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## 北京昭衍新藥研究中心股份有限公司

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

The Board hereby announces that on August 15, 2022, at the 34th meeting of the third session of the Board, the Board resolved and approved, among other things, (i) the proposed adoption of the 2022 Restricted A Share Incentive Scheme; (ii) the proposed issue of Restricted A Shares under Specific Mandate; (iii) the proposed adoption of the Assessment Administrative Measures on the Implementation of the 2022 Restricted A Share Incentive Scheme; (iv) the proposed authorization to the Board to deal with matters relating to the 2022 Restricted A Share Incentive Scheme; (v) the proposed adoption of the 2022 A Share Employee Stock Ownership Plan; (vi) the proposed adoption of the Administrative Measures on the 2022 A Share Employee Stock Ownership Plan; and (vii) the proposed authorization to the Board to deal with matters relating to the 2022 A Share Employee Stock Ownership Plan.

Items (1) to (4) above are subject to the approval by the Shareholders at the EGM and the Class Meetings by way of special resolutions, while items (5) to (7) are subject to the approval by the Shareholders at the EGM by way of special resolutions.

In order to further establish and improve the Company's long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of the Company's employees, ensure the realization of the Company's development strategy and business objectives, and promote the long-term development of the Company, the Incentive Scheme is formulated in accordance with the Company Law, the Securities Law, the Administrative Measures and other relevant laws, regulations and regulatory documents as well as the provisions of the Articles of Association, on the premise of fully protecting the interests of its shareholders.

## **1. *Basis for Determining the Participants of the Incentive Scheme***

### *Legal Basis for Determining the Participants of the Incentive Scheme*

The Participants are determined in accordance with the Company Law, the Securities Law, the Administrative Measures, the SSE Listing Rules, the Hong Kong Listing Rules and other relevant laws, regulations and regulatory documents, as well as provisions of the Articles of Association with reference to the actual situations of the Company.

### *Position Basis for Determining the Participants of the Incentive Scheme*

The Participants shall be the Directors (including its controlling subsidiaries), senior management and core technical (business) personnel (excluding the independent Directors, Supervisors, shareholders individually or in aggregate holding more than 5% of the Shares or the de facto controllers and their spouses, parents or issues).

## **2. *The Scope of Participants of the Incentive Scheme***

There are 611 Participants under the Incentive Scheme, including:

- (1) directors and senior management personnel;
- (2) core technical (business) personnel.

The Participants shall not include the independent Directors and Supervisors, shareholders individually or in aggregate holding more than 5% of the Shares or the de facto controllers and their spouses, parents or issues.

All Participants must serve the Company (including its controlled subsidiaries) and enter into labour contracts upon the grant of the equity by the Company and during the assessment period of the Incentive Scheme.

(3) All Participants shall not have any circumstances in which a person is prohibited from being a Participant:

1. he/she has been identified as an inappropriate candidate by any stock exchange within the previous 12 months;
2. he/she has been identified as an inappropriate candidate by CSRC and its agencies within the previous 12 months;
3. he/she has been subject to administrative penalty or prohibition from market access imposed by CSRC and its agencies due to material violations of laws and regulations within the previous 12 months;
4. he/she is prohibited from acting as a director or a member of the senior management of the Company pursuant to the Company Law;
5. he/she is prohibited from participating in equity incentives of listed companies pursuant to laws and regulations;
6. other circumstances as determined by the CSRC.

### ***3. Verification of Participants of the Incentive Scheme***

- (1) After the Incentive Scheme is reviewed and approved by the Board, the Company shall, before convening a general meeting, an A Share class meeting and a H Share class meeting, internally publish the names and the positions of the Participants for a period of not less than 10 days via the Company's website or by other means.
- (2) The Supervisory Committee shall verify the list of the Participants and thoroughly consider opinions from the public. The Company shall publish the opinions of the board of supervisors on the verification and the public opinions in relation to the list of the Participants 5 days before the Incentive Scheme is considered at a General Meeting, an A Share class meeting and a H Share class meeting. Any adjustments to the lists of the Participants made by the Board of the Company shall also be subject to verification by the Supervisory Committee.

- (3) After the list of Participants is determined, if connected persons are involved, the Company will perform corresponding disclosure obligations in a timely manner, under the Listing Rules or other applicable laws or regulations, including the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Company will establish an independent board committee to advise the independent shareholders of the Company in respect of the grant of Restricted Shares to incentive recipients who are connected persons of the Company. The Company will also appoint an independent financial adviser to advise the independent board committee of the Company and the independent shareholders in respect of the grant of Restricted Shares by the Company to the Participants who are connected persons.

The source of the underlying shares under the Incentive Scheme shall be ordinary A Shares of the Company to be issued to the Participants by the Company.

The Incentive Scheme proposes to grant 1,400,600 Restricted Shares to the Participants, the underlying shares of which are RMB ordinary A Shares, representing approximately 0.262% of the total issued share capital of the Company as at the date of this announcement.

The total number of underlying shares involved in all the share incentive schemes of the Company within the validity period does not exceed 10% of the total share capital of the Company as at the date of this announcement. The number of Restricted Shares to be granted to any particular Participant under the Incentive Scheme does not exceed 1% of the total share capital of the Company as at the date of this announcement.

During the period from the date of announcement of the Incentive Scheme to the completion of the registration of Restricted Shares, in case of any capitalisation issue, bonus issue, sub-division or consolidation of shares, rights issue or dividend distribution made by the Company, corresponding adjustment shall be made to the number of grant of Restricted Shares according to the Incentive Scheme.

The allocation of the Restricted Shares to be granted under the Incentive Scheme among the Participants is set out in the table below:

		(0'000 shares)		
		Number of Restricted Shares	Percentage of Restricted Shares	Percentage of Total Shares
Zuo Conglin	Director	1.10	0.79%	0.002%
Gao Dapeng	Director, Secretary to the Board of Directors, General Manager	1.10	0.79%	0.002%
Sun Yunxia	Director, Vice General Manager	1.10	0.79%	0.002%
Gu Jingliang	Vice General Manager	1.10	0.79%	0.002%
Core technical (business) personnel (607 Participants)		135.66	96.86%	0.254%
Total (611 Participants)		140.06	100.00%	0.262%

*Notes:*

1. The total number of the Shares and options granted/to be granted to any Participant under all share incentive schemes of the Company which are within their validity period do not exceed 1% of the total share capital of the Company as at the date of this announcement. The cumulative total number of underlying Shares involved under all share incentive schemes of the Company which are within their validity period do not exceed 10% of the Company's total share capital as of the date on which the Incentive Scheme is submitted for approval at the Extraordinary General Meeting and the Class Meetings. If the Participants voluntarily give up the granted rights for personal reasons, the Board shall adjust the number of grants accordingly, and when a Participant subscribes for Restricted Shares and does not have sufficient funds, the amount of the Restricted Shares may be reduced accordingly.
2. The Participants under the Incentive Scheme shall not include the independent directors, Supervisors, shareholders individually or in aggregate holding more than 5% of the Shares or the de facto controllers and their spouses, parents or issues.
3. Any discrepancies between part of the total shown and the sum of the breakdown figures are

**(A) *Validity Period***

The validity period of the Incentive Scheme shall commence from the completion date of registration of the grant of the Restricted Shares and end on the date on which all the Restricted Shares granted to the Participants are unlocked or repurchased and cancelled, and shall not exceed 48 months.

**(B) *Grant Date***

The Grant Date shall be determined by the Board after the Incentive Scheme is considered and approved at the general meeting and the class meetings of the Company, and shall be a trading day. The Company shall grant the Restricted Shares and complete the announcement and registration procedures within 60 days after the consideration and approval at the general meeting and the class meetings. Where the Company fails to complete the above within 60 days, it shall timely disclose the reasons for the failure and declare the termination of the Incentive Scheme, and the Restricted Shares which have not been granted shall lapse and the Restricted Share Incentive Scheme shall not be considered again within 3 months from the date of announcement. However, according to the relevant rules, the 60-day period excludes the periods in which the Company is prohibited from granting restricted shares.

The Company shall not grant any Restricted Shares to the Participants during the following periods:

1. The period commencing from 60 days prior to the annual results announcement of the Company, or 30 days prior to the half-year/quarterly results announcement and the date of announcement. Where the date of announcement of the regular report is postponed due to special reasons, the period shall commence 30 days prior to the original scheduled date of announcement and end on the day prior to the announcement;
2. within ten days prior to the announcement of results forecast and preliminary results;
3. until the date of disclosure in accordance with the law, from the date of occurrence of a major event that may have a significant impact on the trading price of the Shares of the Company and derivatives or the date of entering into the decision-making process;
4. such other period as stipulated by the CSRC and the Stock Exchanges.

In case of the Directors and the Company's senior management, who are the Participants, reduce their shareholding in the Company 6 months before the grant of the Restricted Shares, the grant of the Restricted Shares shall be postponed for 6 months from the date of the last shareholding reduction in accordance with the short-swing trading provisions under the Securities Law.

**(C) *Unlocking Arrangement***

The lock-up period of the Restricted Shares granted under the Incentive Scheme shall be 12 months, 24 months and 36 months from the completion date of registration of the grant of the Restricted Shares to the Participants, respectively. The Restricted Shares granted to the Participants under the Incentive Scheme shall not be transferred, pledged or used for repayment of debts before the unlocking. Shares obtained by the Participants due to the

**(D) Lock-up Period**

The lock-up provisions of the Incentive Scheme shall be implemented in accordance with the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents and the Articles of Association. Details of which are as follows:

1. where a Participant is a Director or a member of the senior management of the Company, Shares transferred by the Participant each year during his/her term of office shall not exceed 25% of the total number of Shares held by him/her and the Shares held by him/her shall not be transferred within six months after he/she leaves office;
2. where a Participant is a Director or a member of the senior management of the Company and he/she disposes of any Shares of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall belong to the Company and the Board shall forfeit such gains;
3. where, during the validity period of the Incentive Scheme, there is any change to the requirements regarding the transfer of Shares held by the Directors and senior management of the Company under the Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, the transfer of Shares of the Company held by the Participants shall comply with the amended requirements at the time of transfer.

**(A) Grant Price of the Restricted Shares**

The Grant Price under the Incentive Scheme shall be RMB39.87 per share. That is, the Participants may purchase the Restricted Shares of the Company at the price of RMB39.87 per Share upon satisfaction of the grant conditions.

**(B) Basis of Determination of the Grant Price**

The Grant Price shall not be lower than the nominal value of the Shares and shall not be lower than the higher of the following:

1. 50% of the average trading price of the A Shares for the last trading day preceding the date of this announcement (total trading amount for the last trading day/total trading volume for the last trading day) of RMB79.74 per Share, being RMB39.87 per Share;
2. 50% of the average trading price of the A Shares for the last 120 trading day preceding the date of this announcement (total trading amount of the A Shares of for the last 120 trading day/total trading volume of the A Shares of for the last 120 trading day) of RMB79.18 per share, being RMB39.59 per Share.

(A) *Conditions of Grant of the Restricted Shares*

The Company shall grant the Restricted Shares to the Participants upon satisfaction of all of the following conditions of grant. On the contrary, where any of the following conditions of grant is not satisfied, no Restricted Shares shall be granted to the Participants.

1. *None of the following occurred to the Company:*

- (1) the registered public accountant issues an audit report with adverse opinion or disclaimer of opinion on the financial and accounting report for the previous accounting year;
- (2) the registered public accountant issues an audit report with adverse opinion or disclaimer of opinion on the internal control of the financial report for the previous accounting year;
- (3) the Company fails to implement a profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months immediately following the listing;
- (4) the implementation of share incentive schemes is prohibited by laws and regulations;
- (5) other circumstances as determined by the CSRC.

2. *None of the following occurred to the Participants:*

- (1) he/she has been identified as an inappropriate candidate by the Sock Exchanges within the previous 12 months;
- (2) he/she has been identified as an inappropriate candidate by the CSRC and its agencies within the previous 12 months;
- (3) he/she has been subject to administrative punishment or market ban measures by the CSRC and its agencies due to material violations of laws and regulations within the previous 12 months;
- (4) he/she is prohibited from acting as a director or a member of the senior management of the Company pursuant to the Company Law;
- (5) he/she is prohibited from participating in equity incentives of listed companies pursuant to laws and regulations;
- (6) other circumstances as determined by the CSRC.

**(B) *Unlocking Conditions of the Restricted Shares***

During the unlocking period, the Restricted Shares granted to the Participants can only be unlocked when all of the following conditions are satisfied:

*1. None of the following occurred to the Company:*

- (1) the registered public accountant issues an audit report with adverse opinion or disclaimer of opinion on the financial and accounting report for the previous accounting year;
- (2) the registered public accountant issues an audit report with adverse opinion or disclaimer of opinion on the internal control of the financial report for the previous accounting year;
- (3) the Company fails to implement a profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months immediately following the listing;
- (4) the implementation of share incentive schemes is prohibited by laws and regulations;
- (5) other circumstances as determined by the CSRC.

*2. None of the following occurred to the Participants:*

- (1) he/she has been identified as an inappropriate candidate by the Stock Exchanges in the previous 12 months;
- (2) he/she has been identified as an inappropriate candidate by the CSRC and its agencies in the previous 12 months;
- (3) he/she has been subject to administrative punishment or market ban measures by the CSRC and its agencies due to material violations of laws and regulations in the previous 12 months;
- (4) he/she is prohibited from acting as a director or a member of the senior management of the Company pursuant to the Company Law;
- (5) he/she is prohibited from participating in equity incentives of listed companies pursuant to laws and regulations;
- (6) other circumstances as determined by the CSRC.

Where any of the circumstances stipulated in the above “1. None of the following occurred to the Company” occurs to the Company, all Restricted Shares granted to the Participants but not yet unlocked shall be repurchased and cancelled by the Company at the Grant Price. Where any of the circumstances stipulated in the above “2. None of the following occurred to the Participants” occurs to a Participant, the Restricted Shares granted to such Participant but not yet unlocked shall be repurchased and cancelled by the Company at the Grant Price.

### 3. *Performance Appraisal Requirements of the Company*

The unlocking appraisal year of the Incentive Scheme is three accounting years from 2022 to 2024, and the appraisal will be conducted once every accounting year. The annual performance appraisal targets of the Restricted Shares are set out in the table below:

I	II
First Unlocking Period	Based on the operating income for 2021, the growth rate of operating income for 2022 shall not be less than 35.00%;
Second Unlocking Period	Based on the operating income for 2021, the growth rate of operating income for 2023 shall not be lower than 82.25%;
Third Unlocking Period	Based on the operating income for 2021, the growth rate of operating income for 2023 shall not be lower than 146.04%.

*Note:* The above financial indicators are subject to the audited and publicly published financial reports of the Company for the respective year.

Where the Company fails to meet the above performance appraisal targets, all the Restricted Shares of the Participants which are planned to be unlocked in the corresponding appraisal year shall not be unlocked, and shall be repurchased at the Grant Price and cancelled by the Company.

### 4. *Performance Appraisal Requirements of Individual Participants*

The Remuneration and Appraisal Committee will conduct an annual appraisal on the Participants and determine the proportion of unlocking based on the appraisal results. The actual unlocking amount of a Participant for the current year = the unlocking ratio at individual level × the planned unlocking amount of the Participant for the current year.

The performance appraisal results of the Participants are divided into five grades, namely A, B, B-, C and D, and the assessment form is applicable to the Participants. The unlocking ratio of the Participants shall be determined according to the following table:

Appraisal Results	A	B	B-	C	D
Proportion to be Unlocked	100%		50%	0%	

The Restricted Shares which cannot be unlocked due to the failure of individual performance appraisal of a Participant for the current year shall be repurchased at the Grant Price and cancelled by the Company.

**(C) *Scientificity and Reasonableness of the Appraisal Indicators***

The Restricted Shares appraisal indicators of the Company are in line with the basic requirements of laws and regulations as well as the Articles of Association. The appraisal indicators of the Restricted Shares are divided into two levels, namely the performance appraisal at the company level and the performance appraisal at the individual level.

The performance appraisal indicator at the company level is the growth rate of operating income, which is an important indicator for measuring the operating conditions and market share of an enterprise and predicting the development trend of the enterprise's business because an increasing operating income is the basis for the survival and development of an enterprise. With reasonable prediction and taking into account the incentive effect of the Incentive Scheme, the Company has determined to use the operating income for 2021 as the base, with the growth rate of operating income of 2022, 2023 and 2024 not less than 35.00%, 82.25% and 146.04%, respectively.

In addition to the performance appraisal at the company level, the Company has also set up a strict performance appraisal system at the individual level of the Participants, which can make a more accurate and comprehensive evaluation on the performance of the Participants. The Company will determine whether the Participants meet the conditions for unlocking based on their performance appraisal results for the previous year.

In conclusion, the appraisal system of the Incentive Scheme is complete, comprehensive and operable, and the appraisal indicators are scientific and reasonable, which are binding on the Participants and can achieve the appraisal purpose of the Incentive Scheme.

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company during the period from the date of this announcement to the completion of registration of the Restricted Shares by the Participants of the Restricted Share Incentive Scheme, the number of Restricted Shares and the Grant Price shall be adjusted accordingly.

Accordance to the requirements of the “Accounting Standards for Business Enterprises No. 11 – Share-based Payments”, on each balance sheet date during the lock-up period, the Company shall revise the number of Restricted Shares expected to be unlocked with reference to the changes in the latest available number of persons eligible to unlock the Restricted Shares and the completion status of performance indicators, and recognize the services obtained in the current period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares as at the grant date.

**(A) Accounting Treatment**

*1. Grant Date*

Bank deposits, share capital, capital reserve, treasury shares and other payables are recognised according to the grant of Shares by the Company to the Participants.

*2. Each Balance Sheet Date during the Lock-up Period*

According to the requirements of the accounting standards, on each balance sheet date within the lock-up period, the services provided by employees shall be included in the costs and expenses, and the owner’s equity or liabilities shall also be recognized.

*3. Unlocking Date*

On the unlocking date, Shares can be unlocked if the unlocking

**(B) Expected Impact of the Implementation of the Restricted Shares on the Operating Results for Each Period**

The total expenses to be recognized for the grant of 1,400,600 Restricted Shares is expected to be RMB55,799,990, which shall be borne by the Company in proportion to each unlocking during the lock-up period of the Incentive Scheme, and the capital reserve will be increased accordingly. Assuming the grant date being early November 2022, the amortization of the cost of the Restricted Shares from 2022 to 2025 is estimated as follows:

(0'000 shares)	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)
140.06	5,579.99	666.50	3,533.99	1,069.50	310.00

*Notes:*

1. The above results do not represent the final accounting cost. The actual accounting costs are not only related to the actual grant date, the Grant Price and the number of grants, but also related to the actual number of effective and lapsed grants. Shareholders of the Company are also reminded of the potential dilution effect.
2. The final results of the above impact on the operating results of the Company shall be subject to the annual audit report issued by the accounting firm.

Based on the current information, the Company preliminarily estimates that, without taking into account the stimulation effects of the Incentive Scheme on the Company's performance, the amortization of the expenses of the Restricted Shares will have an impact on the net profit of each year during the validity period of the Incentive Scheme, but the impact is not significant. If taking into account the positive impact of the Incentive Scheme on the development of the Company, which will stimulate the enthusiasm of the core team, improve the operating efficiency and reduce the agency costs, the impact of the improvement in the Company's performance brought by the Incentive Scheme will be much higher than that of the increase in the expenses arising therefrom.

1. Where the Company intends to amend the Incentive Scheme before it is deliberated at a general meeting and class meetings, the amendments shall be deliberated and approved by the Board.
2. Where the Company terminates the Incentive Scheme after the Incentive Scheme is deliberated and approved at a general meeting and class meetings, the amendments shall be deliberated and approved at a general meeting and class meetings, and such amendments shall not include the following circumstances:
  - (1) an early unlocking;
  - (2) a reduction of the Grant Price;
  - (3) the independent Directors and the Supervisory Committee shall give independent opinions on whether the amended scheme is beneficial to the sustainable development of the listed company and whether there is any apparent prejudice to the interests of the Company and its shareholders; and
  - (4) a law firm shall give professional advices on whether the amended Scheme complies with the requirements of the Administrative Measures and relevant laws and regulations and whether there is any apparent prejudice to the interests of the Company and all its shareholders.

1. Where the Company intends to terminate the implementation of the Incentive Scheme before it is deliberated at a general meeting and class meetings, the termination shall be deliberated and approved by the Board.
2. Where the Company terminates the Incentive Scheme after the Incentive Scheme is deliberated and approved at a general meeting and class meetings, the termination shall be deliberated and approved at a general meeting and class meetings.

Where the Company repurchases and cancels Restricted Shares in accordance with the provisions of the Incentive Scheme, unless otherwise agreed in the Incentive Scheme, the repurchase price shall be the Grant Price, unless the repurchase price is subject to adjustment in accordance with the Incentive Scheme.

Upon completion of the registration of the Restricted Shares granted to the Participants, in the event of any capitalisation issue, bonus issue, sub-division, rights issue, consolidation of Shares or distribution of dividends or other events affecting the total share capital of the Company or the Share price of the Company, the Company shall make corresponding adjustments to the repurchase price and repurchase quantity of the Restricted Shares which have not been unlocked.

The Company shall promptly convene a Board meeting to consider the repurchase adjustment plan according to the Incentive Scheme, submit the repurchase plan to the general meeting and class meetings for approval according to the Incentive Scheme and make a timely announcement.

Subject to the approval by the shareholders of the Company at the EGM and the Class Meetings, the Board has resolved to grant no more than 1,400,600 Restricted Shares, representing approximately 0.262% of the total issued share capital of the Company and 0.312% of the total issued A Shares as at the date of this announcement, all of which will be granted to no more than 611 Participants under the Incentive Scheme. The Restricted Shares to be granted will be issued and allotted under the Specific Mandate which may be granted at the EGM and the Class Meetings.

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

An amount of not more than RMB55,799,900, being the total Grant Price, will be paid by the Participants to subscribe for 1,400,600 Restricted Shares under the Incentive Scheme. The proceeds received by the Company from the Incentive Scheme will be used to replenish the working capital of the Group.

The Grant Price of the Restricted Shares shall be RMB39.87 per A Share under the Incentive Scheme, which is determined with reference to the basis set out in the section headed “I. Proposed Adoption of the 2021 Restricted A Share Incentive Scheme – (VII) Grant Price and Basis of Determination of Grant Price” above. Participants who satisfy the grant conditions may purchase the Restricted Shares issued by the Company at the Grant Price.

The shareholding structure of the Company, before and after all the Restricted Shares granted to the Participants under the Incentive Scheme have been issued and unlocked, is as follows:

Number of A Shares	534,191,429	535,592,029
Number of H Shares	84,996,576	84,996,576
Total	<u>619,188,005</u>	<u>620,588,605</u>

The par value of our A Shares is RMB1.00 per A Share. The aggregate nominal value of the Restricted Shares to be granted under the Incentive Scheme shall not exceed RMB1,400,600.

The Company has not conducted any equity fund raising activity in the 12 months preceding the date of this announcement.

In order to further improve the corporate governance structure of the Company, establish and enhance the Company's incentive mechanism and ensure the smooth implementation of the Incentive Plan, the Assessment Administrative Measures on the Implementation of Incentive Scheme is formulated in accordance with the requirements of relevant laws and regulations and the actual conditions of the Company. The full text of the Assessment Administrative Measures on the Implementation of Incentive Scheme will be set out in the circular to be despatched to the shareholders of the Company in due course.

In order to implement the Incentive Scheme, the Board proposes at a general meeting and the Class Meetings to authorize the Board to deal with the following in relation to the Incentive Scheme:

1. It will be proposed at a general meeting of the Company to authorize the Board to implement the following of the Incentive Scheme:
  - (1) to authorize the Board to determine the Grant Date of the Incentive Scheme;
  - (2) to authorize the Board to make corresponding adjustments to the number of the Restricted Shares and the number of underlying shares involved in the event of capitalisation issue, bonus issue, sub-division or consolidation of Shares or rights issue in accordance with the methods stipulated in the Incentive Scheme (Draft);
  - (3) to authorize the Board to make corresponding adjustments to the Grant Price of the Restricted Shares in accordance with the methods stipulated in the Incentive Scheme (Draft) in the event of capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue or dividend distribution of the Company;
  - (4) to authorize the Board to grant the Restricted Shares to the Participants and to deal with all matters necessary for the grant of the Restricted Shares when the Participants meet the conditions, including signing the grant agreement with the Participants;
  - (5) to authorize the Board to review and confirm the unlocking qualifications and unlocking conditions of the Participants, and to authorize the Board to delegate such rights to the Remuneration and Appraisal Committee;
  - (6) to authorize the Board to determine whether the Participants can unlock the Restricted Shares;
  - (7) to authorize the Board to deal with all matters necessary for the unlocking of the Restricted Shares of the Participants, including but not limited to making application to the Stock Exchanges for unlocking, applying to the registration and clearing house for relevant registration and settlement issues, amending the Articles of Association and handling the registration of changes in the registered capital of the Company;
  - (8) to authorize the Board to deal with issues in relation to the lock-up of the Restricted Shares not yet unlocked;

- (9) to authorize the Board to deal with the modification and termination of the Incentive Scheme in accordance with the provisions of the Incentive Scheme (Draft), including but not limited to the disqualification of the Participants for unlocking, the repurchase and cancellation of the Restricted Shares which have not been unlocked to the Participants, the procedures in relation to the inheritance of the Restricted Shares which have not been unlocked to the deceased Participants; provided that where such modification and termination is required by the laws, regulations or relevant regulatory authorities to be approved by the general meeting or/and relevant regulatory authorities, such resolutions of the Board shall be approved accordingly;
  - (10) to authorize the Board to manage and adjust the Incentive Scheme, and to formulate or amend the management and implementation rules of the Incentive Scheme from time to time without contradicting the terms of the Incentive Scheme (Draft); provided that where such amendments is required by the laws, regulations or relevant regulatory authorities to be approved by the general meeting or/and relevant regulatory authorities, such amendments by the Board shall be approved accordingly; and
  - (11) to authorize the Board to implement other necessary matters required by the Incentive Scheme, except for those rights expressly stipulated in relevant documents to be exercised by the general meeting.
2. It will be proposed at the general meeting of the Company to authorize the Board to deal with the procedures for approval, registration, filing, verification and consent with the relevant governments and authorities in relation to the Incentive Scheme; to sign, execute, amend and complete the documents submitted to the relevant governments, authorities, organizations and individuals; to amend the Articles of Association and to deal with the registration of changes in the registered

The principal terms of the Stock Ownership Plan are set out below:

The purpose of the Stock Ownership Plan is to establish and improve the benefit sharing mechanism for employees and shareholders, improve the corporate governance level, enhance the cohesion of employees and the competitiveness of the Company, mobilize the enthusiasm and creativity of employees, and promote the long-term, sustainable and healthy development of the Company.

**(A) *Legal Basis for Determining the Participants***

The Company has determined in accordance with the Company Law, the Securities Law, the Guiding Opinions and other relevant laws, regulations, regulatory documents and the relevant provisions of the Articles of Association. The employees of the Company participate in the Stock Ownership Plan in accordance with the principles of legal compliance, voluntary participation and self-bearing of risks. All participants are required to work in the Company (including its controlled subsidiaries) and sign labour contracts with the Company or controlled subsidiaries.

**(B) *Position Basis Determined by Participants***

Participants of the Stock Ownership Plan shall meet one of the following criteria:

1. Supervisors and senior management of the Company;
2. core technical (business) personnel.

All participants are required to work in the Company (including its controlled subsidiaries) and sign labour contracts.

**(C) *List of Holders and Allocation of Units under the Stock Ownership Plan***

The number of Shares to be subscribed for under the Stock Ownership Plan shall not exceed 124,000 A Shares, representing approximately 0.023% of the current total share capital of the Company. The specific units held by the Holders shall be determined according to the actual payment by the employees.

The total number of Supervisors, senior management and core technical (business) personnel of the Company participating in the Stock Ownership Plan shall not exceed 20, including 4 Supervisors and senior management personnel participating in the Stock Ownership Plan. Such personnel do not constitute a concert party relationship with the Stock Ownership Plan.

The specific proportion of subscription is as follows:

		(0'000 shares)	(%)
1	Yu Aishui, the Chief Financial Officer	1.10	8.87%
2	3 persons, namely Li Ye, Yin Lili, Sun Huiye, our Supervisors	3.00	24.19%
3	16 persons, which are our core technical (business) personnel	8.30	66.94%
		<hr/>	<hr/>
	Total (20 persons)	<u>12.40</u>	<u>100.00%</u>

*Note 1:* The final subscription of Shares under the Stock Ownership Plan by the participants shall be subject to the actual capital contribution. Where the subscription funds of the Holders are not paid on time and in full, the corresponding subscription rights will be automatically forfeited, and the subscription units proposed to be subscribed can be declared by other qualified participants. The Management Committee may adjust the list of participants and their subscription units based on the actual payment of the employees.

*Note 2:* After the implementation of the Stock Ownership Plan, the total number of Shares held under all effective Stock Ownership Plan in aggregate shall not exceed 10% of the total share capital of the Company, and the number of underlying shares corresponding to the units of the Stock Ownership Plan held by any Holder shall not exceed 1% of the total share capital of the Company.

*Note 3:* Any discrepancies between part of the total shown and the sum of the breakdown figures are due to rounding.

**(A) *Source of the Underlying Shares involved in the Stock Ownership Plan***

Upon approval of the draft of the Stock Ownership Plan at a general meeting, no more than 124,000 A Shares of the Company held in the special securities account for repurchase will be obtained through non-trading transfer or other ways permitted by laws and regulations. The Company convened the 29th meeting of the third session of the Board on September 21, 2021 to consider and approve the share repurchase plan, which is still in the implementation stage, and shall be subject to the completion of the full or partial repurchase of the Shares, and shall acquire the Shares held by the Company's special securities account for repurchase through non-trading transfer and other methods permitted by laws and regulations. There are still uncertainties in the purchase of the final underlying shares. The specific number of Shares held is determined based on the actual capital contribution made by the employees. The Company will perform the obligation of information disclosure in a timely manner as required.

**(B) *Size of the Underlying Shares involved in the Scheme***

The number of Shares to be subscribed for under the Stock Ownership Plan shall not exceed 124,000 A Shares, representing approximately 0.023% of the current total share capital of the Company. The Stock Ownership Plan is intended to raise no more than RMB4,943,880. The Share is to be subscribed at RMB1.00 per unit. The number of subscription units shall not exceed 4,943,880 units. The actual number of units shall be determined based on the amount of the actual payment.

After the implementation of the Stock Ownership Plan, the total number of Shares held under all effective Employee Stock Ownership Plan in aggregate shall not exceed 10% of the total share capital of the Company, and the number of underlying shares corresponding to the units of the Employee Stock Ownership Plan held by any is shall not exceed 10% of the total share capital of the Company (Shares held under

The subscription unit of the Stock Ownership Plan is “unit”. The Share is to be subscribed at RMB1.00 per unit. Subscription by the employees shall only be made in whole units. The actual number of units held by a Holder is subject to the actual payment of subscription funds made by him/her.

**(D) *Purchase Price and Pricing Basis of the Stock Ownership Plan***

The purchase price of the underlying shares to the holders of the Stock Ownership Plan shall be 50% of the average trading price of the A Shares of the Company on the trading day preceding the date of this announcement, i.e. RMB39.87 per share.

The purchase price of the Employee Stock Ownership is determined by the Company with reference to relevant policies and other cases of listed companies, taking into account factors such as the implementation effect of the Company’s historical share incentive scheme, the trend of the Company’s share price in recent years and the actual situation of the Company. The purpose of the above pricing method is to ensure the effectiveness of the Stock Ownership Plan, further stabilize and motivate the core team, and provide mechanism and talent guarantee for the long-term and stable development of the Company.

The pricing of the Stock Ownership Plan has comprehensively considered the effectiveness of the plan and the impact of the Company’s share-based payment expenses, and reasonably determined the scope, unlocking time and number of Shares to be granted to the Participants, which follows the principle of matching incentives and constraints, and will not have a negative impact on the Company’s operation, reflecting the actual incentive needs of the Company and is reasonable.

During the period from the date of announcement of the Board resolution to the date of purchase of the repurchase shares under the Stock Ownership Plan, the purchase price will be adjusted accordingly where there is any ex-right or ex-dividend event such as capitalization of capital reserve, bonus issue and dividend distribution.

**(A) *Term of the Stock Ownership Plan***

1. The term of the Stock Ownership Plan shall be 48 months, commencing from the date on which the Company announces the last transfer of the underlying shares to the Stock Ownership Plan. Where the Stock Ownership Plan is terminated automatically upon the expiry of its term, it may be terminated earlier or extended subject to the approval of the Board. During the term, all Shares under the Stock Ownership Plan have been sold, subject to early termination.
2. The term of the Stock Ownership Plan may be extended 2 months prior to the expiry of the term of the Stock Ownership Plan, if the Shares of the Company held have not been fully sold, the term of the Stock Ownership Plan may be extended upon the consent of more than two-thirds of the units held by the Holders attending the Holders’ meeting and submission to the Board for consideration and approval.

3. Where the Shares of the Company held by the Stock Ownership Plan cannot be fully realized before the expiry of the effective period due to the suspension of trading of the Shares of the Company or short window period, the effective period of the Stock Ownership Plan may be extended upon the consent of more than two-thirds of the units held by the Holders attending the Holders' meeting and submission to the Board for consideration and approval.
4. The Company shall disclose an indicative announcement six months prior to the expiry of the term of the Stock Ownership Plan, stating the number of Shares held by the Stock Ownership Plan which is about to expire and the percentage of the total share capital of the Company.
5. The Company shall disclose the number of Shares held by the expired Stock Ownership Plan and its proportion to the total share capital of the Company upon the expiration of the term of the Stock Ownership Plan, and the disposal arrangement after the expiration, and perform the corresponding review procedures and disclosure obligations in accordance with the Stock Ownership Plan.

***(B) Lock-up Period of the Stock Ownership Plan and its Rationality and Compliance***

1. The underlying shares acquired by the Stock Ownership Plan through non-trading transfer or other ways permitted by laws and regulations shall be unlocked in three batches commencing from 12 months after the date of announcement of the transfer of the last batch of underlying shares to the Stock Ownership Plan. The lock-up period shall be up to 36 months. Details are as follows:

Time of unlocking the first batch: 12 months from the date of announcement of the transfer of the last batch of the underlying shares to the Stock Ownership Plan, and the number of unlocked Shares is 50% of the total number of the subject shares held by the Stock Ownership Plan.

Time of unlocking the second batch: 24 months from the date of announcement of the transfer of the last batch of underlying shares to the Stock Ownership Plan, and the number of unlocked shares is 30% of the total number of underlying shares held under the Stock Ownership Plan.

Time of unlocking of the third batch: 36 months from the date of announcement of the transfer of the last batch of underlying shares to the Stock Ownership Plan, and the number of unlocked shares is 20% of the total number of underlying shares held by the Stock Ownership Plan.

The Shares derived from the underlying shares obtained under the Stock Ownership Plan as a result of the distribution of share dividends, conversion of capital reserve into share capital of the Company by the Company shall also be subject to the above lock-up arrangement.

## 2. *Trading Restrictions of the Stock Ownership Plan*

The Stock Ownership Plan will strictly comply with the market trading rules and comply with the relevant requirements of the CSRC, the SSE and the Hong Kong Stock Exchange on stock trading. The Stock Ownership Plan shall not trade the Shares during the following periods:

- (1) 60 days prior to the annual results announcement of the Company, 30 days prior to the half-year/quarterly results announcement and the date of announcement. Where the date of announcement of the regular report is postponed due to special reasons, the period shall commence 30 days prior to the original scheduled date of announcement and end on the day prior to the announcement;
- (2) within ten days prior to the announcement of results forecast and preliminary results;
- (3) within two trading days after disclosure in accordance with the law, from the date of occurrence of a major event that may have a significant impact on the trading price of the Shares of the Company and derivatives or the date of entering into the decision-making process; and
- (4) such other period as stipulated by the CSRC and the Stock Exchange.

The lock-up period arrangement of the Stock Ownership Plan reflects the long-term nature of the Stock Ownership Plan, and at the same time, the Company has established strict performance appraisal and individual performance appraisal to prevent short-term interests and closely bundle the interests of shareholders and employees.

(C) *Performance Appraisal of the Stock Ownership Plan*

1. *Performance appraisal at company level*

After 12 months, 24 months and 36 months from the date on which the draft of the Stock Ownership Plan is considered and approved at a general meeting of the Company and the Company announces that the last batch of the underlying shares is transferred to the Stock Ownership Plan, the unlocking ratios will be determined according to the performance appraisal results for the corresponding appraisal years, details of which are as follows:

	I	II	I
First Unlocking Period	Based on the operating income for 2021, the growth rate of operating income for 2022 shall not be less than 35%;		50%
Second Unlocking Period	Based on the operating income for 2021, the growth rate of operating income for 2023 shall not be lower than 82.25%; and		30%
Third Unlocking Period	Based on the operating income for 2021, the growth rate of operating income for 2024 shall not be lower than 146.04%.		20%

Where the performance appraisal indicators of the Stock Ownership Plan are not met, the underlying shares and interests shall not be unlocked and shall be recovered by the Stock Ownership Plan Management Committee, and shall be returned to the Holders with the capital contribution after the disposal. Where there are still gains after the return to the holders, the gains shall belong to the Company.

2. *Performance Appraisal at Individual Level*

Where the performance appraisal at the company level is up to standard, the Stock Ownership Plan will conduct individual performance appraisal in accordance with the relevant system of the Company's performance appraisal, and determine the number of underlying shares finally unlocked by the holders based on the individual performance appraisal results.

The performance evaluation results of the Holders are divided into five grades, namely A, B, B-, C and D, and the assessment form is applicable to the Participants. The proportion of unlocking shall be determined according to the following table:

Appraisal Results	A	B	B-	C	D
Proportion to be Unlocked	100%		50%	0%	

Number of underlying shares to be unlocked in the current period = target number of unlocking × unlocking ratio.

Where the number of underlying shares actually unlocked by a Holder is less than the target number to be unlocked, the Management Committee shall have the right to determine to allocate the portion of the unqualified unlocking conditions to other Holders, who shall meet the standards of participants of the Stock Ownership Plan. Where the allocation of such portion is not completed during the term of the Stock Ownership Plan, the undistributed portion shall be disposed of at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds shall be returned to the individual. Where there is still revenue after the return to the Holders, the revenue shall be returned to the Company.

The Stock Ownership Plan shall be managed by the Company itself.

The Holders' meeting is the highest internal management authority of the Stock Ownership Plan. The Holders' meeting shall establish the Management Committee and authorize the Management Committee as the management body of the Stock Ownership Plan to su3.1.0727p.8(( )6etu i75( 6 Tc∞.0812 Tw∞(e368.754 e36inthori Stock312.5( n)12.5( to)12.5( su3.1.07277

***(B) Alteration of the Stock Ownership Plan***

During the term of the Stock Ownership Plan, any amendment to the Stock Ownership Plan shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' meeting and the consideration and approval of the Board of the Company.

***(C) Termination of the Stock Ownership Plan***

1. The Stock Ownership Plan shall be terminated automatically upon expiry of the term.
2. Before the expiration of the term of the Stock Ownership Plan, all the Shares of the Company held have been sold, and the Stock Ownership Plan may be terminated in advance.

***(D) Liquidation and Distribution of the Stock Ownership Plan***

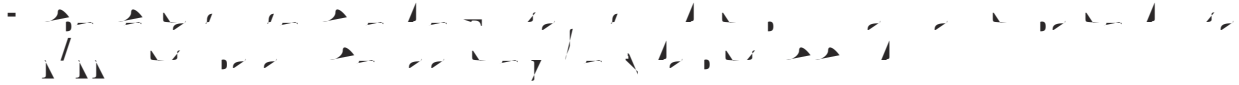
1. The Stock Ownership Plan shall be terminated automatically upon the expiry of the term. The Management Committee shall complete the liquidation within 30 working days from the date of expiration or termination according to the authorization of the Holder's meeting, and distribute the property according to the proportion of the shares held by the Holder after deducting relevant taxes and fees according to law.
2. During the term of the Stock Ownership Plan, the Management Committee may allocate the cash in the fund account of the Employee Stock Ownership Plan to the Holders according to the authorization of the Holder's meeting.
3. During the term of the Stock Ownership Plan, when the underlying Shares held by the Stock Ownership Plan are sold for cash or other distributable income, the Stock Ownership Plan can be distributed in each fiscal year. After deducting relevant taxes and fees and planned payables in accordance with the law, the Management Committee shall allocate the Shares according to the proportion of the Holders' Shares to the total Shares of the Stock Ownership Plan.

***(E) Rights Attached to the Shares Held by the Stock Ownership Plan and the Arrangements on the Possession, Use, Benefit and Disposal of the Rights of the Holders over the Shares***

1. Holders are entitled to the asset income rights of the Shares held by the Employee Stock Ownership Plan according to the actual capital contribution. The corresponding Shares obtained by the Holders through the Stock Ownership Plan shall be entitled to shareholders' rights (including dividend rights, rights issue, conversion of Shares and other asset income rights, excluding voting rights of the general meeting).

2. During the term of the Stock Ownership Plan, unless the context requires otherwise by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units of the Employee Stock Ownership Plan held by the Holders shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debt or other similar disposal without authorization.
3. During the lock-up period, the Holders shall not request for distribution of interests under the Stock Ownership Plan.
4. During the lock-up period, when the Company converts capital reserve into Share capital of the Company and distributes bonus shares, the newly acquired shares of the Scheme due to the holding of Shares of the Company shall be locked up together and shall not be sold in the secondary market or otherwise transferred. The unlocking period of such Shares is the same as the corresponding shares. During the lock-up period, when the Company distributes dividends, the cash dividends received by the Stock Ownership Plan due to the holding of the Shares of the Company shall be included in the monetary assets of the Stock Ownership Plan, and will not be distributed separately. After the end of the lock-up period and within the duration of the Stock Ownership Plan, the Holders' meeting shall decide whether to distribute the dividends.
5. After the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee shall, pursuant to the authorization of the Holders' meeting, sell the corresponding underlying shares at an appropriate time during the term of the Stock Ownership Plan after the unlocking date.
6. After the lock-up period of the Stock Ownership Plan ends and during the term, the Holders' meeting shall decide whether to distribute the income corresponding to the Employee Stock Ownership Plan. Where the distribution is decided, the Holders' meeting shall authorize the Management Committee to distribute the income corresponding to the Employee Stock Ownership Plan according to the number of Shares held by the Holders after deducting relevant taxes and fees according to law.
7. During the term of the Stock Ownership Plan, the Stock Ownership Plan may be distributed in each fiscal year when the underlying shares held by the Stock Ownership Plan are sold for cash or other distributable income, and the Management Committee shall distribute the Shares held by the Holders in proportion to the total Shares of the Stock Ownership Plan after deducting relevant taxes and fees and payables of the Plan in accordance with the law.

8. During the duration period, when the Company distributes dividends and distributes dividends, the cash dividends received by the Stock Ownership Plan from the Shares of the Company held by it after deducting relevant expenses shall be distributed to the holders according to their shareholdings.
9. In the event of other unspecified events, the disposal method of the units of the Stock Ownership Plan held by the Holders shall be determined by the Management Committee.



- (7) to authorize the Board to sign the contract and relevant agreement documents of the Stock Ownership Plan;
- (8) upon consideration and approval of the Stock Ownership Plan at the general meeting, to authorize the Board of the Company to make corresponding adjustments to the Stock Ownership Plan according to new policies or regulations in the event of changes in relevant laws, regulations and policies during the implementation period;
- (9) to propose to the general meeting to authorize the Board to deal with any announcements and circulars required to be disclosed on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) or the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>), and to deal with any compliance matters of the SSE or the Hong Kong Stock Exchange in relation to the 2022 A Share Employee Stock Ownership Plan; and
- (10) to authorize the Board to handle other necessary matters required for the Stock Ownership Plan, except for the rights to be exercised by the general meeting as expressly stipulated in the relevant documents.

The above authorization shall be valid from the date of approval at the general meeting of the Company to the date of completion of the implementation of the Stock Ownership Plan.

The Company is a joint stock company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (stock code: 6127) and A Shares listed on the Shanghai Stock Exchange (stock code: 603127). It is a China-based company primarily engaged in the pharmacology and toxicology research of new drugs. Non-clinical research services include drug safety evaluation, pharmacokinetic research as well as pharmacological and pharmacodynamic research. Clinical trials and related services include clinical contract research organization services, phase I clinical research collaboration unit (CRU), and bioanalysis services. Experimental model business mainly includes rodents and non-human primates.

The Participants and Holders are employees of the Company. The Connected Participants are ZUO Conglin, GAO Dapeng and SUN Yunxia, who are the Directors of the Company and GU Jingliang, our vice general manager. Holders who are Connected Persons are Li Ye, Yin Lili, Sun Huiye, who are the Supervisors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Connected Participants set out above, the other Participants and Holders under the Incentive Scheme and the Stock Ownership Plan are independent of the Company and its Connected Persons.

Please refer to the sections headed “I. Proposed Adoption of the 2022 Restricted A Share Incentive Scheme – (I) Purpose of the Incentive Scheme” and “VI. Proposed Adoption of the 2021 A Share Employee Stock Ownership Plan – (I) Purpose of the Stock Ownership Plan” in this announcement.

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The Directors consider that the adoption of the Incentive Scheme and the Stock Ownership Plan can achieve the above purpose and the terms and conditions of both schemes are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. ZUO Conglin, GAO Dapeng and SUN Yunxia, the Directors who are the Connected Participants of the Incentive Scheme, were considered as having material interests of the Incentive Scheme, and accordingly each

The Independent Board Committee will be established to give recommendations to the independent shareholders in respect of grant of Restricted Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder. An independent financial adviser will also be appointed by the Company to advise the Independent Board Committee and the independent shareholders as to whether the terms of the grant of Restricted Shares to the Connected Participants under the Incentive Scheme are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group so far as the independent shareholders are concerned and are in the interest of the Company and its shareholders as a whole.



The Stock Ownership Plan is a discretionary scheme of the Company and does not involve the grant of options over new Shares or any other new securities issued by the Company (or any of its subsidiaries), and does not constitute a share option scheme as defined and regulated under Chapter 17 of the Hong Kong Listing Rules.

As the Holders involve the Supervisors and senior management of the Company, their participation in the Stock Ownership Plan constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules, and the relevant applicable percentage ratios (as defined in the Hong Kong Listing Rules) are less than 0.1%, thus they are fully exempt from the shareholders' approval, annual review and all disclosure requirements. Save for the above fully exempt connected transaction, participation in the Stock Ownership Plan by other Holders does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

The Company will also ensure compliance with the public float requirement under the Hong Kong Listing Rules.

At the meeting of the Board held on August 15, 2022, the resolution in relation to the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan and the Administrative Measures of the Stock Ownership Plan was considered and approved. Relevant proposals will be further submitted to the EGM to be convened in due course for consideration and approval by the Shareholders.

The Board proposed to adopt the Incentive Plan and the Stock Ownership Plan and resolved to propose to the Shareholders to approve the Incentive Scheme at the forthcoming EGM and Class Meetings. Pursuant to Rule 14A.36 of the Hong Kong Listing Rules, any shareholder of the Company who has a material interest in the Incentive Scheme shall abstain from voting on the resolution to approve the adoption of the Incentive Scheme at the EGM. Accordingly, the Connected Participants and their associates shall abstain from voting in respect of the resolution approving the adoption of the Incentive Scheme. In addition, the Company will convene an EGM to approve the Stock Ownership Plan, and to authorize the Board to deal with matters relating to the two plans. Further information on the EGM and Class Meetings to be held for the Shareholders to consider and approve the two plans, a circular containing the full text of the two plans, and a notice of the EGM and Class Meetings will be despatched to the shareholders in due course. Shareholders and potential investors should note that, the proposed Incentive Plan and Employee Stock Ownership Plan may or may not proceed. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“A Share Class Meeting”	the third A Share class meeting of the Company of 2022 to be convened in due course
“A Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each listed on the Shanghai Stock Exchange
“Administrative Measures”	the Administrative Measures on Share Incentives of Listed Companies
“Administrative Measures on Stock Ownership Plan”	Administrative Measures on the 2022 A Share Employee Stock Ownership Plan of Joynn Laboratories (China) Co., Ltd.
“Articles of Association”	Articles of Association of the Company currently in force
“Assessment Administrative Measures on the Implementation of Incentive Scheme”	Assessment Administrative Measures on the Implementation of the 2022 Restricted A Share Incentive Scheme
“Board”	the board of Directors

“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Class Meetings”	the A Share Class Meeting and the H Share Class Meeting
“Company”	Joinn Laboratories (China) Co., Ltd., a joint stock company incorporated in the People’s Republic of China with limited liability, whose H shares are listed on the Main Board of the Hong Kong Stock Exchange
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“Connected Participants”	a Participant who is also a Connected Person
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting” or “EGM”	the second extraordinary general meeting of the Company of 2022 to be convened in due course, or any adjournment thereof
“Grant Price”	the price at which each Restricted Share to be granted to Participants
“Group” or “our Group”	the company and its subsidiaries
“Guiding Opinions”	the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies
“H Share Class Meeting”	the third H Share class meeting of the Company of 2022 to be convened in due course
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Hong Kong Stock Exchange

“Holder’s Meeting”	the meeting of the Holders
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Incentive Scheme”	the 2022 Restricted A Share Incentive Scheme of the Company
“Independent Board Committee”	an independent board committee of the Company comprising the independent non-executive Directors who are independent from related matters to advise the independent shareholders of the Company in respect of the issue and grant of the Restricted Shares by the Company to the Connected Participants
“Management Committee”	the management committee of the Stock Ownership Plan
“Participants”	participants of the Incentive Scheme
“Remuneration and Appraisal Committee”	the Remuneration and Appraisal Committee of the Company
“Restricted Share(s)”	A Shares intended to be granted by the Company to the Participants at the Grant Price of the Incentive Scheme, subject to the conditions of the Incentive Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China, as amended from time to time
“Share(s)”	the Company’s A Share(s) and/or H Share(s)
“SSE Listing Rules”	the Rules governing the Listing of Stock on the Shanghai Stock Exchange
“Stock Exchanges”	the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited
“Stock Ownership Plan”	the 2022 A Share Employee Stock Ownership Plan of the Company

“Supervisor(s)”

member(s) of the Supervisory Committee

“Supervisory Committee”

the supervisory committee of the Company

By order of the Board



Chairperson

Hong Kong, August 15, 2022

*As at the date of this announcement, the Board comprises Ms. FENG Yuxia as the Chairperson and executive Director, Mr. ZUO Conglin, Mr. GAO Dapeng, Ms. SUN Yunxia and Dr. YAO Dalin as executive Directors, Mr. GU Xiaolei as a non-executive Director, and Mr. SUN Mingcheng, Dr. ZHAI Yonggong, Mr. OU Xiaojie and Mr. ZHANG Fan as independent non-executive Directors.*