entity Participants, the Board will consider, among other things, (a) their individual performance and contributions to the ordinary and usual course of business of the Group; (b) prevailing market practice and industry standard and (c) their length of engagement with the Group.
- (v) in addition, the eligible participants of the Share Option Scheme and the RSU Scheme include service providers. The total number of Shares which may be issued during the scheme period upon the exercise of all Options to be granted under the Share Option Scheme and upon the vesting of all RSUs to be granted under the RSU Scheme shall not exceed 1 per cent of the number of Shares in issue (excluding any treasury shares) as at the date of the AGM (the “**Service Provider Sublimit**”). Service providers who may be selected to be granted Options and/or RSUs are limited to those who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group. While they are not employees of the Group, they have specific industry and professional knowledge, and will therefore provide insights and expertise to the Group which are substantively comparable to the contributions of highly-skilled or executive employees of the Group. We set out below the key types of Service Providers and the criteria for determining their eligibility to participate in the schemes:

LETTER FROM THE BOARD

Types of Service Providers	Services provided	Factors in assessing whether the services provided are on a continuing and recurring basis and in the Group's ordinary and usual course of business	Factors in assessing eligibility in participating in the Share Option Scheme and the RSU Scheme
Scientists/medical doctors	Acting as the members of strategic advisory board of the Group or any of its pipelines, or otherwise providing significant scientific advice in connection with the Group's actual and/or potential products (including research and development, laboratory testing and clinical trials).	These professionals leverage their professional knowledge to provide significant guidance in the strategic planning and practical operations in the area of research and development of the Group. The Group would like to ensure consistency and availability of expertise in order to effectively and efficiently process these research and development activities.	The factors the Board would consider include: <ul style="list-style-type: none"> • length of contract engagement • specific expertise and market standing of the Service Providers • remuneration level of the market for similar talent • the quality of services provided to and/or cooperation with the Group
Other consultants (including independent contractors / part-time individual service providers), professionals and/or advisors who are engaged by the Group pursuant to applicable contractual arrangements	Providing advice and/or services for a wide range of factors, including research and development, commercialization of products, marketing, pricing, regulatory policy, strategic planning, business upgrading and investor relationship. The frequency and continuity of their services are akin to those of employees of the Group	The work of these Service Providers are closely connected with various areas of the Group's day-to-day operations, such as research and development, commercialization of products, human resources management or other management support. They possess industry-specific knowledge, expertise, valuable experience, deep understanding and/or insight in medical, pharmaceuticals, business, financial and/or commercial areas of the Group. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive advice for the research and development activities, successful launch, and marketing of products, compliance with regulatory requirements, and business development of the Group, which are substantively comparable to contributions of highly-skilled or executive employees of the Group.	<ul style="list-style-type: none"> • the Service Provider's actual or potential contributions to the Group in terms of profits, income or cost control • the benefits and strategic value brought by the Service Provider to the Group's development

LETTER FROM THE BOARD

The Directors are of the view that the participation of Related Entity Participants and Service Providers will be aligned with the purposes of the Share Option Scheme and the RSU Scheme in order to create long-term success for the Company. The Board is also of the view that the Service Provider Sublimit is appropriate and reasonable after taking into account (i) the potential contributions by these service providers to the Group's revenue and to its long-term growth; (ii) the benefit to the Group by providing long-term incentives to maintain the recurring and continuing contributions of the service providers to the Group; and (iii) the minimal potential dilution to the shareholding of other Shareholders in the Company following the vesting of the Options and RSUs to be granted to the service providers under the Service Provider Sublimit.

Listing Rules implications

Pursuant to the requirements under the amended Chapter 17 of the Listing Rules, a share scheme of a listed issuer must be approved by its shareholders in general meeting. Further, the Listing Rules require that any alterations to the terms and conditions of a share scheme which are of a material nature, or any change to the terms of options or awards granted to a participant (which does not take effect automatically under the existing terms of the scheme and the initial grant was approved by the shareholders) shall be approved by the shareholders of the listed issuers.

The proposed amendments to the Share Option Scheme are of a material nature. Accordingly, such amendments are subject to the Shareholders' approval at the AGM. In addition, resolutions will be proposed at the AGM to approve and adopt the terms and conditions of the Share Option Scheme, which will be subject to the requirements under the amended Chapter 17 of the Listing Rules.

In the event the proposed amendments to the Share Option Scheme and the RSU Scheme were not approved by the Shareholders at the AGM, the Company would only operate the existing Share Option Scheme and the existing RSU Scheme, and grant or vest or issue Shares upon the exercise of the Options or the RSUs under the same to the extent permitted by the Consultation Conclusions and the amended Chapter 17 of the Listing Rules (e.g. settlement of outstanding Options and RSUs by way of existing Shares).

RE-ELECTION OF DIRECTORS

In accordance with Article 109(a) of the Articles, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 109(b) of the Articles, any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

LETTER FROM THE BOARD

Accordingly, each of Dr. James Qun Xue, the executive Director; Dr. Kan Chen, a non-executive Director; and Mr. Peng Kuan Chan, an independent non-executive Director, will retire and be subject to re-election at the AGM.

None of the Directors proposed for re-election at the AGM has an unexpired service contract/appointment letter which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Details of the above-mentioned Directors proposed to be re-elected at the AGM are set out in Appendix IV to this circular.

PROCEDURE AND PROCESS FOR NOMINATION OF DIRECTORS

The Nomination Committee will recommend to the Board for the appointment of a Director including an independent non-executive Director in accordance with the following selection criteria and nomination procedures:

- (a) identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard to the Company's Board diversity policy, the requirements in the Articles, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (b) assess the independence of independent non-executive Directors to determine their eligibility with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board. If a proposed independent non-executive Director will be holding his or her seventh (or more) listed company directorship, to assess his or her ability to devote sufficient time to the Board matters; and
- (c) develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

Re-election of independent non-executive Directors

Set out below are information relating to the resolutions to be proposed at the AGM for re-electing Mr. Peng Kuan Chan as an independent non-executive Director pursuant to code provision B.3.4 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules. The Company has in place selection criteria and procedures when considering candidates to be appointed or re-elected as Directors. In assessing the re-election of Mr. Peng Kuan Chan as an independent non-executive Director, the Nomination Committee has considered his overall contribution and service to the Company, and reviewed his expertise and professional qualifications to determine whether he satisfies the selection criteria. In

LETTER FROM THE BOARD

addition, the Nomination Committee has also taken into account the diversity aspects (including but not limited to professional experience, skills, knowledge, gender, age and length of service etc.) set out in the Company's Board diversity policy. The Nomination Committee considers that Mr. Peng Kuan Chan has the reputation for integrity to act as a director of the Company, and possesses broad and extensive experience, skills and professional knowledge in the fields of medicine and management, which have contributed to the diversity of the Board and brought objective and unfettered independent judgement and valuable contributions to the Board.

In assessing the independence of Mr. Peng Kuan Chan, the Nomination Committee has assessed and reviewed the confirmation of independence given by him pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has also considered the contribution of Mr. Peng Kuan Chan, and is satisfied that he has continued to provide independent and objective judgement and advice to the Board, through scrutinising and monitoring the Group's affairs with a view to safeguard the interests of the Group and the Shareholders. The Nomination Committee was satisfied with the independence of Mr. Peng Kuan Chan, and considers he remain independent.

RECOMMENDATION OF THE NOMINATION COMMITTEE

The Nomination Committee has considered the extensive experience of each of the Directors proposed to be re-elected respectively, their working profiles and other experience and factors as set out in their biographical details in Appendix IV to this circular. The Nomination Committee is satisfied that each of the Directors proposed to be re-elected has the required character, integrity and experience to continuously fulfil his roles as a Director, respectively and effectively.

RECOMMENDATION OF THE BOARD

The Board, having received the confirmation of independence given by Mr. Peng Kuan Chan pursuant to Rule 3.13 of the Listing Rules and taking into consideration the recommendations from the Nomination Committee, considers that Mr. Peng Kuan Chan remains independent in character and judgement. Taking into consideration the recommendation of the Nomination Committee and the Company's Board diversity policy, the Board is of the view that Dr. James Qun Xue, Dr. Kan Chen and Mr. Peng Kuan Chan will continue to bring broader views, valuable insights, professionalism to the Board, and maintain a proper balance between public and corporate interests whilst having sufficient diversity for the Board to discharge its functions effectively.

Accordingly, the Board considers the re-election of each of Dr. James Qun Xue, Dr. Kan Chen and Mr. Peng Kuan Chan is in the best interests of the Company and the Shareholders taken as a whole.

LETTER FROM THE BOARD

PROPOSED RE-APPOINTMENT OF AUDITOR

Ernst & Young, the auditor of the Company, will retire at the AGM and, being eligible for re-appointment. Following the recommendation of the audit committee of the Board, the Board proposed to re-appoint Ernst & Young as the auditor of the Company with a term expiring upon the next annual general meeting of the Company; and the Board proposed it be authorized to fix the remuneration of the auditor.

An ordinary resolution in respect of the re-appointment of the auditor of the Company will be proposed at the AGM for consideration and approval by the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 24, 2024 to Thursday, June 27, 2024, both dates inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, June 21, 2024.

NOTICE OF AGM

Set out on pages N-1 to N-6 of this circular is a notice convening the AGM to consider and, if appropriate, to approve, among others, the proposals for the granting of the Issuing Mandate and the Repurchase Mandate, the re-election of Directors and the proposed re-appointment of auditor.

SUBMISSION OF FORMS OF PROXY FOR REGISTERED SHAREHOLDERS

All the resolutions to be proposed at the AGM set out in the notice of AGM will be voted by way of a poll pursuant to Article 72 of the Articles of Association. The results of the poll will be posted on the website of the Company at www.canbridgepharma.com and the HKExnews website of the Stock Exchange at www.hkexnews.hk.

A form of proxy for use at the AGM is published on the website of the Company at (www.canbridgepharma.com) and the HKExnews website of the Stock Exchange at www.hkexnews.hk. As set out in the section headed "Arrangements for the virtual AGM" of this circular, the AGM will be a virtual meeting. Shareholders who wish to appoint a proxy to attend and vote at the AGM shall appoint the Chairman of the AGM as their proxy by completing, signing and returning the form of proxy in accordance with the instructions stated thereon to the Hong Kong Share Registrar of the Company', Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in the case of an appointment of proxy in hard copy or for a poll taken more than 48 hours). For the AGM convened to be held on Thursday, June 27, 2024 at 9:00 a.m., the deadline to submit completed forms of proxy is Tuesday, June 25, 2024 at

LETTER FROM THE BOARD

9:00 a.m. in the case of an appointment of proxy in hard copy form or in electronic form, or after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll in the case of a poll taken more than 48 hours.

RECOMMENDATION

The Board considers that the granting of the Issuing Mandate and the Repurchase Mandate, the re-election of Directors and the re-appointment of auditor to be proposed at the AGM are in the best interests of the Company and the Shareholders taken as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of all of these resolutions to be proposed at the AGM.

Shareholders who are holders of the outstanding Options will be required to abstain from voting on the resolution to approve the amendments to the Share Option Scheme, and Shareholders who are holders of RSUs will be required to abstain from voting on the resolution to approve the amendments to the RSU Scheme. To the best knowledge of the Directors and having made all reasonable enquiries, no other Shareholders have material interests in the resolutions and are required to abstain from voting on such resolutions to be proposed at the AGM.

RESPONSIBILITY STATEMENT

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

Yours faithfully,
By order of the Board
CANbridge Pharmaceuticals Inc.
Dr. James Qun Xue
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit a company whose primary listing is on the Stock Exchange to repurchase its shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed, and such exchange is recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of Shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 424,838,320 Shares and the Company did not hold any treasury shares. Subject to the passing of the ordinary resolution for repurchase of Shares and on the basis that no new Shares will be issued or repurchased up to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 42,483,832 Shares, representing 10% of the existing issued Shares (excluding any treasury shares) as at the Latest Practicable Date.

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASE OF SHARES

Any repurchase of securities of the Company would be funded entirely from the cash flow or working capital available to the Company, and will, in any event, be made out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands and the Listing Rules. Such funds include, but are not limited to, profits available for distribution. Purchases may only be effected out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorized by its Articles and subject to the provisions of the Companies Act, out of capital. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorized by the Articles and subject to the provisions of the Companies Act, out of capital.

5. MATERIAL ADVERSE IMPACT

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements of the Company for the year ended December 31, 2023 in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during the previous 12 months up to the Latest Practicable Date were as follows:

	Highest price	Lowest price
	<i>HK\$</i>	<i>HK\$</i>
Month		
2023		
June	2.03	1.45
July	1.95	1.52
August	1.80	1.48
September	1.70	1.23
October	1.57	1.24
November	1.27	0.98
December	1.10	0.70
2024		
January	1.09	0.43
February	0.59	0.32
March	0.50	0.25
April	0.50	0.30
May (up to the Latest Practicable Date)	0.50	0.29

7. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

The Directors will exercise the Repurchase Mandate pursuant to the proposed resolution in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

No core connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

Neither this explanatory statement nor the proposed share repurchase has any unusual features.

Following a repurchase of Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

For any treasury shares of the Company deposited with CCASS pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

- (i) procuring its broker not to give any instructions to HKSCC to vote at general meetings for the treasury shares deposited with CCASS;
- (ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury shares from CCASS, and either re-register them in its own name as treasury shares or cancel them, in each case before the relevant record date for the dividend or distributions; and
- (iii) taking any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

8. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If on exercise of the powers of repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Moskey Matthew Love and Mr. Schulte-Hillen Friedrich Bela indirectly held 56,021,590 Shares, representing approximately 13.20% of the total number of Shares in issue. In the event that the Directors exercised the Repurchase Mandate in full (assuming no new Shares are issued), the shareholding of Mr. Moskey Matthew Love and Mr. Schulte-Hillen Friedrich Bela will be increased to approximately 14.65% of the total number of Shares in issue. To the best knowledge and belief of the Directors, such increase would not give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

In addition, the Directors have no present intention to exercise the Repurchase Mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

9. SHARE PURCHASE MADE BY THE COMPANY

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) from the Listing Date and up to the Latest Practicable Date.

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The following is a summary of the principal terms of the proposed amended Share Option Scheme to be considered at the AGM.

For the purpose of this summary, the following expressions shall have the following meanings:

Associate	has the meaning ascribed to it in the Listing Rules;
Auditors	means the auditors for the time being of the Company;
Board Lot	means the board lot in which Shares are traded on the Stock Exchange from time to time;
Business Day	means any day on which the Stock Exchange is open for the business of dealing in securities;
Commencement Date	means, in respect of any particular Option, the date upon which the Option is accepted or deemed to be accepted in accordance with the amended Share Option Scheme;
Connected Persons	has the meaning ascribed to it in the Listing Rules;
Effective Date	means the date on which the Share Option Scheme becomes unconditional;
Employee	means <u>Employee Participants and Related Entity Participants</u> , until such employee shall cease to be an employee with effect from (and including) the date of termination of his employment, and for the avoidance of doubt, a <u>Grantee</u> shall not cease to be an Employee in the case of (a) any leave of absence approved by the <u>Member</u> of the Group; or (b) transfer amongst <u>Members</u> of the Group or any successor;
<u>Employee Participant</u>	<u>means any employee or director of the Company and subsidiaries of the Company (whether full-time or part-time and including persons who are granted Options under the Share Option Scheme as inducement to enter into employment or service contracts with these companies);</u>

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Eligible Person	means any individual, being an Employee, a director (including executive directors, non-executive directors and independent non-executive directors) or a <u>Service Provider of any Member</u> of the Group who the Board considers, in their sole discretion, to have contributed or will contribute to the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an <u>Option</u> pursuant to the amended Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Option Scheme and such individual shall therefore be excluded from the term Eligible Person;
Entitlement	means the proportion of an Option which is vested and remains exercisable and has not been exercised from time to time during the Option Period as stipulated in the conditions of exercise of the Option specified by the Board;
Financial year	means the period commencing on 1 January and ending on 31 December each year, or such other period as fixed by the Company for the preparation of its annual accounts;
Grantee(s)	means any Eligible Person who accepts the offer or grant of an Option in accordance with the terms of the amended Share Option Scheme or (where the context so permits) a person or persons who is or becomes entitled to exercise any such Option under the terms of <u>the</u> Share Option Scheme or by operation of law, either in consequence of the death or incapacity of such Eligible Person or otherwise;

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Group	means the Company, <u>subsidiaries of the Company, holding companies of the Company, fellow subsidiaries of the Company and associated companies of the Company. The terms “subsidiary”, “holding company”, “fellow subsidiary” and “associated company” shall have the same meaning as defined under the Listing Rules, and “Member of the Group” shall mean any company within the Group;</u>
Offer Date	means the date of the letter by which an Option is offered to an Eligible Person;
Option	means a right to subscribe for Shares granted pursuant to the terms of the amended Share Option Scheme;
Option Period	means, in respect of any particular Option, the period to be determined and notified by the Board to each Grantee during which the Grantee may exercise such Option. Such period may commence on any day after the Commencement Date and in any event shall end not later than the 10th anniversary of the relevant Commencement Date, subject to the provisions for early termination contained in the Share Option Scheme or the relevant document of grant or other notification issued by the Board;
<u>Related Entity Participant</u>	<u>means any employee or director of any Members of the Group, other than Employee Participants;</u>
Scheme Rules	means the rules set out herein relating to the Share Option Scheme as amended from time to time;
<u>Scheme Limit Reference Date</u>	<u>means the date of the AGM;</u>

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Service Providers

means any service provider (in particular scientists, medical doctors, other consultants, professionals and/or advisors engaged by the Group pursuant to the applicable contractual arrangements) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business (including the research, development, commercialisation, marketing and/or strategic planning of drug products) which are in the interests of the long-term growth of the Group, but shall exclude placing agents, financial advisors providing advisory services for fundraising, mergers or acquisitions, or professional service providers such as the Auditor who provide assurance, or are required to perform their services with impartiality and objectivity;

Shares

means ordinary shares with a par value of US\$0.00001 each in the share capital of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;

Subscription Price

means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option; and

Substantial shareholder

has the meaning ascribed to it in the Listing Rules.

Conditions

The amended Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of a resolution by the shareholders of the Company to approve the amended Share Option Scheme;
- (ii) the approval of the Listing Committee of the Stock Exchange for the listing of and permission to deal any Shares to be issued and allotted pursuant to the exercise of Options under the amended Share Option Scheme; and
- (iii) the commencement of dealings in Shares on the Stock Exchange.

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Purpose

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

The Share Option Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board. Unless otherwise indicated, if the Board delegates its authority to administer the Share Option Scheme to a committee of the Board or other authorised agent(s), the committee of the Board or such other authorised agent(s) shall enjoy the same absolute discretion. Save as otherwise provided in this Scheme, for any matters concerning the interpretation or application of this Share Option Scheme, the decision of the Board or persons to whom the Board has delegated relevant powers shall be final and binding on all parties.

Grant of Options

On and subject to the terms of the amended Share Option Scheme, the Board has the power but not the obligation, at any time and from time to time before and including the 10th anniversary of the Effective Date, to offer to grant to any Eligible Person as the Board may in its absolute discretion select an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price. Subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit when making such offer to the Eligible Person, including, without limitation, conditions as to vesting period and/or performance criteria to be satisfied by the Eligible Person and/or the Company and/or the Group which must be satisfied before an Option can be exercised, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the amended Share Option Scheme.

Each grant of an Option to any director of the Company, chief executive or substantial shareholder of the Company, or any of their respective Associates (each term as defined in the Listing Rules) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of an Option) and shall be subject to compliance with the Listing Rules. For the avoidance of doubt, the above does not apply where the grant of such Option will be funded solely by existing shares of the Company.

No Option shall be offered or granted:

- (a) to any Eligible Person after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;
- (b) to any Eligible Person during the period commencing 30-day immediately before the earlier of:

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No Option shall be granted during any period of delay in publishing a results announcement.
- (c) to any director of the Company (except where the Subscription Price is to be determined by the Board at the time of exercise of the Option):
- (i) during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
 - (ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

An offer of the grant of an Option shall be made to any grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the Subscription Price, the Option Period, the date by which the grant must be accepted and further requiring the grantee to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the amended Share Option Scheme (the “**Offer Letter**”). The Offer Letter shall also state that the offer of an Option shall be personal to the Grantee concerned and shall not be transferable. The inadvertent non-compliance with the requirements hereof shall not render the grant of an Option invalid if the Board so determines and makes such remedial action, if any, as it deems appropriate in its absolute discretion.

An Option shall be deemed to have been granted and accepted and to have taken effect when (i) the grant is accepted by the Grantee through the online platform maintained by Computershare Hong Kong Investor Services Limited or any other party designated by the Company or (ii) the duplicate Offer Letter comprising acceptance of the offer of the grant of the Option duly signed by the Grantee is received by the Company within the time period specified in the offer of the grant of the Option.

Any offer of the grant of an Option may be accepted or deemed to have been accepted in respect of any number of Shares up to the number in respect of which the Option is offered provided that it is accepted in respect of a board lot which Shares are traded on the Stock Exchange from time to time, or an integral multiple thereof. To the extent that the

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

offer of the grant of an Option is not accepted within such period after the Offer Date, as specified in the Offer Letter, the Board may, in its absolute discretion, deem that such grant is irrevocably declined and will lapse.

The performance criteria will be linked to the performance of the Company, any Member of the Group (including but not limited to the Company and/or the Group's financial performance and the achievement or attainment of certain milestones or performance targets, such as the signing of any contractual arrangements which would create considerable value for the Company or any Member of the Group, the completion of key milestones related to the development, financing or commercialization of any products of the Group) and/or the Grantee (including but not limited to the Grantee's result of the year-end performance review or the probation period review).

Subscription Price

The Subscription Price in respect of any Option shall be a price determined by the Board at its absolute discretion and notified to any grantee which shall be not less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a day which the Stock Exchange is open for the business of dealing in securities ("**Business Day**"); and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date.

Provided that, for the purpose of determining the Subscription Price where the Shares have been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares in the Company's global offering of the Shares shall be used as the closing price of the Shares for any Business Day falling within the period before the listing of the Shares on the Stock Exchange.

Vesting of Options

Subject to the amended Share Option Scheme, the Listing Rules and any applicable law and regulations, any Option will become vested and exercisable and no longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, subject to such conditions as determined by the Board and set forth in the Offer Letter. In accordance with the Listing Rules, the vesting period (namely, the period between the Commencement Date and the date on which the Option Period commences) shall not be less than 12 months, save that the vesting period may be less than 12 months in the following circumstances:

- (i) grants of Options to Eligible Persons who are new joiners to the Group in order to replace any incentives that are lapsed and/or forfeited when leaving the previous employers;

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

- (ii) where vesting of the Options granted is accelerated in accordance with the provisions of the amended Share Option Scheme;
- (iii) where the grants of Options contains performance-based vesting conditions, and vesting takes place as a result of the satisfaction of such performance-based vesting conditions;
- (iv) grants of Options that are made in batches during a year for administrative and/or compliance reasons, where the vesting period is then adjusted to reflect the time from which a grant would have been made; and
- (v) grants of Options with a mixed or accelerated vesting schedule (e.g. where vesting will take place evenly over a period of not less than 12 months),

and for the avoidance of doubt, any non-statutory long leave of absence, as the Board may determine, shall be deducted from period of service for the purpose of counting vesting period.

Change of Control

If there is an event of change of control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, unless the Board determines otherwise, a pro-rata part or all of the Options granted may become vested and exercisable and no longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, according to the terms hereof at such times and under such conditions as may be determined by the Board and set forth in the Offer Letter.

Change of Position

In the event the position of a Grantee is changed as a part of the Company or its Subsidiaries' normal course of business, the Options granted to him or her, whether vested or not, will remain valid in accordance with the terms and conditions herein and set forth in the Offer Letter.

Resignation or other termination by the Member of the Group

In the event a Grantee ceases to be an Eligible Person by reason of the Grantee's resignation or termination by a Member of the Group of his employment, office or service other than on the grounds specified in *Lapse of Option* below or the other circumstances stated hereof, (i) the unvested portion of the Options shall immediately lapse; (ii) the vested and unexercised portion of the Options will remain exercisable in accordance with the terms and conditions herein and set forth in the Offer Letter.

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Summary Dismissal

In the event a Grantee ceases to be an Eligible Person by reason of the summary termination of his employment, office or service: (i) all Options, whether vested or not, shall immediately lapse; and (ii) as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations, all Shares (if any) acquired by the Grantee pursuant to any vested Options shall be repurchased by the Company at the price equal to the amount actually paid by the Grantee, and all other cash and benefits received by the Grantee under the granting and/or vesting of Options (including, for the avoidance of doubt, the difference between the Subscription Price paid by the Grantee and the price of the Shares as at the date that the Company exercises this right where any repurchase is not practicable or permissible) shall be repaid/returned to the Company or another Member of the Group as determined by the Board.

Death or Permanent and Complete Loss of Ability to Work

In the event a Grantee dies or permanently and completely loses the ability to work due to an injury as a result of the performance of his or her duty for the Company or any Member of the Group, all Options will become vested and exercisable and no longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, according to the terms hereof at such times and under such conditions as determined by the Board and set forth in the Offer Letter. In the event a Grantee dies or permanently and completely loses the ability to work for any reason other than the performance of his or her duty for the Company or any Member of the Group: (i) the unvested portion of the Option shall immediately lapse; and (ii) the vested and unexercised portion of the Option shall be handled by the Grantee (or his or her estate or by a person who acquires the right to exercise the Option by will or laws of succession) in accordance with the terms and conditions herein and set forth in the Offer Letter.

Retirement

In the event an Employee ceases to be an Eligible Person upon his or her retirement (either as required under applicable laws or as mutually agreed between the Employee and the relevant Member of the Group), all Options will become vested and exercisable on the date of such retirement and no longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, according to the terms hereof at such times and under such conditions as determined by the Board and set forth in the Offer Letter.

Malus and Clawback

If, following the vesting of an Option, the Board in its absolute discretion determines that any of the events described below has occurred, then, as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations that, all Shares acquired by the Grantee (if any) pursuant to any vested Options shall be repurchased by the Company at the price equal to the amount actually paid by the Grantee, and all other cash and benefits received by the Grantee under the granting and/or vesting of Options (including, for the avoidance of doubt, the difference between the Subscription Price paid by the Grantee and the price of the Shares as at the date

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

that the Company exercises this right where any repurchase is not practicable or permissible) shall be repaid/returned to the Company or another Member of the Group as determined by the Board.

If, before an Option becomes vested, the Board determines that any of the events described below has occurred, the Board may direct that:

- (a) the Option shall lapse in whole or in part;
- (b) the vesting of the Option will be delayed for such period as the Board may determine; and/or
- (c) the vesting of the Option will be subject to any additional conditions imposed by the Board.

In addition, the Board may direct that vesting of an Option will be delayed while any investigation is carried out which could result in any disciplinary action against a Grantee or any lapse of an Option or the imposition of conditions pursuant to the above. For the avoidance of doubt, vesting may occur at the end of the investigation of the relevant circumstances.

The events that may trigger the above malus and clawback are as follows:

- (a) the granting and/or vesting of any Option based on materially inaccurate financial statements (which includes, but is not limited to, statements or earnings, revenues or gains, or other key performance metrics) or any other materially inaccurate performance metrics or criteria;
- (b) the performance forming the basis on which grant or vesting of the Option has been proved not genuine (e.g. misstatement of data, failure to disclose material information, fraud, malfeasance or violation of policies);
- (c) any term and condition set out in the Scheme Rules and the Offer Letter in respect of such Option was not satisfied;
- (d) any circumstances in which the Board considers that the conduct of the Grantee has materially harmed the business or reputation of the Company or the relevant Subsidiary; or
- (e) any other circumstances in respect of which the Board considers appropriate.

The Company will determine whether a financial statement or other performance metrics or criteria is materially inaccurate in accordance with the standards consistently adopted by the Group or any similar or successor standards applicable to the Group and in effect from time to time.

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Exercise of Options

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Grantee shall render all or any part of the outstanding Entitlement of such Grantee as lapsed.

A Grantee (or his legal personal representative(s)) may exercise his Entitlement in whole or in part (but if in part, only in respect of a Board Lot or any integral multiple thereof) in the manner as determined by the Board by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares to be subscribed. For cash exercise, each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given. The Options may also be exercised in other cashless methods as the Board may determine. Within 28 days after receipt of the notice and, where applicable, receipt of the remittance and the Auditors' certificate, the Company shall allot and issue the relevant Shares to the Grantee (or his legal personal representative(s)) credited as fully paid and issue to the Grantee (or his legal personal representative(s)) a share certificate in respect of the Shares so allotted.

The Grantee (or his legal personal representative(s)) may exercise his Entitlement at any time or times during the Option Period provided that:

- (a) in the event of the Grantee ceasing to be an Eligible Person for any reason other than his death, permanent and complete loss of ability to work, or the termination of his employment on one or more of the grounds specified in *Lapse of Option* below the Grantee may exercise his Entitlement as at the date of cessation of his employment (to the extent he is entitled to exercise at the date of cessation but not already exercised) within the period of 6 months (or such longer period as the Board may determine) following the date of such cessation (provided that such exercise is during the relevant Option Period); for this purpose, "cessation" shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid or not;
- (b) in the event of the Grantee ceasing to be an Eligible Person by reason of death or permanent and complete loss of ability to work and none of the events which would be a ground for termination of his employment under *Lapse of Option* below has occurred, the Grantee or the legal personal representative(s) of the Grantee (as the case may be) shall be entitled within a period of 12 months following the date of such cessation (or such longer period as the Board may determine) to exercise the Entitlement following the date of such cessation (provided that such exercise is during the relevant Option Period);
- (c) if a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

association or in concert with the offeror) the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company). If such offer becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding Entitlement in full at any time within 14 days after the date on which such general offer becomes or is declared unconditional;

- (d) in the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to Grantees with Options outstanding in full or in part at such date. If a Grantee immediately prior to such event had any outstanding Entitlement, the Grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Entitlement had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, such notice to be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Grantee shall be duly issued and allotted with the relevant Shares (or treated as such by the Company) and entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of such election;

- (e) if a compromise or arrangement of any nature between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (a “**scheme**”), the Company shall give notice thereof to all Grantees on the same date as it despatches to each member or creditor of the Company a notice summoning the meeting to consider such scheme, and thereupon each Grantee shall be entitled to exercise all or any of his Options in whole or in part within the time or period stipulated by the Board for this purpose, the end of which period being in any event not less than 14 days before the date appointed for the hearing of the court for the purposes of considering and if thought fit sanctioning such scheme. Upon the scheme becoming effective (whether on the terms presented to the court or on any other terms as may be approved by such court), all outstanding Entitlements shall lapse and terminate. The Board shall endeavour to procure that any Shares issued as a result of the exercise of Options shall for the purposes of such scheme form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to and bound by such scheme. If for any reason the scheme is not approved by the court, the rights of Grantees to exercise their respective Entitlements shall with effect from the date of the making of the order by the court be restored in full and shall thereupon become exercisable (but subject to the other terms of the amended Share Option Scheme) as if the scheme

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid process.

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.

A Share issued upon the exercise of an Option shall not carry voting rights until the Grantee (or such other person as may succeed to the Grantee's title by operation of applicable laws and in compliance with the terms of the amended Share Option Scheme) become the holder thereof. If under the terms of a resolution passed or an announcement made by the Company a dividend is to be or is proposed to be paid to holders of Shares on the register on a date prior to the date when an Option is effectively exercised under the terms of the amended Share Option Scheme, the Shares to be issued upon such exercise will not rank for such dividend.

Notwithstanding any other provision in the amended Share Option Scheme or any Offer Letter, the Board may at any time and at its discretion cancel Options previously granted to, but not yet lapsed, vested to or exercised by a Grantee. Where the Company cancels Options and makes a new grant of Options to the same Grantee, such new grant may only be made with available limits approved by the shareholders of the Company. In other words, such cancelled Options will be regarded as utilised for the purpose of calculating the relevant limits.

Lapse of Option

Any Option or Entitlement shall lapse automatically and not be exercisable:

- (a) upon expiration of the Option Period;
- (b) upon expiration of any of the periods referred to in *Exercise of Options* above;
- (c) upon commencement of the winding-up of the Company subject to the voluntary winding-up as stated in *Exercise of Options* above;
- (d) if the Grantee ceases to be an Eligible Person of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of gross misconduct, or has been convicted of any criminal offence involving his integrity or honesty that seriously impair the interests or benefits of the relevant Member of the Group or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant Member of the Group would be entitled to terminate his employment or office summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with the relevant Member of the Group. A resolution of

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

the Board or the board of directors of the relevant Member of the Group to the effect that the employment, office or service of a Grantee has or has not been terminated on one or more of the grounds specified hereof shall be conclusive;

- (e) where the Grantee is an Eligible Person of a Member of the Group (other than the Company), if such Member of the Group ceases to be a Member of the Group;
- (f) if the Grantee commits a breach of selling, transferring, charging, assigning mortgage, encumber or creating any interest (whether legal or beneficial) in favour of any third party over or in relation to any Option;
- (g) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified in the Offer Letter.

Maximum Number of Shares available for Subscription

The maximum number of Shares which may be allotted and issued in respect of all Options that may be granted under the amended Share Option Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme (as this term is defined in the Listing Rules) over Shares, shall not exceed 10 per cent of the issued capital of the same class of the Company (excluding any treasury shares) as of the Scheme Limit Reference Date (or of the date on which the refreshing of the 10 per cent limit is approved by the shareholders of the Company) (the “**Scheme Limit**”). Options lapsed in accordance with the terms of the amended Share Option Scheme shall not be counted for the purpose of calculating the Scheme Limit. No Option may be granted under the amended Share Option Scheme if this will result in the Scheme Limit being exceeded.

Subject to the above, the total number of Shares which may be allotted and issued in respect of all Options that may be granted to Service Providers under the amended Share Option Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares to Service Providers, shall not exceed 1 per cent of the issued capital of the same class of the Company (excluding any treasury shares) as of the Scheme Limit Reference Date (or of the date on which the refreshing of the Scheme Limit is approved by the shareholders of the Company) (the “Service Provider Sublimit”).

The Scheme Limit and the Service Provider Sublimit may be renewed subject to any applicable shareholders’ approval requirements under the Listing Rules. For the avoidance of doubt, the total number of Shares that may underlie all grants made pursuant to the amended Share Option Scheme under the renewed limit, and pursuant to any other share scheme of the Company (excluding those scheme(s) which have expired or terminated) following the date of approval must not exceed 10 per cent. of the number of Shares in issue (excluding any treasury shares) as at the relevant date of approval. The Service Provider Sublimit as refreshed must not exceed 1 per cent. of the Shares in issue (excluding any treasury shares) as at the relevant date of approval.

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The Company may seek separate shareholders' approval in general meeting for granting Options beyond the Scheme Limit, provided that any such grants are only made to the Grantees specifically identified by the Company before such approval is sought. The approval must be obtained in the manner prescribed by the Listing Rules.

No Option may be granted to any one person if such grant would result in the total number of Shares issued and to be issued in respect of all options and awards granted to such person under the amended Share Option Scheme and any other share scheme over Shares (excluding any options and award lapsed in accordance with the amended Share Option Scheme or the rules of any other share schemes) in the 12-month period up to and including the date of the latest grant in aggregate to exceed one per cent of the Shares in issue (excluding any treasury shares) from time to time (the "Individual Limit"). Where any grant of Option to a Grantee would exceed the Individual Limit, such grant must be separately approved by the shareholders of the Company in general meeting in the manner prescribed by the Listing Rules. The Company shall send a circular to its shareholders containing the information required under the Listing Rules.

The maximum number of Shares (rounded to the nearest whole Share) referred to in the above shall be adjusted in the event of any share consolidation or subdivision of the Shares conducted by the Company in accordance with the Listing Rules.

For the avoidance of doubt, the Scheme Limit, the Service Provider Sublimit and the Individual Limit in the above only apply to grants pursuant to the amended Share Option Scheme and any other share schemes of the Company to the extent that the grants will be satisfied by newly issued Shares.

Grant of Options to Connected Persons

The approval of independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is intended to be a Grantee of the Option) will be required for each grant of Options to a director, chief executive, or substantial shareholder of the Company or any of their respective Associates.

If a grant of Option(s) to a substantial shareholder or an independent non-executive director of the Company or their respective Associates will result in the total number of Shares issued and to be issued in respect of all the options and awards granted under the amended Share Option Scheme and any other share scheme over Shares (excluding any options and award lapsed in accordance with the amended Share Option Scheme or the rules of any other share schemes) to such person in the 12-month period up to and including the date of such grant, in aggregate to exceed 0.1 per cent of the Shares in issue (excluding any treasury shares) from time to time, such further grant of Option(s) must be approved by the shareholders of the Company in general meeting in accordance with the Listing Rules. In particular, the Company shall procure that all the requirements of the Listing Rules relating to sending a circular to shareholders are complied with, and the Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at the relevant general meeting.

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

For the avoidance of doubt, the above only apply to grants pursuant to the amended Share Option Scheme and any other share schemes of the Company to the extent that the grants will be satisfied by newly issued Shares.

Reorganization of Capital Structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

- (a) the number or nominal amount of Shares, the subject matter of the Option (insofar as it is unexercised); and/or
- (b) the aggregate number of Shares subject to outstanding Options; and/or
- (c) the Subscription Price,

as the Auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustment shall be made on the basis that the proportion of the issued share capital, rounded to the nearest whole share, of the Company to which a Grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Option to the advantage of the Grantee without the approval of the shareholders of the Company. The capacity of the Auditors in the above is that of experts and not of arbitrators and their certification, in the absence of manifest error, shall be final and binding on the Company and the Grantees. The costs of the Auditors shall be borne by the Company.

If there has been any alteration in the capital structure of the Company as referred to in the above, the Company shall, upon receipt of a notice from the Grantee, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the Auditors obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors to issue a certificate in that regard in accordance with the above.

Subject to the above principles and certification procedures, and any further or updated guidance or interpretation of the Listing Rules from time to time, the default method of adjustment shall be made in accordance with FAQ 072-2020 and its attachment (Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note Immediately After the Rule) published by the Stock Exchange, which for the ease of reference, has been set out below.

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

- (1) In the case of a capitalization of profits or reserves or rights issue, the Company would calculate the adjusted number of Options and adjusted exercise price by applying the formula prescribed (and as updated from time to time) by the Stock Exchange in section A(a) and A(b), respectively, of the “APPENDIX TO SUPPLEMENTARY GUIDANCE ON MAIN BOARD LISTING RULE 17.03(13) and the Note Immediately After the Rule” published by the Stock Exchange, set out below:

$$\text{New number of Options} = \text{Existing Options} \times F$$

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{F}$$

Where

$$F = \frac{\text{CUM}}{\text{TEEP}}$$

CUM = Closing price as shown in the Daily Quotation Sheet of the Exchange on the last day of trading before going Ex-Entitlement

$$\text{TEEP (Theoretical Ex Entitlement Price)} = \frac{\text{CUM} + [M \times R]}{1 + M}$$

M = Entitlement per existing Share

R = Subscription Price

- (2) In the case of a consolidation, subdivision or reduction of the share capital, the Company would calculate the adjusted number of Options and adjusted exercise price by applying the formula prescribed (as updated from time to time) by the Stock Exchange in section B of the “APPENDIX TO SUPPLEMENTARY GUIDANCE ON MAIN BOARD LISTING RULE 17.03(13) and the Note Immediately After the Rule” published by the Stock Exchange, set out below.

$$\text{New number of Options} = \text{Existing Options} \times F$$

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{F}$$

Where F = Subdivision or Consolidation Factor

Alternation of the amended Share Option Scheme

The amended Share Option Scheme may be altered in any respect by an ordinary resolution of the Board except that the provisions of the amended Share Option Scheme as to:

- (a) the preamble;
- (b) the definitions of Eligible Person, Grantee and Option Period; and

APPENDIX II PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

- (c) the specific provisions of the amended Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Company in general meeting. However, no such alternation shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of Grantees holding Options in respect of not less than 75 per cent in nominal value of all Shares to be issued upon the exercise of all outstanding and unexercised Entitlements granted under the amended Share Option Scheme.

Any alterations to the terms and conditions of the amended Share Option Scheme which are of a material nature to the advantage of the Grantees must be approved by the shareholders of the Company in a general meeting.

Any change to the terms of any Options granted to a Grantee (including those granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates) shall be subject to the approval of the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or shareholders of the Company in general meeting (as the case may be), if the initial grant of the Options was approved by Board, the Remuneration Committee, the independent non-executive directors of the Company and/or shareholders of the Company in general meeting (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Share Option Scheme. The terms of the Share Option Scheme or the Options so altered must comply with Chapter 17 of the Listing Rules.

The powers and authority of the Board or administrator of the amended Share Option Scheme in relation to the alteration of any terms of the amended Share Option Scheme shall not be changed except with prior sanction of a resolution of the Company in general meeting.

The Company by an ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in full force in all other respects. All Options granted but unexercised prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the amended Share Option Scheme.

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

The following is a summary of the principal terms of the proposed amended RSU Scheme to be considered at the AGM.

For the purpose of this summary, the following expressions shall have the following meanings:

Actual Selling Price	the actual price at which the Award Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the RSU Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company, the consideration receivable under the related scheme or offer;
Articles	the articles of association of the Company currently in force;
associate	shall have the meaning as set out in the Listing Rules;
Award	an award granted by the Board to a Selected Participant, by way of restricted share units, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the Scheme Rules;
Award Period	the period of ten years commencing on the date on which the RSU Scheme is adopted;
Award Shares	the Shares granted to a Selected Participant in an Award;
Business Day	any day on which the Stock Exchange is open for the business of dealing in securities;
connected person	shall have the meaning as set out in the Listing Rules;

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

Employee	<u>Employee Participants and Related Entity Participants</u> , until such employee shall cease to be an employee with effect from (and including) the date of termination of his employment, and for the avoidance of doubt, a Selected Participant shall not cease to be an Employee in the case of (a) any leave of absence approved by the <u>Member</u> of the Group; or (b) transfer amongst the <u>Members</u> of the Group or any successor;
Employee Participant	<u>means any employee or director of the Company and subsidiaries of the Company (whether full-time or part-time and including persons who are granted an Award under the RSU Scheme as inducement to enter into employment or service contracts with these companies);</u>
Eligible Person	any individual, being an Employee, a director (including executive directors, non-executive directors and independent non-executive directors) <u>or a Service Provider of a Member of the Group</u> , who the Board considers, in their sole discretion, to have contributed or will contribute to the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the RSU Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the RSU Scheme and such individual shall therefore be excluded from the term Eligible Person;
Grant Date	the date on which the grant of an Award is made to a Selected Participant, being the date of an Award Letter;
Group	the Company, <u>subsidiaries of the Company, holding companies of the Company, fellow subsidiaries of the Company and associated companies of the Company</u> . The terms “subsidiary”, “holding company”, “fellow subsidiary” and “associated company” shall have the same meaning as defined under the Listing Rules, and “ Member of the Group ” shall mean any company within the Group;

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

on-market	the acquisition of Shares through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other applicable laws and regulations;
<u>Related Entity Participant</u>	<u>means any employee or director of any Members of the Group, other than Employee Participants;</u>
Related Income	all cash income derived from the vested Award Shares (i.e., cash dividends declared and paid on the Award Shares) excluding any interest earned on such cash income and held on trust for the benefit of the Selected Participant, notwithstanding whether such vested Award Shares have been transferred to the Selected Participant;
Returned Shares	such Award Shares that are not vested and/or are <u>lapsed</u> in accordance with the terms of the RSU Scheme, or such Shares being deemed to be Returned Shares under the Scheme Rules;
Returned Trust Funds	all cash income derived from the Returned Shares (i.e., cash dividends declared and paid on the Returned Shares) or otherwise derived pursuant to the RSU Scheme, in either case excluding any interest earned on such cash income or otherwise and held on trust for the purpose of the RSU Scheme;
<u>Scheme Limit Reference Date</u>	<u>the date of the AGM;</u>
Scheme Rules	the rules set out herein relating to the RSU Scheme as amended from time to time;
<u>Selected Participant(s)</u>	any Eligible Person approved for participation in the RSU Scheme and who has been granted any Award pursuant to <i>Operation of the RSU Scheme</i> ;

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

<u>Service Provider</u>	<u>means any service provider (in particular scientists, medical doctors, other consultants, professionals and/or advisors engaged by the Group pursuant to the applicable contractual arrangements) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business (including the research, development, commercialisation, marketing and/or strategic planning of drug products) which are in the interests of the long-term growth of the Group, but shall exclude placing agents, financial advisors providing advisory services for fundraising, mergers or acquisitions, or professional service providers such as the Auditor who provide assurance, or are required to perform their services with impartiality and objectivity;</u>
SFC	the Securities and Futures Commission of Hong Kong;
Shares	ordinary shares with a par value of US\$0.00001 each in the share capital of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;
Trust	the trust established by the Trustee and constituted by the Trust Deed (if any) to service the RSU Scheme;
Trust Deed	where applicable, the trust deed to be entered into between the Company and the Trustee in the context of establishment of the Trust (as may be restated, supplemented and amended from time to time);
Trustee	the trustee appointed by the Company for the purpose of administering the Trust;

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

Vesting Date the date or dates, as determined from time to time by the Board, on which the Award (or part thereof) is to vest in the relevant Selected Participant as set out in the relevant Award Letter, unless a different Vesting Date is deemed to occur; and

Conditions

The RSU Scheme shall take effect upon all of the following having been satisfied:

- (a) the passing of a resolution by the Shareholders of the Company to approve the RSU Scheme;
- (b) the approval of the Listing Committee of the Stock Exchange for the listing of and permission to deal the Shares underlying the grants pursuant to the Scheme; and
- (c) the commencement of dealings in Shares on the Stock Exchange.

Purpose

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

The RSU Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules and, where applicable, the Trust Deed. A decision of the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall be final and binding on all persons affected thereby.

Operation of the RSU Scheme

The Board may, from time to time, select any Eligible Person to be a Selected Participant and, subject to the below, grant an Award to such Selected Participant during the Award Period.

In determining the Selected Participants, the Board may take into consideration matters including the present and expected contribution of the relevant Selected Participant to the Group.

Each grant of an Award to any director of the Company, chief executive or substantial shareholder of the Company, or any of their respective associates (each term as defined in the Listing Rules) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

proposed recipient of the grant of an Award) and shall be subject to compliance with the Listing Rules. For the avoidance of doubt, the aforementioned does not apply where the grant of such Award will be funded solely by existing shares of the Company.

Notwithstanding the above, no grant of any Award Shares to any Selected Participant may be made:

- (a) in any circumstances where the requisite approval from any applicable regulatory authorities has not been granted;
- (b) in any circumstances that any Member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the amended RSU Scheme, unless the Board determines otherwise;
- (c) where such Award would result in a breach by any Member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (d) where such grant of Award would result in a breach of the Scheme Limit or the 25% (or such other percentage as approved or agreed by the Stock Exchange) minimum public float requirement as required under the Listing Rules, or would otherwise cause the Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (e) where an Award is to be satisfied by way of issue of new Shares to the Trustee, in any circumstances that cause the total Shares issued or allotted to connected persons (as defined under the Listing Rules) to be in excess of the amount permitted in the specific mandate approved by the Shareholders;

and any such grant so made shall be null and void to the extent (and only to the extent) that it falls within the circumstances above.

Timing of Awards

No Award shall be made to Selected Participants, no share buybacks or new shares shall be issued pursuant to the RSU Scheme, and no directions or recommendation shall be given to the Trustee with respect to a grant of an Award under the RSU Scheme:

- (a) after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;
- (b) during the period commencing 30-day immediately before the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

- (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No Award shall be granted during any period of delay in publishing a results announcement.

- (c) in the case of an Award to any director of the Company:
 - (i) during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
 - (ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

Award Letter and Notification of Grant of Awards

The Company shall issue a letter to each Selected Participant in such form as the Board may from time to time determine, specifying the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, and the Vesting Date and such other details as they may consider necessary (an “**Award Letter**”). Unless the Board decides otherwise and specifies the same in the Award Letter, no amount is payable on the grant of an Award.

Where a Trust has been established for the purposes of administering the amended RSU Scheme, as soon as practicable after the grant of any Award to a Selected Participant, the Company shall notify the Trustee of:

- (a) the name of each such Selected Participant to whom such an Award has been made;
- (b) the number of Award Shares to which each such Award relates; and
- (c) the date or dates on which each such Award will vest.

For the purpose of the above, the vesting criteria and conditions may include certain performance criteria to be satisfied by the Selected Participants and/or the Company and/or the Group before an Award can vest. These performance criteria will be linked to the performance of the Company, any Member of the Group (including but not limited to the Company and/or the Group’s financial performance and the achievement or attainment of certain milestones or performance targets, such as the signing of any contractual arrangements which would create considerable value for the Company or any Member of the Group, the completion of key milestones related to the development, financing or

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

commercialization of any products of the Group) and/or the Selected Participant (including but not limited to the Selected Participant's result of the year-end performance review or the probation period review).

Issue of Shares to the Trustee and Acquisition of Shares by the Trustee

Where a Trust has been established for the purposes of administering the amended RSU Scheme and if so determined by the Company, the Company shall, at such time as it considers appropriate prior to vesting of Awards and for the purposes of satisfying the grant of Awards, issue and allot Shares to the Trustee and/or transfer to the Trust the necessary funds, which shall be payable by the Company, and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price. Where any Award is to be satisfied by an allotment and issue of new Shares to the Trustee, such allotment and issue should only be made upon fulfillment of the following conditions:

- (a) the total number of Shares to be allotted and issued to the Trustee under this Plan shall not exceed the limits (as applicable to the relevant Selected Participants) specified in *Scheme Limits* below;
- (b) where applicable, the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Shares which may be allotted and issued by the Company to the Trustee pursuant to the amended RSU Scheme; and
- (c) the Selected Participants having been specified.

Subject to *Rights Issue, Open Offer, Scrip Dividend Scheme, etc.*, the Company shall instruct the Trustee whether or not to apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares, as specified by the Company, are not sufficient to satisfy the Awards granted, the Company shall, at such time as it considers appropriate prior to vesting of Awards and for purposes of satisfying the Awards granted, issue and allot further Shares to the Trustee (subject to the same conditions as set out in the above) and/or transfer to the Trust the necessary funds and instruct the Trustee to acquire further Shares through on-market transactions at the prevailing market price.

Where the Trustee has received instructions from the Company to acquire shares through on-market transactions, the Trustee shall acquire such number of Shares as instructed by the Company on-market at the prevailing market price as soon as reasonably practicable after receiving the necessary funds from the Company.

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares be paid to the Selected Participants even though the Award Shares have not yet vested, the Trustee shall hold the Award Shares, such dividends payable to the Selected Participants and Related Income (if any) on trust for the Selected Participant until the end of relevant vesting period in accordance with *Vesting of Award* below. For the avoidance of doubt, the Selected Participants do not have any automatic right to any dividend in relation to the Award Shares prior to vesting (i.e. any dividend will be held on trust and the Selected Participants will

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

only earn the dividend upon vesting, whereby the Trustee will then transfer such dividend on vesting) and the Company may provide terms and conditions relating to the acquisition of Shares in the instructions to the Trustee.

The Trustee shall only be obliged to transfer Award Shares and Related Income (if any) to Selected Participants where vesting has taken place to the extent that Award Shares and Related Income (if any) are comprised in the Trust, unless the Board instructs otherwise.

The Company shall not issue or allot Shares nor instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the SFO or other applicable laws from time to time. Where such a prohibition causes the prescribed timing imposed by the Scheme Rules or the Trust Deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first (1st) Business Day on which the prohibition no longer prevents the relevant action.

Vesting of Award

The Board may from time to time while the amended RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested hereunder. In accordance with the Listing Rules, the vesting period shall not be less than 12 months, save that the vesting period may be less than 12 months in the following circumstances:

- (a) grants of Selected Participants who are new joiners to the Group in order to replace any incentives that are lapsed and/or forfeited when leaving the previous employers;
- (b) where vesting of the Award is accelerated in accordance with the provisions of the amended RSU Scheme;
- (c) where the grants of Award contains performance-based vesting conditions, and vesting takes place as a result of the satisfaction of such performance-based vesting conditions;
- (d) grants of Awards that are made in batches during a year for administrative and/or compliance reasons, where the vesting period is then adjusted to reflect the time from which a grant would have been made; and
- (e) grants of Awards with a mixed or accelerated vesting schedule (e.g. where vesting will take place evenly over a period of not less than 12 months).

If the Vesting Date is not a Business Day, the Vesting Date shall, subject to any trading halt or suspension in the Shares, be the Business Day immediately thereafter.

Any non-statutory long leave of absence, as the Board may determine, shall be deducted from period of service for the purpose of counting vesting period.

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

For the purposes of vesting of the Award, the Board may either:

- (a) direct and procure the Trustee to release from the Trust the Award Shares and Related Income, if any, to the Selected Participants by transferring the number of Award Shares and Related Income, if any, to the Selected Participants in such manner as determined by them from time to time; or
- (b) direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares and Related Income, if any, as set out in the Vesting Notice; or
- (c) settle the vested Award in cash in lieu of delivering Award Shares and Related Income at such cash amount determined by the Board with reference to the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Vesting Date.

Except in the circumstances as set out below, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board shall send to the relevant Selected Participant a vesting notice (the “**Vesting Notice**”). The Board shall forward a copy of the Vesting Notice to the Trustee and instruct the Trustee the extent to which the Award Shares held in the Trust shall be transferred and released from the Trust to the Selected Participant in the manner as determined by the Board, or be sold as soon as practicable from the Vesting Date.

Except in the circumstances as set out below, subject to the receipt of the Vesting Notice and the instructions from the Board, the Trustee shall transfer and release the relevant Award Shares to the relevant Selected Participant in the manner as determined by the Board or sell the relevant Award Shares within any time stipulated above and pay the Actual Selling Price to the Selected Participant within a reasonable time period (in both cases with the Related Income, if any), in satisfaction of the Award.

Any stamp duty or other direct costs and expenses arising on vesting and transfer of the Award Shares and Related Income to or for the benefit of the Selected Participants, if any, shall be borne by the Company. Any duty or other direct costs and expenses arising on the sale of the Award Shares after the vesting shall be borne by the Selected Participant.

All costs and expenses in relation to all dealings with the Award Shares after vesting and transfer of the Award Shares to the Selected Participant (as the case may be) shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any such costs and expenses thereafter.

Other than the stamp duty to be borne by the Company, all other taxes (including personal income taxes, professional taxes, salary taxes and similar taxes, as applicable), duties, social security contributions, impositions, charges and other levies arising out of or in connection with the Selected Participant's participation in the amended RSU Scheme or in relation to the Award Shares, Related Income or cash amount of equivalent value of the

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

Award Shares (the “Taxes”) shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any Taxes. The Selected Participant will indemnify the Trustee and all Members of the Group/any Affiliate against any liability each of them may have to pay or account for such Taxes, including any withholding liability in connection with any Taxes. To give effect to this, the Trustee or any Member of the Group may, notwithstanding anything else in these Scheme Rules (but subject to applicable law):

- (a) reduce or withhold the number of the Selected Participant’s Award Shares underlying the Award or the amount of the Related Income (the number of Award Shares underlying the Award that may be reduced or withheld shall be limited to the number of Award Shares that have a fair market value on the date of withholding that, in the reasonable opinion of the Company is sufficient to cover any such liability);
- (b) sell, on the Selected Participant’s behalf, such number of Shares to which the Selected Participant becomes entitled under the amended RSU Scheme and retain the proceeds and/or pay them to the relevant authorities or government agency;
- (c) deduct or withhold, without notice to the Selected Participant, the amount of any such liability from any payment to the Selected Participant made under the amended RSU Scheme or from any payments due from a Member of the Group to the Selected Participant, including from the salary payable to the Selected Participant by any Member of the Group; and/or
- (d) require the Selected Participant to remit to any Member of the Group, in the form of cash or a certified bank cashier’s check, an amount sufficient to satisfy any Taxes or other amounts required by any governmental authority to be withheld and paid over to such authority by any Member of the Group on account of the Selected Participant or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

The Trustee shall not be obliged to transfer any Award Shares (or pay the Actual Selling Price of such Award Shares in cash) or Related Income to a Selected Participant unless and until the Selected Participant satisfies the Trustee and the Company that such Selected Participant’s obligations have been met.

Lapse of the Award, Cessation of Employment and Other Events

Change of Control

If there is an event of change of control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, a pro-rata part or all of the Awards may become vested and no longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, according to the terms hereof at such times and under such conditions as determined by the Board and set forth in the Award Letter.

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

Change of Position

In the event the position of a Selected Participant is changed as a part of the Company or its Subsidiaries' normal course of business, the Awards granted to him or her, whether vested or not, will remain valid in accordance with the terms and conditions herein and set forth in the Award Letter.

Resignation or other termination by the Member of the Group

In the event a Selected Participant ceases to be an Eligible Person by reason of the Selected Participant's resignation or termination by a Member of the Group of his employment, office or service other than on the grounds specified below or the circumstances under this section, the unvested portion of the Awards shall immediately lapse.

Summary Dismissal

In the event a Selected Participant ceases to be an Eligible Person of the Company by reason of the summary termination of his employment, office or service on any grounds specified below: (i) all Awards that are at that time unvested shall immediately lapse; and (ii) as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations, all Shares (if any) acquired by the Selected Participant pursuant to any vested Awards shall be repurchased by the Company at the price equal to the amount actually paid by the Selected Participant (if any), and all other cash and benefits received by the Selected Participant (if any) under the granting and/or vesting of Awards (including, for the avoidance of doubt, the price of the Shares and other Related Income as at the date that the Company exercises this right where any repurchase is not practicable or permissible) shall be repaid/returned to the Company or another Member of the Group as determined by the Board.

Death or Permanent and Complete Loss of Ability to Work

In the event a Selected Participant dies or permanently and completely loses the ability to work due to an injury as a result of the performance of his or her duty for the Company or any Member of the Group, all Awards will become vested immediately and no longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, according to the terms hereof at such times and under such conditions as determined by the Board and set forth in the Award Letter. In the event a Selected Participant dies or permanently and completely loses the ability to work for any reason other than the performance of his or her duty for the Company or any Member of the Group, the unvested portion of the Award shall immediately lapse.

Retirement

In the event an Employee ceases to be an Eligible Person upon his or her retirement (either as required under applicable laws or as mutually agreed between the Employee and the relevant Member of the Group), all Awards will become vested immediately and no

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, according to the terms hereof at such times and under such conditions as determined by the Board and set forth in the Award Letter.

Any Award, to the extent not vested, shall lapse automatically on the earliest of:

- (a) upon passing of an effective resolution for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company;
- (b) if the Selected Participant ceases to be an Eligible Person of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of gross misconduct, or has been convicted of any criminal offence involving his integrity or honesty that seriously impair the interests and benefits of the relevant Member of the Group or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant Member of the Group would be entitled to terminate his employment or office summarily at common law or pursuant to any applicable laws or under the Selected Participant's service contract with the relevant Member of the Group. A resolution of the Board or the board of directors of the relevant Member of the Group to the effect that the employment, office or service of a Selected Participant has or has not been terminated on one or more of the grounds specified in the above shall be conclusive;
- (c) where the Selected Participant is an Eligible Person of a Member of the Group (other than the Company), if such Member of the Group ceases to be a Member of the Group;
- (d) where the Selected Participant commits a breach under *Transferability and Other Rights to Award Shares* below;
- (e) where a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all Shareholders (or all Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror);
- (f) where a compromise or arrangement of any nature between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (the "scheme"), save that if for any reason the scheme is not approved by the court, the rights of the Selected Participants in respect of the Award shall with effect from the date of the making of the order by the court be restored in full and may be vested (but subject to the other terms of the amended RSU Scheme, the Trust Deed or the Award Letter) as if the scheme had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Selected Participant as a result of the aforesaid process; or

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

- (g) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Award.

Notwithstanding any other provision in the amended RSU Scheme, the Trust Deed or any Award Letter, the Board may at any time and at its discretion cancel Awards previously granted to, but not yet lapsed or vested to a Selected Participant. Where the Company cancels Awards and makes a new grant of Award to the same Selected Participant, such new grant may only be made with available limits approved by the shareholders of the Company as mentioned in *Scheme Limits* below. In other words, such cancelled Award will be regarded as utilised for the purpose of calculating the relevant limits.

Malus and Clawback

If, following the vesting of an Award, the Board in its absolute discretion determines that any of the events described below has occurred, then, as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations that, all Shares (if any) acquired by the Selected Participant pursuant to any vested Awards shall be repurchased by the Company at the price equal to the amount actually paid by the Selected Participant (if any), and all other cash and benefits received by the Selected Participant (if any) under the granting and/or vesting of Awards (including, for the avoidance of doubt, the price of the Shares and other Related Income as at the date that the Company exercises this right where any repurchase is not practicable or permissible) shall be repaid/returned to the Company or another Member of the Group as determined by the Board.

If, before an Award vests, the Board determines that any of the events described below has occurred, the Board may direct that:

- (a) the Award shall lapse in whole or in part;
- (b) the vesting of the Award will be delayed for such period as the Board may determine; and/or
- (c) the vesting of the Award will be subject to any additional conditions imposed by the Board.

In addition, the Board may direct that vesting of an Award will be delayed while any investigation is carried out which could result in any disciplinary action against a Selected Participant or any lapse of an Award or the imposition of conditions pursuant to the above. For the avoidance of doubt, vesting may occur at the end of the investigation of the relevant circumstances.

The events that may trigger the above are as follows:

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

- (a) the granting and/or vesting of any Award was based on materially inaccurate financial statements (which includes, but is not limited to, statements or earnings, revenues or gains, or other key performance metrics) or any other materially inaccurate performance metrics or criteria;
- (b) the performance forming the basis on which grant or vesting of the Award has been proved not genuine (e.g. misstatement of data, failure to disclose material information, fraud, malfeasance or violation of policies);
- (c) any term and condition set out in the Scheme Rules and the Award Letter in respect of such Award was not satisfied;
- (d) any circumstances in which the Board considers that the conduct of the Selected Participant has harmed the business or reputation of the Company or the relevant Subsidiary; or
- (e) any other circumstances in respect of which the Board considers that the application or the operation of the above would otherwise be appropriate.

The Company will determine whether a financial statement or other performance metrics or criteria is materially inaccurate in accordance with the standards consistently adopted by the Group or any similar or successor standards applicable to the Group and in effect from time to time.

Transferability and Other Rights to Award Shares

Unless waiver has been obtained from the Stock Exchange in accordance with the Listing Rules and express written consent is obtained from the Board, any Award granted hereunder but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

Any actual or purported breach of the above shall render any outstanding Award or part thereof granted to such Selected Participant as lapsed. For this purpose, a determination from the legal department of the Company or such other person(s) who is delegated with this function by the Board, to the effect that the Selected Participant has or has not breached any of the foregoing shall be final and conclusive.

Interest in the Assets of the Trust

For the avoidance of doubt:

- (a) a Selected Participant shall have only a contingent interest in the Award and Related Income (if any) subject to the vesting of such Award and Related Income (if any) in accordance with *Vesting of Award* and *Rights Issue, Open Offer, Scrip Dividend Scheme, etc.*, unless the Board determines otherwise;

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

- (b) no instructions may be given by a Selected Participant to the Trustee in respect of the Award or any other property of the Trust and the Trustee shall not follow instructions given by a Selected Participant to the Trustee in respect of the Award or any other property of the Trust;
- (c) neither the Selected Participant nor the Trustee may exercise any voting rights in respect of any Award Shares that have not yet vested;
- (d) a Selected Participant shall have no right to any dividend of the Returned Shares or any of the Returned Shares, all of which shall be retained by the Trustee for the benefit of the amended RSU Scheme;
- (e) a Selected Participant shall have no rights in the balance of the fractional shares, rounded to the nearest whole share, arising out of consolidation of Shares (if any) and such Shares shall be deemed Returned Shares for the purposes of the amended RSU Scheme;
- (f) in the event a Selected Participant ceases to be an Eligible Person on or prior to the relevant Vesting Date and the Award and Related Income (if any) in respect of the relevant Vesting Date shall lapse pursuant to the amended RSU Scheme, such Award and Related Income (if any) shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company or the Trustee, unless the Board determines otherwise at its absolute discretion; and
- (g) in the case of the death of a Selected Participant, the Award and Related Income (if any) shall lapse if no transfer of the Award and Related Income (if any) to the legal personal representatives of the Selected Participant is made within the period prescribed in the Award Letter and the legal personal representatives of the Selected Participant shall have no claims against the Company or the Trustee.

Rights Issue, Open Offer, Scrip Dividend Scheme, etc.

Open offer and rights issue

In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall seek instruction from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it.

Bonus warrants

In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not, unless otherwise instructed by the Company, subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants, and shall sell the bonus warrants created and granted to it, and the net proceeds of sale of such bonus warrants shall be held as Returned Trust Funds.

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

Scrip Dividend

In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive the cash component, which shall be treated as Related Income (for the cash income derived from Award Shares) or Returned Trust Funds (for the cash income derived from Returned Shares).

Alternations to the Share Capital

In the event of any capitalisation issue, rights issue, sub-division or consolidation of the shares in the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), the Board may make adjustments to the number of outstanding Award Shares that have been granted, provided that such adjustments must give the Selected Participant the same proportion of the share capital of the Company (rounded to the nearest whole Share), as that to which the Selected Participant was previously entitled and are made in accordance with the requirements of the Listing Rules (including the requirement for any confirmation from the independent financial advisor or the auditors of the Company).

In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding Award Shares of each Selected Participant as the Board shall consider to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the amended RSU Scheme for the Selected Participants. The Company shall provide such funds, or such directions on application of the Returned Shares or Returned Trust Funds, as may be required to enable the Trustee to purchase Shares on-market at the prevailing market price to satisfy the additional Award.

In the event of other non-cash and non-scrip distributions made by the Company not otherwise referred to in the Scheme Rules in respect of the Shares held upon Trust, the Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as Related Income of the Award Shares or Returned Trust Funds of the Returned Shares held upon Trust as the case may be.

Subject to the above principles and certification procedures, and any further or updated guidance or interpretation of the Listing Rules from time to time, the default method of adjustment shall be made in accordance with FAQ 072-2020 and its attachment (Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note Immediately After the Rule) published by the Stock Exchange, which for the ease of reference, has been set out below.

- (1) In the case of a capitalization issue or rights issue, the Company would calculate the adjusted number of Awards and adjusted price payable on the grant of any Awards (if any) by applying the formula prescribed (and as updated from time to time) by the Stock Exchange in section A(a) and A(b), respectively, of the

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

“APPENDIX TO SUPPLEMENTARY GUIDANCE ON MAIN BOARD LISTING RULE 17.03(13) and the Note Immediately After the Rule” published by the Stock Exchange, set out below:

New number of Awards = Existing Awards x F

New Price payable = Existing Price payable (if any) x $\frac{1}{F}$

Where

$F = \frac{CUM}{TEEP}$

CUM = Closing price as shown in the Daily Quotation Sheet of the Exchange on the last day of trading before going Ex-Entitlement

$TEEP$ (Theoretical Ex Entitlement Price) = $\frac{CUM + [M \times R]}{1 + M}$

M = Entitlement per existing Share

R = Subscription Price

- (2) In the case of a subdivision or consolidation of the share capital, the Company would calculate the adjusted number of Awards and adjusted price payable on the grant of any Awards (if any) by applying the formula prescribed (as updated from time to time) by the Stock Exchange in section B of the “APPENDIX TO SUPPLEMENTARY GUIDANCE ON MAIN BOARD LISTING RULE 17.03(13) and the Note Immediately After the Rule” published by the Stock Exchange, set out below:

New number of Awards = Existing Awards x F

New Price Payable = Existing Price payable (if any) x $\frac{1}{F}$

Where F = Subdivision or Consolidation Factor

Scheme Limits

The maximum number of Shares which may be allotted and issued in respect of all Awards that may be granted under the amended RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme (as this term is defined in the Listing Rules) over Shares, shall not exceed 10 per cent of the issued capital of the same class of the Company as of the Scheme Limit Reference Date (or of the date on which the refreshing of the 10 per cent limit is approved by the shareholders of the Company) (the “Scheme Limit”). Awards lapsed in accordance with the terms of the amended RSU Scheme shall not be counted for the purpose of calculating the Scheme Limit. No Award may be granted under the amended RSU Scheme if this will result in the Scheme Limit being exceeded.

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

Subject to the above, the total number of Shares which may be allotted and issued in respect of all Awards that may be granted to Service Providers under the amended RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares to Service Providers, shall not exceed 1% of the issued capital of the same class of the Company (excluding any treasury shares) as of the Scheme Limit Reference Date (or of the date on which the refreshing of the Scheme Limit is approved by the shareholders of the Company) (the “**Service Provider Sublimit**”).

No Award may be granted to any one person if such grant would result in the total number of Shares issued or to be issued in respect of all options and awards granted to such person under the amended RSU Scheme and any other share scheme over Shares (excluding any options and awards lapsed in accordance with the amended RSU Scheme or the rules of any other share schemes) in the 12-month period up to and including the date of the latest grant in aggregate to exceed 1% of the Shares in issue (excluding any treasury shares) from time to time (the “**Individual Limit**”). Where any grant of Award to a Selected Participant would exceed the Individual Limit, such grant must be separately approved by the Shareholders in general meeting in the manner prescribed by the Listing Rules. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules.

The approval of independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is intended to be a Selected Participant of the Award) will be required for each grant of Awards to a director, chief executive, or substantial shareholder of the Company or any of their respective associates.

If a grant of Awards to a director of the Company (other than an independent non-executive director) or chief executive of the Company or their respective associates will result in the total number of Shares issued and to be issued in respect of all the awards granted under the amended RSU Scheme and any other share scheme over Shares (excluding any award lapsed in accordance with the amended RSU Scheme or the rules of any other share schemes) to such person in the 12-month period up to and including the date of such grant, in aggregate to exceed 0.1% of the Shares in issue (excluding any treasury shares) from time to time, such further grant of Awards must be approved by the Shareholders in general meeting in accordance with the Listing Rules.

If a grant of Awards to a substantial shareholder or an independent non-executive director of the Company or their respective associates will result in the total number of Shares issued and to be issued in respect of all the options and awards granted under the amended RSU Scheme and any other share scheme over Shares (excluding any options and award lapsed in accordance with the amended RSU Scheme or the rules of any other share schemes) to such person in the 12-month period up to and including the date of such grant, in aggregate to exceed 0.1% of the Shares in issue (excluding any treasury shares) from time to time, such further grant of Awards must be approved by the Shareholders in general meeting in accordance with the Listing Rules.

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

Where the above applies, the Company shall procure that all the requirements of the Listing Rules relating to sending a circular to Shareholders are complied with, and the Selected Participant, his/her associates and all core connected persons of the Company must abstain from voting in favour at the relevant general meeting.

The Scheme Limit and the Service Provider Sublimit may be renewed subject to any applicable Shareholders' approval requirements under the Listing Rules. For the avoidance of doubt, the total number of Shares that may underlie all grants made pursuant to the amended RSU Scheme under the renewed limit, and pursuant to any other share scheme of the Company (excluding those scheme(s) which have expired or terminated) following the date of approval must not exceed 10% of the number of Shares in issue (excluding any treasury shares) as at the relevant date of approval. The Service Provider Sublimit as refreshed must not exceed 1% of the Shares in issue (excluding any treasury shares) as at the relevant date of approval.

The Company may seek separate Shareholders' approval in general meeting for granting Awards beyond the Scheme Limit, provided that any such grants are only made to Selected Participants specifically identified by the Company before such approval is sought. The approval must be obtained in the manner prescribed by the Listing Rules.

For the avoidance of doubt, the Scheme Limit, the Service Provider Sublimit and the Individual Limit in this section, as well as the requirements stated above, only apply to grants pursuant to the amended RSU Scheme and any other share schemes of the Company to the extent that the grants will be satisfied by newly issued Shares.

Alteration of the RSU Scheme

The amended RSU Scheme may be altered in any respect by a resolution of the Board, save that any alternations to the amended RSU Scheme which are of a material natural of any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rule to the advantage of the Selected Participants must be approved by the Shareholders in general meeting. Further, no alteration shall operate to affect adversely any subsisting rights of any Selected Participant unless otherwise provided for in the Scheme Rules, except:

- (a) with the consent in writing of Selected Participants amounting to three-fourths in nominal value of all Award Shares held by the Trustee on that date; or
- (b) with the sanction of a special resolution that is passed at a meeting of the Selected Participants amounting to three-fourths in nominal value of all Award Shares held by the Trustee on that date.

For the avoidance of doubt, the change in the subsisting rights of a Selected Participant in the above refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant.

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

For any such meeting of Selected Participants referred to in the above, all the provisions of the Articles as to general meetings of the Company shall apply mutatis mutandis as though the Shares then held by the Trustee on behalf of Selected Participants were a separate class of shares forming part of the share capital of the Company except that:

- (a) not less than seven (7) days' notice of such meeting shall be given;
- (b) a quorum at any such meeting shall be two (2) Selected Participants present in person or by proxy;
- (c) every Selected Participant present in person or by proxy at any such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Award Share awarded to him or her and held by the Trustee (but, for the avoidance of doubt, excluding for this purpose any Returned Shares);
- (d) any Selected Participant present in person or by proxy may demand a poll; and
- (e) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, being not less than seven (7) nor more than 14 days thereafter, and to such place as may be appointed by the chairman of the meeting (as appointed by the Board). At any adjourned meeting those Selected Participants who are then present in person or by proxy shall form a quorum provided that the above shall be complied with in the event of any such adjournment. At least seven (7) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Selected Participants who are then present in person or by proxy shall form a quorum provided that the above shall be complied with.

Any change to the terms of any Award granted to a Selected Participant shall be subject to the approval of the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or Shareholders of the Company in general meeting (as the case may be), if the initial grant of the Awards was approved by Board, the Remuneration Committee, the independent non-executive directors of the Company and/or Shareholders of the Company in general meeting (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the amended RSU Scheme. The terms of the amended RSU Scheme or the Awards so altered must comply with Chapter 17 of the Listing Rules.

The powers and authority of the Board or administrator of the amended RSU Scheme in relation to the alteration of any terms of the amended RSU Scheme shall not be changed except with prior sanction of a resolution of the Company in general meeting.

The amended RSU Scheme shall terminate on the earlier of:

- (a) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the amended RSU Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the amended RSU Scheme; and

APPENDIX III PROPOSED AMENDMENTS TO THE RSU SCHEME

- (b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder; provided further that for the avoidance of doubt, the change in the subsisting rights of a Selected Participant refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant.

On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made under the amended RSU Scheme, the Trustee shall sell all the Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse, forfeiture or cancellation (as the case may be) of such last outstanding Award (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale referred to in the above and the Returned Trust Funds (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Company. For the avoidance of doubt, the Trustee shall not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than the proceeds in the sale of such Shares pursuant to the above).

The following set out the details of the Directors who will retire and, being eligible, offer themselves for re-election at the AGM pursuant to the Articles.

EXECUTIVE DIRECTOR

Dr. James Qun Xue (薛群), Ph.D., M.B.A., aged 54, has served as Chairman of the Board, Director and Chief Executive Officer since the inception of our Company in January 2018 and was re-designated as an executive Director on June 21, 2021 and is a chairperson of Nomination and Corporate Governance Committee of the Company. Dr. Xue is the founder of our Company and has been actively involved in the business, strategy and operational management of our Group since its establishment.

Dr. Xue has over 24 years of experience in medical and pharmaceutical companies. Dr. Xue began his career as a scientist at Kosan Biosciences, Inc. from May 1998 to August 2000, where he dedicated himself to research in bioengineering. In 2002, Dr. Xue joined Genzyme Corporation, where he served in various positions with increasing responsibilities including, among others, the general manager of Genzyme China and senior director of business excellence, and accumulated extensive management experience there until 2011. Since June 2012, Dr. Xue has served as venture partner at Tullis Health Investors where he was principally responsible for providing advice on portfolio company investments and maintaining and enhancing company's brand and market position.

Dr. Xue is deputy director general of the China Alliance for Rare Disease (中國罕見病聯盟), deputy director of the Shanghai Foundation for Rare Disease. He has been the vice chair of the R&D committee of the China Pharmaceutical Innovation and Research Development Association (PhIRDA) since May 2016 and a member of the Leadership Council of the Joint Institute of Peking University Health Science Center and University of Michigan Medical School since August 2017. Dr. Xue has also been a member of BayHelix Group, a non-profit organization of business leaders with a mission to shape the growth of the life sciences and healthcare industry and a mentor of the Termeer Foundation, a nonprofit organization focused on connecting life science innovators and catalyzing the creation of new medicines.

Dr. Xue obtained his Bachelor of Science degree in pharmaceutical chemistry from Peking University School of Pharmacy in July 1992. He further obtained his Ph.D. in bioorganic chemistry from Brown University in April 1997. In addition, Dr. Xue received his postdoctoral degree in pharmaceutical chemistry and biochemistry from University of California in April 1998 and his Master of Business Administration from Darden School of Business, University of Virginia in May 2002.

As at the Latest Practicable Date, Dr. Xue directly held 15,159,396 Shares as beneficial owner, and indirectly held (i) 26,042,380 Shares through CTX Pharma Holdings Limited; and (ii) 15,000,000 Shares as founder of JQX 2021 Gift Trust who can influence how the trustee exercises his discretion within the meaning of Part XV of the SFO.

NON-EXECUTIVE DIRECTOR

Dr. Kan Chen (陳侃), Ph.D., aged 42, was appointed as a Director in December 2020 and re-designated as a non-executive Director on June 21, 2021 and is a member of Audit Committee of the Company. Dr. Chen is responsible for participating in formulating our Company's corporate and business strategies.

Dr. Chen has been as a non-executive director of Antengene Corporation Limited (HKEX: 6996) since March 2021 and a non-executive director of Connect Biopharma Holdings Limited (NASDAQ: CNTB) since December 2020. Dr. Chen has also been serving as a director of Jiangsu Yahong Pharmaceutical Technology Co., Ltd. (江蘇亞虹醫藥科技股份有限公司) (SSE STAR MARKET: 688176), a company principally engaged in drug innovation with a focus on urinary system tumors and other serious diseases, and Abbisko Cayman Limited, a company principally engaged in research of small molecule new drugs, from October 2020 to December 2023 and from February 2020 to June 2021, respectively. Dr. Chen has also been serving as associate and vice president and then as principal of Qiming Venture Partners, focusing on healthcare management, since February 2016. From September 2014 to January 2016, Dr. Chen had been the senior scientist of Janssen, Pharmaceutical Companies of Johnson & Johnson, responsible for drug discovery. From November 2012 to August 2014, he served as group leader of Jiangsu Hengrui Medicine Co., Ltd. (SHA: 600276) responsible for drug discovery. From September 2009 to October 2012, he served as research fellow of immunology research at Brigham and Women's Hospital of Harvard Medical School.

Dr. Chen received his Bachelor of Science degree in biological sciences from Fudan University in July 2004 and his Ph. D. degree in cell biology from Case Western Reserve University in January 2009.

As at the Latest Practicable Date, Dr. Chen did not have any interests in Shares or underlying Shares within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Peng Kuan Chan (陳炳鈞), aged 60, was appointed as an independent non-executive Director of the Company on June 11, 2021 and is a chairperson of Audit Committee and a member of Nomination and Corporate Governance Committee of the Company. Mr. Chan is responsible for supervising and providing independent judgment to our Board.

Mr. Chan has over 27 years of experience in corporate financing, investment banking, initial public offering, mergers and acquisitions as well as financial management. Mr. Chan has been serving as an independent non-executive director of Yincheng International Holding Co., Ltd. (HKEX: 1902) since February 2019 and an independent non-executive director of Yonghe Medical Group Co., Ltd. (雍禾醫療集團有限公司) (HKEX: 2279) since June 2021.

From October 2017 to May 2019, Mr. Chan was the chief financial officer of Elegance Optical International Holdings Ltd (HKEX: 0907), where he was responsible for corporate finance and financial management. Prior to this, from January 2012 to September 2017, Mr. Chan served as the chief operating officer of CITIC Merchant Co., Limited, responsible for formulating business strategies and executing business plans of the company.

Between January 2011 and November 2011, Mr. Chan served as Head of Asia CIG and Cleantech of Piper Jaffray Asia Limited. Mr. Chan served as the managing director of corporate finance – Great China coverage department, and an executive director of corporate finance department of BNP Paribas Capital (Asia Pacific) Limited from July 2006 to January 2011 and from March 2005 to June 2006, respectively. Between August 2000 and December 2004, Mr. Chan served as an executive director of Sanyuan Group Limited (三元集團有限公司), a company delisted from the Stock Exchange in December 2009 (stock code: 140) which principally engaged in property investment and bio-pharmaceuticals, with the mission of restructuring its business activities and materialising its debt restructuring plan. He served BNP Prime Peregrine Capital Limited from May 1994 to August 2000 where his last position was an executive director.

Mr. Chan received his bachelor's degree in commerce from University of Canterbury in May 1989 and received his master's degree in applied finance from Macquarie University in November 1998. He has been a Chartered Accountant of Chartered Accountants Australia and New Zealand since November 1992. He has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants ("HKICPA") since July 1993.

As at the Latest Practicable Date, other than 250,000 Shares granted under the 2019 equity incentive plan adopted by the Company on July 25, 2019, as amended on June 11, 2021, Mr. Chan did not have any interests in Shares or underlying Shares within the meaning of Part XV of the SFO.

NOTICE OF AGM



CANbridge Pharmaceuticals Inc.

北海康成製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1228)

NOTICE OF AGM

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “AGM”) of CANbridge Pharmaceuticals Inc. (北海康成製藥有限公司) (the “Company”) will be held virtually via electronic means without physical attendance on Thursday, June 27, 2024 at 9:00 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “Directors”) and the auditor of the Company for the year ended December 31, 2023.
2.
 - (i) To re-elect Dr. James Qun Xue as an executive Director.
 - (ii) To re-elect Dr. Kan Chen as a non-executive Director.
 - (iii) To re-elect Mr. Peng Kuan Chan as an independent non-executive Director.
3. To consider the re-appointment of Ernst & Young as the auditor of the Company for the year ending December 31, 2024 and to authorize the Board to fix its remuneration.
4. To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

“THAT:

- (a) subject to the following provisions of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company (the “Shares”) (including any sale or transfer of treasury shares (which shall have the meaning ascribed to it under the Listing Rules coming into effect from 11 June 2024)), and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of the conversion rights attaching to any convertible securities issued by the Company; (iii) the exercise of warrants to subscribe for Shares; (iv) the exercise of options granted under any share option scheme or similar arrangement for the time being adopted by the Company; or (v) an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (the “**Articles**”); shall not exceed 20% of the total number of Shares in issue (excluding any treasury shares) as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company; and
 - (ii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in general meeting.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to the holders of Shares or any class of Shares whose names appear on the registers of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

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

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the

NOTICE OF AGM

Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) or those of any other recognized stock exchange as amended from time to time, the Companies Act and all other applicable laws in this regard, be and is hereby generally and unconditionally approved;

- (b) the aggregate number of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the total number of Shares in issue (excluding any treasury shares) as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
 - (c) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company; and
 - (ii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”
6. To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

“THAT conditional upon resolutions numbered 4 and 5 set out in this notice of annual general meeting (the “**Notice**”) being duly passed, the unconditional general mandate granted to the Directors to allot, issue and deal with additional Shares (including any sale or transfer of treasury shares (which shall have the meaning ascribed to it under the Listing Rules coming into effect from 11 June 2024)) and to make or grant offers, agreements, and options which might require the exercise of such powers pursuant to resolution numbered 4 set out in this Notice be and is hereby extended by the additional thereto of an amount representing the aggregate number of Shares repurchased by the Company under the authority granted pursuant to resolution numbered 5 set out in this Notice, provided that such amount shall not exceed 10% of the total number of Shares in issue (excluding any treasury shares) as at the date of passing the resolution.”

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

“**THAT:**

- (a) the post-IPO share option scheme adopted by resolution of the Shareholders on November 18, 2021 (as amended) (the “**Share Option Scheme**”), the terms and conditions of which (together with the refreshed scheme limit

NOTICE OF AGM

thereunder) set out in the document produced to this meeting marked “A” and for the purposes of identification initialed by the chairman of this meeting, be and is hereby approved and adopted;

- (b) the Service Provider Sublimit under the Share Option Scheme, namely the total number of Shares which may be allotted and issued in respect of all Options that may be granted to Service Providers under the amended Share Option Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares to Service Providers, shall not exceed 1 per cent of the issued capital of the same class of the Company (excluding any treasury shares) as of the date of passing this resolution, be and is hereby approved and adopted; and
 - (c) the Directors be and are hereby authorised to grant awards thereunder and to allot, issue, procure the transfer of and otherwise deal with any shares of the Company in connection with the Share Option Scheme and to do all such acts as they may in their absolute discretion consider necessary or expedient in order to give full effect to the Share Option Scheme.”
8. To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

“THAT:

- (a) the post-IPO share award scheme adopted by resolution of the Shareholders on November 18, 2021 (as amended) (the “**RSU Scheme**”), the terms and conditions of which (together with the refreshed scheme limit thereunder) set out in the document produced to this meeting marked “B” and for the purposes of identification initialed by the chairman of this meeting, be and is hereby approved and adopted;
- (b) the Service Provider Sublimit under the RSU Scheme, namely the total number of Shares which may be allotted and issued in respect of all Awards that may be granted to Service Providers under the amended RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares to Service Providers, shall not exceed 1% of the issued capital of the same class of the Company (excluding any treasury shares) as of the date of passing this resolution, be and is hereby approved and adopted; and
- (c) the Directors be and are hereby authorised to grant awards thereunder and to allot, issue, procure the transfer of and otherwise deal with any shares of the Company in connection with the RSU Scheme and to do all such acts as they may in their absolute discretion consider necessary or expedient in order to give full effect to the RSSU Scheme.”

NOTICE OF AGM

Yours faithfully,
By order of the Board
CANbridge Pharmaceuticals Inc.
Dr. James Qun Xue
Chairman

Hong Kong, June 6, 2024

Notes:

1. As set out in the section headed “Arrangements for the virtual AGM” of the circular of the Company date June 6, 2024, the AGM will be held as a virtual meeting. Shareholders who wish to appoint a proxy to attend and vote at the AGM shall appoint the Chairman of the AGM as their proxy by completing, signing and returning the form of proxy in accordance with the instructions stated thereon to the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong (in the case of an appointment of proxy in hard copy or for a poll taken more than 48 hours) or to the electronic address specified in the AGM notice or in the form of proxy (in the case of appointment of proxy in electronic form or for a poll taken more than 48 hours). For the AGM convened to be held on Thursday, June 27, 2024 at 9:00 a.m., the deadline to submit completed forms of proxy is Tuesday, June 25, 2024 at 9:00 a.m. in the case of an appointment of proxy in hard copy form or in electronic form, or after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll in the case of a poll taken more than 48 hours.
2. At the AGM, the Chairman of the meeting will put each of the above resolutions to be voted by way of a poll as required under the Rule 13.94(4) of the Listing Rules and pursuant to article 72 of the memorandum and articles of association of the Company (the “**Articles**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
3. Any Shareholder entitled to attend and vote at the AGM in person is entitled to appoint more than one proxy to attend and on a poll, vote instead of him/her/it. A proxy need not be a Shareholder.
4. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must:
 - (a) in the case of an appointment of proxy in hard copy, be deposited at the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 48 hours before the time appointed for holding the AGM or any adjournment or postponement thereof;
 - (b) in the case of appointment of proxy in electronic form, be received at the electronic address specified in the notice of AGM or in the form of proxy no later than 48 hours before the time appointed for holding the AGM or any adjournment or postponement thereof; or
 - (c) in the case of a poll taken more than 48 hours, be received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.
5. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting at the AGM or any adjournment or postponement thereof should the Shareholder so desire.
6. For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 24, 2024 to Thursday, June 27, 2024, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, June 21, 2024.

NOTICE OF AGM

7. With respect to resolution numbered 2 in this notice, Dr. James Qun Xue, Dr. Kan Chen and Mr. Peng Kuan Chan shall retire from office of directorship and shall offer themselves for re-election in accordance with the Articles. Details of their information which are required to be disclosed under the Listing Rules are set out in Appendix IV to the circular of the Company dated June 6, 2024.
8. Holders of treasury shares, if any, have no voting rights at the AGM.

Arrangements for the Virtual AGM

The Company will adopt the following arrangements at the virtual AGM:

- (a) all resolutions at the AGM will be decided on a poll. Shareholders will still be able to vote by doing so in advance of the AGM by proxy. Shareholders who wish to appoint a proxy to attend and vote at the AGM shall appoint the Chairman of the AGM as their proxy.
- (b) Shareholders should attend, participate and vote at the AGM through online access by visiting the website – <http://meetings.computershare.com/CANPAGM2024> (the “**Online Platform**”). Shareholders participating in the AGM will be counted towards the quorum and they will be able to cast their vote and submit questions through the Online Platform. The Online Platform will be open for registered Shareholders and non-registered Shareholders (see Company’s circular dated June 6, 2024 for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the AGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures. Please refer to the Online User Guide for the AGM at <https://www.canbridgepharma.com> for assistance.
- (c) Shareholders attending the AGM will be able to submit questions relevant to the Company’s proposed resolution online during the AGM. Shareholders can also send their questions to the Company by email from Wednesday, June 19, 2024 (9:00 a.m.) to Tuesday, June 25, 2024 (5:00 p.m.) to AGM@canbridgepharma.com. (for registered Shareholders, please state the 10-digit shareholder reference number starting with “C” (SRN) as printed on the top right corner of the Company’s notification letter).

As of the date of this notice, the Board comprises Dr. James Qun Xue as executive Director; Dr. Kan Chen and Mr. Edward Hu as non-executive Directors; and Dr. Richard James Gregory, Mr. James Arthur Geraghty, Mr. Peng Kuan Chan and Dr. Lan Hu as independent non-executive Directors.