

---

## THIS CIRCULAR 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, a bank manager, solicitor, professional accountant or other professional adviser.

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

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.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

Neither this circular nor any copy thereof may be released into or distributed directly or indirectly in the United States or any other jurisdiction where such release or distribution might be unlawful.

This circular does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities mentioned herein have not been, and will not be, registered under the U.S. Securities Act, and may not be offered or sold in the United States unless registered under the U.S. Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act. The Company has no intention to register under the U.S. Securities Act any of the securities referred to herein or to conduct a public offering of securities in the United States.

---



### ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6855)**

- (1) CONNECTED TRANSACTION — PROPOSED GRANT OF RSUs TO CONNECTED SELECTED PERSONS;**
- (2) PROPOSED GRANT OF RSU SPECIFIC MANDATE TO ISSUE SHARES UNDER THE 2021 RSU SCHEME;**
- (3) PROPOSED GRANT OF WARRANT SPECIFIC MANDATE TO ISSUE UNLISTED WARRANTS AND WARRANT SHARES;**

**AND**

- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

**ALTUS CAPITAL LIMITED**

A notice convening the extraordinary general meeting of Ascentage Pharma Group International to be held at Huan Xiu Ting, 3rd Floor, Four Points by Sheraton Suzhou, No. 8 Moon Bay Road, Suzhou Industrial Park, Suzhou, Jiangsu, China on Monday, September 20, 2021 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.ascentagepharma.com>).

Whether or not you are able to attend the extraordinary general meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not less than 48 hours before the time appointed for the extraordinary general meeting (i.e. not later than 10:00 a.m. on Saturday, September 18, 2021) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the extraordinary general meeting if they so wish.

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

#### EGM

Please refer to page ii of this circular for the measures to be implemented at the EGM to safeguard the health and safety of the attendees and to prevent the spread of the Novel Coronavirus ("COVID-19") pandemic, including without limitation:

- compulsory body temperature check
- compulsory wearing of surgical face mask
- no distribution of corporate gifts and no serving of refreshments

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue or be required to leave the EGM venue. The Company reminds all Shareholders that physical attendance in person at the EGM is **NOT** necessary for the purpose of exercising voting rights and would like to encourage Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, instead of attending the EGM in person.

August 31, 2021

---

## CONTENTS

---

	<i>Page</i>
<b>Precautionary Measures for the Extraordinary General Meeting . . . . .</b>	<b>ii</b>
<b>Definitions . . . . .</b>	<b>1</b>
<b>Letter from the Board . . . . .</b>	<b>12</b>
<b>Letter from the Independent Board Committee A . . . . .</b>	<b>49</b>
<b>Letter from the Independent Board Committee B . . . . .</b>	<b>51</b>
<b>Letter from the Independent Board Committee C . . . . .</b>	<b>53</b>
<b>Letter from the Independent Board Committee D . . . . .</b>	<b>55</b>
<b>Letter from the Independent Board Committee E . . . . .</b>	<b>57</b>
<b>Letter from the Independent Financial Adviser . . . . .</b>	<b>IFA-1</b>
<b>Appendix — General Information . . . . .</b>	<b>APP-1</b>
<b>Notice of Extraordinary General Meeting . . . . .</b>	<b>EGM-1</b>

---

## PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

---

In view of the ongoing COVID-19 pandemic, the Company will implement necessary preventive measures at the EGM to protect attending Shareholders, proxy and other attendees from the risk of infection, including without limitation:

- (i) compulsory body temperature check will be conducted on every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.2 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue;
- (ii) each attendee is required to prepare his/her own surgical face mask and wear the same inside the EGM venue at all times, and to maintain a safe distance between seats; and
- (iii) no corporate gifts will be distributed and no refreshments will be served.

To the extent permitted under applicable laws, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

In the interest of all attendees' health and safety, the Company wishes to advise all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions duly completed, Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

A form of proxy for use at the EGM is enclosed with this circular and can also be downloaded from the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.ascentagepharma.com>). In order to be valid, the signed and completed proxy form must be deposited at the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for holding the EGM (i.e. not later than 10:00 a.m. on Saturday, September 18, 2021) or the adjourned meeting (as the case may be). If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodian or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

---

## DEFINITIONS

---

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

“2018 RSU Scheme”	the restricted share unit scheme adopted by the Company on July 6, 2018 as amended from time to time
“2020 Placing”	the placing of 15,000,000 Shares at a price of HK\$46.80 each pursuant to the terms and conditions of the 2020 Placing Agreement
“2020 Placing Agreement”	the placing agreement entered into among the Company, Citigroup Global Markets Limited and J.P. Morgan Securities (Asia Pacific) Limited dated July 8, 2020 in relation to the 2020 Placing
“2021 Placing”	the placing and subscription of 26,500,000 Shares at a price of HK\$44.20 each pursuant to the terms and conditions of the 2021 Placing Agreement
“2021 Placing Agreement”	the placing and subscription agreement entered into among the Company, the Founders SPV, J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited dated February 3, 2021 in relation to the 2021 Placing
“2021 RSU Scheme”	the restricted share unit scheme adopted by the Company on February 2, 2021 as amended from time to time
“AGM Circular”	the circular of the Company dated April 9, 2021
“Articles of Association”	the amended and restated articles of association of the Company (as amended from time to time)
“APG-2575”	the chemical compound designated as APG-2575, including any salt, metabolite, active pro-drug, isomer, tautomer, hydrate and polymorph or optically active form of any of the foregoing compounds

---

## DEFINITIONS

---

“APG-2575 Combination Therapy Strategic Collaboration and Clinical Trial Agreement”	the combination therapy strategic collaboration and clinical trial agreement dated July 14, 2021 entered into between Ascentage Suzhou and Innovent Suzhou in relation to, among other things, the Combination Therapy Studies
“Ascentage”	collectively, Ascentage HK and Ascentage GZ
“Ascentage GZ”	Guangzhou Healthquest Pharma Co. Ltd.* (廣州順健生物醫藥科技有限公司), a company established under the laws of the PRC with limited liability and an indirect-wholly owned subsidiary of the Company
“Ascentage HK”	Ascentage Pharma Group Corp Limited (亞盛醫藥集團(香港)有限公司), a limited liability company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Ascentage Suzhou”	Suzhou Yasheng Pharmaceutical Co., Ltd.* (蘇州亞盛藥業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	a day (except a Saturday, a Sunday or a public holiday) on which banks in Hong Kong and the PRC are open for business throughout their normal business hours
“CD20 Antibody”	Innovent Suzhou’s proprietary therapeutic antibody HALPRYZA® (rituximab injection) targeting B Cell lymphoma
“CD47 Antibody”	Innovent Suzhou’s proprietary therapeutic antibody IBI188 (letaplimab) targeting Myelodysplastic Syndrome (MDS) and AML
“China” or “the PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

---

## DEFINITIONS

---

“Company”	Ascentage Pharma Group International (亞盛醫藥集團), an exempted company incorporated in the Cayman Islands with limited liability on November 17, 2017 and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6855)
“Concert Party Confirmation Deed”	the concert party confirmation deed dated August 11, 2018 executed by Dr. Yang, Dr. Wang, Dr. Guo, Dr. Zhai, Founders SPV and Dr. Zhai SPV, to confirm, agree and acknowledge, among other things, that they are parties acting in concert in relation to the Group since December 5, 2016 and will continue to act in concert after the Listing
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Connected Selected Person(s)”	Selected Persons(s) who are connected persons of the Company, being Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu
“COVID-19”	novel coronavirus pneumonia COVID-19
“Deed of Non-Competition”	the deed of non-competition dated April 24, 2019 entered into by the Substantial Shareholders, in favour of the Company (for itself and as trustee for each of our subsidiaries), particulars of which are set out in the paragraph headed “Relationship with Controlling Shareholders — Non-competition undertakings” in the Prospectus
“Director(s)”	the director(s) of the Company
“Dr. Guo”	Dr. Guo Edward Ming, our chief operating officer and a Substantial Shareholder
“Dr. Sidransky”	Dr. David Sidransky, an independent non-executive Director

---

## DEFINITIONS

---

“Dr. Wang”	Dr. Wang Shaomeng, our non-executive director and a Substantial Shareholder
“Dr. Yang”	Dr. Yang Dajun, our chairman, chief executive officer, a Substantial Shareholder, and spouse of Dr. Zhai
“Dr. Yin”	Dr. Yin Zheng, an independent non-executive Director
“Dr. Zhai”	Dr. Zhai Yifan, our chief medical officer, a Substantial Shareholder, and spouse of Dr. Yang
“Dr. Zhai SPV”	HealthQuest Pharma Limited, a company incorporated in BVI with limited liability and wholly owned by Dr. Zhai (for herself and as settlor of the Zhai Family Trust), and a Substantial Shareholder
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Huan Xiu Ting, 3rd Floor, Four Points by Sheraton Suzhou, No. 8 Moon Bay Road, Suzhou Industrial Park, Suzhou, Jiangsu, China on Monday, September 20, 2021 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of EGM which is set out on pages EGM-1 to EGM-3 of this circular, or any adjournment thereof
“Eligible Persons”	persons eligible to receive RSUs under the 2021 RSU Scheme, who are existing or incoming employees, directors (whether executive or non-executive) or officers of the Company or any member of the Group
“Field”	the treatment, palliation, diagnosis or prevention of human and veterinary oncology diseases
“Founders”	Dr. Yang, Dr. Wang and Dr. Guo
“Founders Family Trusts”	Yang Family Trust, Wang Family Trust and Guo Family Trust

---

## DEFINITIONS

---

“Founders SPV”	Ascentage Limited, a company incorporated in BVI with limited liability which is owned by Dr. Yang (for himself and as settlor of the Yang Family Trust) as to 45.53%, Dr. Guo (for himself and as settlor of the Guo Family Trust) as to 27.69% and Dr. Wang (for himself and as settlor of the Wang Family Trust) as to 26.78%, and a Controlling Shareholder
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on May 10, 2021 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“Guo Family Trust”	Ming Edward Guo Dynasty Trust, a discretionary family trust established by Dr. Guo as settlor for the benefits of Dr. Guo’s family members, of which South Dakota Trust is a trustee
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Underwriting Agreement”	has the meaning ascribed to it under the Prospectus
“HQP1351”	any pharmaceutical preparation (including any form or dosage form of a pharmaceutical composition or preparation) in finished form labeled and packaged for (i) sale, (ii) distribution, or (iii) samples, comprising HQP1351 (whether as sole active ingredient or in combination with one or more other active ingredients), including all future formulations, dosage forms and delivery modes
“HQP1351 Collaboration and License Agreement”	the collaboration and license agreement dated July 14, 2021 entered into among Ascentage and Innovent Suzhou in relation to, among other things, the development and commercialization of HQP1351



---

## DEFINITIONS

---

“Independent Board Committee A”	an independent board committee comprising Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren, being all the independent non-executive Directors, formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Zhu
“Independent Board Committee B”	an independent board committee of the Company comprising Mr. Ye, Dr. Yin and Mr. Ren formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the proposed grant of RSUs to Dr. Sidransky
“Independent Board Committee C”	an independent board committee of the Company comprising Dr. Sidransky, Dr. Yin and Mr. Ren formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Ye
“Independent Board Committee D”	an independent board committee of the Company comprising Dr. Sidransky, Mr. Ye and Mr. Ren formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the proposed grant of RSUs to Dr. Yin
“Independent Board Committee E”	an independent board committee of the Company comprising Dr. Sidransky, Mr. Ye and Dr. Yin formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Ren
“Independent Board Committees”	collectively, Independent Board Committee A, Independent Board Committee B, Independent Board Committee C, Independent Board Committee D and Independent Board Committee E

---

## DEFINITIONS

---

“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committees and the Independent Shareholders in respect of the proposed grant of RSUs to the Connected Selected Persons
“Independent Shareholders”	Shareholders who are independent of the Connected Selected Persons and their associates and are not required to abstain from voting on the relevant resolutions at the EGM
“Innovent”	Innovent Biologics, Inc. (信達生物製藥), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1801)
“Innovent Suzhou”	Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥(蘇州)有限公司), a company with limited liability established under the laws of the PRC and controlled by Innovent
“Latest Practicable Date”	August 24, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Licensed Territory”	the PRC, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on October 28, 2019
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ren”	Mr. Ren Wei, an independent non-executive Director

---

## DEFINITIONS

---

“Mr. Ye”	Mr. Ye Changqing, an independent non-executive Director
“Mr. Zhu”	Mr. Zhu Gang, the chief commercial officer of the Company
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on September 28, 2019 as amended from time to time
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, and Taiwan
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on July 13, 2018 as amended from time to time
“Prospectus”	the prospectus of the Company dated October 16, 2019
“Remuneration Committee”	the remuneration committee of the Company
“RSU(s)”	restricted share units to be granted under the 2021 RSU Scheme, each of which represents one underlying Share, and represent a conditional right granted to any Selected Person under the 2021 RSU Scheme to obtain the corresponding economic value of the underlying Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion
“RSU Specific Mandate”	a specific mandate to be sought from Shareholders at the EGM to authorize the Directors to allot and issue the underlying Shares in relation to the RSUs proposed to be granted to the Connected Selected Persons under the 2021 RSU Scheme, being 92,690 Shares in aggregate
“Selected Person(s)”	Eligible Person(s) selected by the Board to be granted RSUs under the 2021 RSU Scheme at its discretion
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

---

## DEFINITIONS

---

“Share(s)”	ordinary share(s) of US\$0.0001 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Subscription”	the subscription of the Subscription Shares by Innovent pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement dated July 14, 2021 entered into between the Company and Innovent in relation to the Share Subscription
“South Dakota Trust”	South Dakota Trust Company LLC, the trustee of each of Founders Family Trusts and Zhai Family Trust
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	8,823,863 new Shares to be issued by the Company under the General Mandate and to be subscribed by Innovent pursuant to the Share Subscription Agreement
“Substantial Shareholder(s)”	has the meaning ascribed to it/them under the Listing Rules and unless the context otherwise requires refers to Dr. Yang, Dr. Wang, Dr. Zhai, Dr. Guo, Founders SPV and Dr. Zhai SPV
“Trustee”	the trustee(s) to be appointed by the Board to hold Shares for the purpose of the 2021 RSU Scheme
“United States” or “US”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933
“US\$”	United States dollars, the lawful currency of the United States

---

## DEFINITIONS

---

“Wang Family Trust”	Shaomeng Wang Dynasty Trust, a discretionary family trust established by Dr. Wang as settlor for the benefits of Dr. Wang’s family members, of which South Dakota Trust is a trustee
“Warrants”	the 6,787,587 unlisted warrants, each conferring to Innovent the right to subscribe for one (1) new Share at the Warrant Exercise Price during the period commencing on the date of issuance of the Warrants and ending on the date that is 24 months after the date of issuance of the Warrants, in accordance with the terms and conditions of the Warrant Subscription Deed
“Warrant Exercise Price”	the exercise price per Warrant (subject to adjustment) at which the holder of each Warrant may subscribe for a Warrant Share
“Warrant Share(s)”	up to initially 6,787,587 new Shares (subject to adjustment) to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“Warrant Specific Mandate”	a specific mandate to be sought from Shareholders at the EGM to authorize the Directors to allot and issue the Warrant and the Warrant Shares upon exercise thereof pursuant to the Warrant Subscription Deed
“Warrant Subscription”	the subscription of the Warrants by Innovent pursuant to the Warrant Subscription Deed
“Warrant Subscription Completion”	the completion of the Warrant Subscription pursuant to the Warrant Subscription Deed
“Warrant Subscription Conditions Precedent”	the conditions precedent to the Warrant Subscription
“Warrant Subscription Deed”	the warrant subscription deed dated July 14, 2021 entered into between the Company and Innovent in relation to the Warrant Subscription

---

## DEFINITIONS

---

“Yang Family Trust”	Dajun Yang Dynasty Trust, a discretionary family trust established by Dr. Yang as settlor for the benefits of Dr. Yang’s family members, of which South Dakota Trust is a trustee
“Zhai Family Trust”	Yifan Zhai Dynasty Trust, a discretionary family trust established by Dr. Zhai as settlor for the benefits of Dr. Zhai’s family members, of which South Dakota Trust is a trustee
“%”	per cent

*For the purpose of this circular, unless otherwise stated, the conversion of US\$ into HK\$ is calculated by using an exchange rate of US\$1.00 equal to HK\$7.765. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

---

LETTER FROM THE BOARD

---



**ASCENTAGE PHARMA GROUP INTERNATIONAL**

**亞盛醫藥集團**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6855)**

*Executive Director:*

Dr. Yang Dajun

*Non-executive Directors:*

Dr. Wang Shaomeng

Dr. Tian Yuan

Dr. Lu Simon Dazhong

Mr. Liu Qian

*Independent non-executive Directors:*

Mr. Ye Changqing

Dr. Yin Zheng

Mr. Ren Wei

Dr. David Sidransky

*Registered Office:*

Walkers Corporate Limited

Cayman Corporate Centre

27 Hospital Road

George Town

Grand Cayman KY1-9008

Cayman Islands

*Headquarters and Principal*

*Place of Business in China:*

218 Xinghu Street, Building B7,

7th Floor

Suzhou Industrial Park

Suzhou, Jiangsu

China

*Principal Place of Business  
in Hong Kong:*

9/F, Wah Yuen Building

149 Queen's Road Central

Central

Hong Kong

August 31, 2021

*To the Shareholders*

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION — PROPOSED GRANT OF RSUs TO  
CONNECTED SELECTED PERSONS;**

**(2) PROPOSED GRANT OF RSU SPECIFIC MANDATE TO  
ISSUE SHARES UNDER THE 2021 RSU SCHEME;**

**(3) PROPOSED GRANT OF WARRANT SPECIFIC MANDATE TO  
ISSUE UNLISTED WARRANTS AND WARRANT SHARES;**

**AND**

**(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

---

## LETTER FROM THE BOARD

---

### 1. INTRODUCTION

References are made to (i) the announcements of the Company dated February 2, 2021, May 21, 2021, May 26, 2021, July 14, 2021 and July 23, 2021 in relation to, among other things, the adoption of the 2021 RSU Scheme, the proposed grant of RSUs to Dr. Sidransky and Mr. Zhu, and the cancellation and proposed re-grant of RSUs to Mr. Ye, Dr. Yin and Mr. Ren; (ii) the AGM Circular and the poll results announcement of the Company dated May 10, 2021 in relation to, among other things, the proposed remuneration for Directors; (iii) the announcement of the Company dated July 14, 2021 in relation to, among other things, the proposed issuance of the Warrants pursuant to the Warrant Subscription Deed and the Warrant Shares upon exercise of the subscription rights attached to the Warrants under the Warrant Specific Mandate; and (iv) the notice of the EGM.

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the EGM so as to enable the Shareholders to make an informed decision on whether or not to vote for or against the proposed resolutions at the EGM. For the details of the proposed resolutions at the EGM, please also refer to the notice of the EGM.

### 2. PROPOSED GRANT OF RSUs TO CONNECTED SELECTED PERSONS AND PROPOSED GRANT OF RSU SPECIFIC MANDATE TO ISSUE SHARES UNDER THE 2021 RSU SCHEME

#### Background

As disclosed in the announcements of the Company dated May 21, 2021 and May 26, 2021, the Company proposed to, subject to the approval of the Independent Shareholders at the EGM, grant an aggregate of 10,641 RSUs and 55,157 RSUs under the 2021 RSU Scheme, representing 10,641 Shares and 55,157 Shares, to two of the Connected Selected Persons, being Dr. Sidransky and Mr. Zhu. Dr. Sidransky is an independent non-executive director of the Company, while Mr. Zhu is the chief commercial officer of the Company.

As disclosed in the announcements of the Company dated July 14, 2021 and July 23, 2021, an aggregate of 9,418 RSUs, 9,418 RSUs and 9,418 RSUs representing 9,418 Shares, 9,418 Shares and 9,418 Shares, were proposed to be granted by the Company to the other three of the Connected Selected Persons, being Mr. Ye, Dr. Yin and Mr. Ren, under the 2021 RSU Scheme (the “**Original Proposed Grant**”). Mr. Ye, Dr. Yin and Mr. Ren are each an independent non-executive director of the Company. Despite the Original Proposed Grant having been disclosed in the AGM Circular and approved by the Shareholders at the annual general meeting of the Company held on May 10, 2021 as part of the adjusted remuneration packages of each of Mr. Ye, Dr. Yin and Mr. Ren, the Board wished to cancel the Original Proposed Grant so as to strictly comply with the



---

## LETTER FROM THE BOARD

---

Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Accordingly, on July 23, 2021, the Board proposed the re-grant by the Company of, subject to the approval of the Independent Shareholders at the EGM, an aggregate of 8,964 RSUs, 8,964 RSUs and 8,964 RSUs under the 2021 RSU Scheme, representing 8,964 Shares, 8,964 Shares and 8,964 Shares, to Mr. Ye, Dr. Yin and Mr. Ren, respectively, each an independent non-executive director of the Company (the “**Proposed Re-Grant**”). The abovementioned number of RSUs and underlying Shares is calculated with reference to the fixed monetary value of the RSUs (being USD60,000) which are proposed to be granted to each of Mr. Ye, Dr. Yin and Mr. Ren, as well as the closing price of the Shares on the date of the Proposed Re-Grant (being HK\$52.00).

In light of the above, the Company proposed to, subject to the approval of the Independent Shareholders at the EGM, grant an aggregate of 10,641 RSUs, 8,964 RSUs, 8,964 RSUs, 8,964 RSUs and 55,157 RSUs under the 2021 RSU Scheme, representing 10,641 Shares, 8,964 Shares, 8,964 Shares, 8,964 Shares and 55,157 Shares, to the Connected Selected Persons, being Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu, respectively.

The RSUs to be granted to each of the Connected Selected Persons shall vest in accordance with the vesting criteria, conditions and time schedule as determined by the Board in its sole and absolute discretion with reference to, among other things, the location at which each of the Connected Selected Persons is based and the commencement date or duration of their employment.

In particular:

- (i) the vesting schedules of the RSUs proposed to be granted to Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren are as follows:

<b>Vesting date</b>	<b>Vesting proportion</b>
June 8, 2022	25%
June 8, 2023	25%
June 8, 2024	25%
June 8, 2025	25%

---

## LETTER FROM THE BOARD

---

(ii) the vesting schedule of the RSUs proposed to be granted to Mr. Zhu is as follows:

Vesting date	Vesting proportion
June 8, 2022	35%
June 8, 2023	15%
June 8, 2024	25%
June 8, 2025	25%

Based on the closing price of HK\$39.10 as quoted on the Stock Exchange on August 24, 2021 (being the Latest Practicable Date), the aggregate market value of the underlying Shares in relation to the RSUs to be granted to each of the Connected Selected Persons (being 92,690 Shares in aggregate) amounts to HK\$3,624,179.

The underlying Shares of the RSUs to be granted to each of the Connected Selected Persons, being 92,690 Shares in aggregate, represent approximately 0.04% of the total issued share capital of the Company as at the Latest Practicable Date, and approximately 0.04% of the enlarged total issued share capital of the Company (assuming there will be no change to the total issued share capital from the Latest Practicable Date up to the exercise of the RSUs granted to each of the Connected Selected Persons other than the abovementioned allotment and issuance of Shares by the Company to the Trustee).

The new Shares to be allotted and issued by the Company to the Trustee under the proposed grant of RSUs to each of the Connected Selected Persons will rank *pari passu* in all respects among themselves and with all the Shares in issue from time to time.

### **RSU Specific Mandate to issue underlying Shares**

The underlying Shares of the RSUs to be granted to each of the Connected Selected Persons, being 92,690 Shares in aggregate, will be allotted and issued under the RSU Specific Mandate to be sought at the EGM.

### **Application for listing**

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, such new Shares.

---

## LETTER FROM THE BOARD

---

### **Reasons for and benefits of the proposed grant of RSUs to each of the Connected Selected Persons**

As disclosed in the announcement of the Company dated February 2, 2021, the purposes of the 2021 RSU Scheme are to (i) incentivize the existing and incoming directors, senior management and employees for their contributions to the Group; and (ii) attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

As disclosed in the AGM Circular, the proposed grant of RSUs to Dr. Sidransky is part of the remuneration package under his letter of appointment with the Company (as approved by the shareholders of the Company at the annual general meeting of the Company held on May 10, 2021) which has been determined with reference to, among other things, (a) his duties and responsibilities within the Company; (b) the prevailing market conditions; and (c) the continuous expansion of the business scale and continuously heightening requirements on corporate governance of the Company over recent years.

As disclosed in the AGM Circular, in light of the continuous expansion of the business scale and continuously rising requirements on regulated corporate governance of the Company over recent years and in order to attract and retain independent non-executive Directors to serve the Company, the proposed grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren is part of the adjustment to their remuneration package under their letters of appointment with the Company (as approved by the shareholders of the Company at the annual general meeting of the Company held on May 10, 2021) which has been determined with reference to, among other things, (a) their duties and responsibilities within the Company; (b) the prevailing market condition; (c) their individual performance and contributions; and (d) the overall performance of the Company.

As disclosed in the announcement of the Company dated December 4, 2020, Mr. Zhu, the chief commercial officer of the Company, is comprehensively responsible for the Company's commercialization roadmap, the formulation of commercial operations strategies, the building of a commercialization team, and accelerating the launch of the commercialization of the Company's drug candidates under development. The proposed grant of RSUs to Mr. Zhu aims to provide sufficient incentives to attract, retain and motivate Mr. Zhu to participate in the continuing operation and long-term development of the Company and to recognise Mr. Zhu's contributions to the growth of the Company.

Furthermore, the dilution effect of the proposed grant of RSUs to each of the Connected Selected Persons to the interests of the existing public Shareholders is insignificant and there will not be substantial cash outflow by the Company under the proposed grant of RSUs to each of the Connected Selected Persons.

---

## LETTER FROM THE BOARD

---

### **Implications under the Listing Rules**

As each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren is an independent non-executive director of the Company, and Mr. Zhu is the chief commercial officer of the Company and thus a chief executive, each of the Connected Selected Persons is a connected person of the Company. Although the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren forms part of their remuneration package under their letters of appointment with the Company (as disclosed in the AGM Circular and as approved by the shareholders of the Company at the annual general meeting of the Company held on May 10, 2021), such grant involves the issuance of new Shares to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren which does not fall within any of the exemptions as set out under Rule 14A.92 of the Listing Rules. As such, the proposed grant of RSUs to each of the Connected Selected Persons constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements. An ordinary resolution is being proposed at the EGM for the Independent Shareholders to consider and, if thought fit, approve the proposed grant of RSUs to the Connected Selected Persons.

The proposed grant of RSUs to Mr. Zhu has been unanimously approved by all members of the Remuneration Committee. None of the Directors has a material interest in the proposed grant of RSUs to Mr. Zhu and therefore none of them has abstained from voting on the relevant Board resolution. The Independent Board Committee A comprising Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren, being all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Zhu.

The proposed grant of RSUs to Dr. Sidransky has been unanimously approved by all members of the remuneration committee of the Company. Save for Dr. Sidransky, no other Director has a material interest in the proposed grant of RSUs to Dr. Sidransky and therefore none of them other than Dr. Sidransky abstained from voting on the relevant Board resolution.

The proposed grant of RSUs to Mr. Ye has been unanimously approved by all members of the remuneration committee of the Company. Save for Mr. Ye, no other Director has a material interest in the proposed grant of RSUs to Mr. Ye and therefore none of them other than Mr. Ye abstained from voting on the relevant Board resolution.

Save for Dr. Yin, being the chairman of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the proposed grant of RSUs to Dr. Yin and therefore none of them other than Dr. Yin abstained from voting on the relevant resolution of the

---

## LETTER FROM THE BOARD

---

Remuneration Committee. Save for Dr. Yin, no other Director has a material interest in the proposed grant of RSUs to Dr. Yin and therefore none of them other than Dr. Yin abstained from voting on the relevant Board resolution.

Save for Mr. Ren, being a member of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the proposed grant of RSUs to Mr. Ren and therefore none of them other than Mr. Ren abstained from voting on the relevant resolution of the Remuneration Committee. Save for Mr. Ren, no other Director has a material interest in the proposed grant of RSUs to Mr. Ren and therefore none of them other than Mr. Ren abstained from voting on the relevant Board resolution.

The following independent board committees have been formed in accordance with Chapter 14A of the Listing Rules:

- (i) the Independent Board Committee B comprising Mr. Ye, Dr. Yin and Mr. Ren to advise the Independent Shareholders on the proposed grant of RSUs to Dr. Sidransky;
- (ii) the Independent Board Committee C comprising Dr. Sidransky, Dr. Yin and Mr. Ren to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Ye;
- (iii) the Independent Board Committee D comprising Dr. Sidransky, Mr. Ye and Mr. Ren to advise the Independent Shareholders on the proposed grant of RSUs to Dr. Yin; and
- (iv) the Independent Board Committee E comprising Dr. Sidransky, Mr. Ye and Dr. Yin to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Ren.

Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, has been appointed as the Independent Financial Adviser to advise (i) the Independent Board Committee A and the Independent Shareholders in respect of the proposed grant of RSUs to Mr. Zhu; and (ii) the Independent Board Committee B, the Independent Board Committee C, the Independent Board Committee D and the Independent Board Committee E, as well as the Independent Shareholders, in respect of the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren, respectively.

The Board does not consider that the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren would affect or hinder the independence of each of the independent non-executive Directors pursuant to Rule 3.13(1) of the Listing Rules.

---

## LETTER FROM THE BOARD

---

### 3. PROPOSED GRANT OF WARRANT SPECIFIC MANDATE TO ISSUE UNLISTED WARRANTS AND WARRANT SHARES

#### Background

Reference is made to the announcements of the Company dated July 14, 2021 and July 23, 2021. On July 14, 2021, (i) Ascentage HK, Ascentage GZ and Innovent Suzhou entered into the HQP1351 Collaboration and License Agreement, pursuant to which Ascentage agreed to grant to Innovent Suzhou the right to develop HQP1351 in the Field in the Licensed Territory and the right to commercialize HQP1351 in the cities within the Licensed Territory being allocated to Innovent Suzhou; and (ii) Ascentage Suzhou and Innovent Suzhou entered into the APG-2575 Combination Therapy Strategic Collaboration and Clinical Trial Agreement, pursuant to which Ascentage Suzhou and Innovent Suzhou agreed to exclusively undertake the Combination Therapy Studies in the Field in the Licensed Territory. Further, in recognition of the Company's research and development capabilities, as well as the Company's growth potential, Innovent decided to make strategic equity investment in the Company by way of the Share Subscription and the Warrant Subscription. As such, on July 14, 2021, the Company and Innovent also entered into (i) the Share Subscription Agreement, pursuant to which the Company agreed to issue, and Innovent agreed to subscribe, a total of 8,823,863 Subscription Shares at the aggregate consideration of US\$50.00 million (equivalent to approximately HK\$388.25 million) subject to the terms and conditions of the Share Subscription Agreement (the completion of the Share Subscription took place on July 23, 2021); and (ii) the Warrant Subscription Deed, pursuant to which the Company agreed to issue to Innovent 6,787,587 Warrants at the Warrant Exercise Price of HK\$57.20 per Warrant Share (subject to adjustment). Please refer to the abovementioned announcements for further details of the HQP1351 Collaboration and License Agreement, the APG-2575 Combination Therapy Strategic Collaboration and Clinical Trial Agreement and the Share Subscription Agreement.

---

## LETTER FROM THE BOARD

---

### The principal terms and conditions of the Warrant Subscription Deed and the Warrants

**Issuer** The Company

**Warrant holder** Innovent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Innovent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Number of Warrants and  
Warrant Shares**

The Company agreed to issue 6,787,587 Warrants to Innovent, conferring the rights to subscribe for an aggregate of 6,787,587 Warrant Shares (subject to adjustment). The number of Warrant Shares represents approximately 2.58% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 2.51% of the enlarged issued share capital of the Company immediately following the full exercise of the subscription rights attaching to the Warrants (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and the date on which such subscription rights are exercised in full). The aggregate nominal value of the Warrant Shares is US\$678.7587.

**Ranking**

The Warrant Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on the relevant date of registration of the name of the relevant holder(s) of the Warrants on the register of members of the Company as holder of such Warrant Shares.

---

## LETTER FROM THE BOARD

---

### **Issue price**

Innovent will be exempt from paying a nominal consideration for the Warrants, which was determined on arm's length basis between the Company and Innovent with reference to, among other things, the following factors:

- (i) the issuance of Warrants to Innovent at nil consideration is a commercial arrangement in view of the strategic collaboration relationship between the Group and Innovent and its subsidiaries, which would enhance the commercial relationship established by the transactions under the HQP1351 Collaboration and License Agreement, the APG-2575 Combination Therapy Strategic Collaboration and Clinical Trial Agreement and the Share Subscription Agreement; and
- (ii) given the Warrants are issued for the purpose of strengthening the strategic collaboration relationship between the Group and Innovent and its subsidiaries, the Warrants are private to Innovent and are not transferable by Innovent. The Warrants are also not expected to have liquid market as they are unlisted Warrants.

### **Warrant Exercise Price**

The initial subscription price of each Warrant Share upon exercise of the Warrants is HK\$57.20 (subject to customary adjustments in certain events such as consolidation or subdivision of the Shares, capitalization of reserves or issuance of Shares for cash).

The Warrant Exercise Price set out above represents:

- (i) a premium of approximately 8.03% to the closing price of HK\$52.95 per Share as quoted on the Stock Exchange on July 14, 2021, being the date of the Warrant Subscription Deed;



---

## LETTER FROM THE BOARD

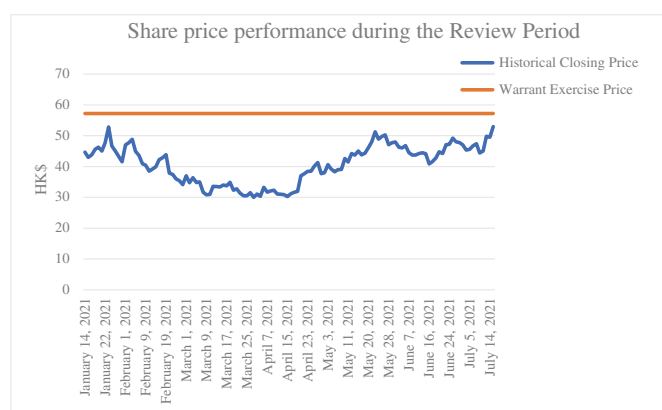
---

- (ii) a premium of approximately 21.11% to the average closing price of HK\$47.23 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Warrant Subscription Deed; and
- (iii) a premium of approximately 46.29% to the closing price of HK\$39.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Warrant Exercise Price was determined on arm's length basis between the Company and Innovent, and with reference to the prevailing market price of the Shares, the recent trading volume of the Shares and the prospects of the Group.

When determining the Warrant Exercise Price, the Directors have reviewed the closing prices of the Shares during the period from January 14, 2021 and up to and including the date of the Warrant Subscription Deed, being the six-month period immediately prior to the date of the Warrant Subscription Deed (the “**Review Period**”).

The following chart illustrates the trend of the closing prices of the Shares during the Review Period:



Source: the website of the Stock Exchange

---

## LETTER FROM THE BOARD

---

As shown in the chart above, the closing prices of the Shares fluctuated within the range from HK\$30.00 to HK\$52.95. The average closing price of the Shares was approximately HK\$40.71 during the Review Period. The Warrant Exercise Price of HK\$57.20 represents a premium of approximately 40.51% to the average closing price of the Shares during the Review Period.

In addition, the Directors also reviewed the trading volume of the Shares during the Review Period in determining the Warrant Exercise Price. The following table sets out (a) the average daily trading volume of the Shares during the Review Period; and (b) the percentage of the average daily trading volume of the Shares in proportion to the total number of issued Shares as at the end of the month/period during the Review Period:

Month/period	Total trading volume of the Shares <i>Number of Shares</i>	Number of trading days	Average daily trading volume of the Shares <i>Number of Shares</i>	Percentage of average daily trading volume to total number of issued Shares as at the end of the month/period %
January 2021 (from January 14, 2021)	36,027,811	12	3,002,318	1.33
February 2021	99,804,742	18	5,544,708	2.19
March 2021	36,632,084	23	1,592,699	0.63
April 2021	28,183,261	19	1,483,330	0.59
May 2021	58,561,130	20	2,928,057	1.16
June 2021	35,480,538	21	1,689,549	0.67
July 2021 (up to July 14, 2021)	16,467,902	9	1,829,767	0.72

*Source: the website of the Stock Exchange*

---

## LETTER FROM THE BOARD

---

As illustrated above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 1,483,330 Shares to 5,544,708 Shares, representing approximately 0.59% to approximately 2.19% of the total number of issued Shares as at the end of the relevant month/period during the Review Period. The Directors noted that excluding the exceptionally high trading volume of the Shares in February 2021, the average daily trading volume during the Review Period was approximately 2,581,489 Shares, representing approximately 0.98% of the total number of issued Shares as at the Latest Practicable Date.

In addition, the Directors also took into account the subscription prices of the new Shares issued pursuant to the 2020 Placing and the 2021 Placing, being HK\$46.80 and HK\$44.20, respectively, and concluded that setting the Warrant Exercise Price at a premium to the abovementioned price points should be merited.

In light of the above, the Board (including the independent non-executive Directors) considers that the Warrant Exercise Price and the terms of the Warrant Subscription Deed are fair and reasonable and that the issuance of the Warrants is in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

### Adjustment

As agreed between the Company and Innovent, the Warrant Exercise Price shall be adjusted in each of the following cases (the “**Adjustment Events**”):

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision, the Warrant Exercise Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

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

where:

A = the nominal amount of one Share immediately after such alteration; and

B = the nominal amount of one Share immediately before such alteration

Each such adjustment shall be effective from the close of business on the Business Day immediately preceding the date on which the relevant consolidation or subdivision (as the case may be) becomes effective.

---

## LETTER FROM THE BOARD

---

- (ii) an issue by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account fund), the Warrant Exercise Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{C+D}$$

where:

C = the aggregate nominal amount of the Shares in issue immediately before such issue; and

D = the aggregate nominal amount of the Shares issued in connection with and as a result of such capitalization.

Each such adjustment shall be effective from the commencement of the day next following the record date for such issue.

---

## LETTER FROM THE BOARD

---

- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such), or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its Subsidiaries, the Warrant Exercise Price in force immediately prior to such capital distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E-F}{E}$$

where:

E = the closing price per Share on the Stock Exchange on the dealing day immediately preceding the date on which the capital distribution or, as the case may be, the grant is publicly announced; and

F = the amount calculated by dividing the fair market value on the day of such announcement or (as the case may require) the day immediately preceding the date on which the Share is traded ex such capital distribution or, as the case may be, the grant, as determined in good faith by either an approved merchant bank or the auditors (at the option of the Company), of such capital distribution or of such rights by the number of Shares participating in such capital distribution or, as the case may be, in the grant of such rights.

Each such adjustment shall be effective from the commencement of the day next following the record date for the relevant capital distribution or grant.

---

## LETTER FROM THE BOARD

---

- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares, being made by the Company to holders of Shares (in their capacity as such), the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G+H}{G+I}$$

where:

G = the number of Shares in issue immediately before the date of such announcement;

H = the number of Shares which the aggregate of the two following amounts would purchase at the closing price of the Shares on the date of such announcement:

(a) the total amount (if any) payable for the rights, options or warrants being offered or granted; and

(b) the total amount payable for all of the new Shares being offered for subscription or comprised in the options or warrants being granted; and

I = the aggregate number of Shares being offered for subscription or comprised in the options or warrants being granted.

Such adjustment shall become effective from the commencement of the day next following the record date for the relevant offer or grant.

---

## LETTER FROM THE BOARD

---

- (v) an issue wholly for cash being made by the Company of any securities convertible into or exchangeable for or carrying rights of subscription for new Shares, or the conversion, exchange or subscription rights of any such issue are altered, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately prior to such issue by the following fraction:

$$\frac{J+K}{J+L}$$

where:

J = the number of Shares in issue immediately before the date of the issue of such securities;

K = the number of Shares which the total effective consideration receivable for such securities would purchase at the closing price of the Shares on the date of such announcement; and

L = the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the subscription rights conferred by, such securities at their relative initial conversion or exchange rate or subscription price.

Such adjustment shall become effective from the relevant security issue date.



---

## LETTER FROM THE BOARD

---

- (vi) an issue wholly for cash being made by the Company of any Shares, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately prior to such issue by the following fraction:

$$\frac{M+N}{M+O}$$

where:

M = the number of Shares in issue immediately before the date of the announcement of such issue;

N = the number of Shares which the aggregate amount payable for such issue would purchase at the closing price of the Shares on the date of such announcement; and

O = the number of Shares allotted pursuant to such issue.

Such adjustment shall become effective on the date of the issue.

---

## LETTER FROM THE BOARD

---

Subsequent to the adjustment to the Warrant Exercise Price pursuant to the formulas as set out above, the number of Warrant Shares issuable by the Company upon the exercise of the Warrants will increase proportionally by the following fraction:

$$\frac{P_o}{P_I}$$

where:

$P_o$  = the Warrant Exercise Price prior to the relevant adjustment; and

$P_I$  = the Warrant Exercise Price subsequent to the relevant adjustment.

No adjustment referred to in the Adjustment Events set out in paragraphs (ii) to (vi) above shall be made in respect of an issue by the Company of Shares or securities convertible into or exchangeable for or carrying rights of subscription for Shares pursuant to the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the 2021 RSU Scheme.

In the event that the outstanding Shares increase due to the Adjustment Events, the Warrant Exercise Price will decrease proportionally in accordance with the aforementioned formulas. In no event shall an adjustment be made (otherwise than upon the consolidation of Shares into shares of a larger nominal amount each) which would increase the Warrant Exercise Price.

---

## LETTER FROM THE BOARD

---

Any adjustment to the Warrant Exercise Price shall be made to the nearest one-thousandth of a cent (HK\$0.00000005 being rounded up) and in no event shall any adjustment be made to the Warrant Exercise Price in any case in which the amount by which the same would be reduced would be less than one-thousandth of a cent and any adjustment which would otherwise then be required shall not be carried forward.

In the event of other dividend and distribution payable in securities (other than those set out in Adjustment Events) or assets (other than cash dividends or payable solely out of retained earnings), if any, Innovent shall receive the securities or assets of the Company to which Innovent would have been entitled to if it had exercised any Warrant immediately prior to the record date or effective date of such dividend or distribution.

In the event of any reclassification of Shares, Innovent shall be entitled to receive the shares or other securities to which Innovent would have been entitled upon consummation of the classification if it had exercised such Warrants immediately prior to the reclassification.

---

## LETTER FROM THE BOARD

---

In the event of the Adjustments Events, the Warrant Exercise Price will be adjusted in accordance with the foregoing formulas and the number of Warrant Shares issuable by the Company upon the exercise of the Warrants will increase proportionally as abovementioned; in the event of any dividend and distribution or classification of Shares other than an Adjustment Event, the number of underlying Warrant Shares will be adjusted proportionally, and the proportion of the underlying Warrant Shares to which Innovent is entitled as to the total outstanding issued Shares will remain the same immediately before and after such dividend and distribution or classification of Shares, ensuring that Rule 15.02(1) of the Listing Rules, which requires the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities of the Company which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the total issued share capital of the Company at the time the Warrants are issued (options granted under employee or executive share schemes which comply with Chapter 17 of the Listing rules are excluded for the purpose of this limit), will be complied with.

Every adjustment to the Warrant Exercise Price shall be certified by the auditors of the Company, an approved financial adviser or an approved merchant bank, and the adjusted Warrant Exercise Price so certified shall form the basis for the proportional increase in the number of Warrant Shares issuable by the Company upon the exercise of the Warrants as abovementioned.

---

## LETTER FROM THE BOARD

---

The Board is of the view that the aforementioned adjustment mechanism is agreed between the Company and Innovent to ensure the proportion of the underlying Warrant Shares to which Innovent is entitled as to the total outstanding issued Shares will not be further diluted due to the occurrence of Adjustment Events or other dividend, distribution or reclassification of Shares, and the aforementioned adjustment mechanism will not result in Innovent being entitled to rights to vote or receive dividends or distributions by virtue of them being the holders of the Warrants. Therefore, the adjustment mechanisms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

The Warrant Subscription Completion shall be subject to the satisfaction or, if applicable, waiver of the Warrant Subscription Conditions Precedent which include:

- (i) there not having occurred at any time before completion of the Warrant Subscription,
  - (a) any material adverse change, or any development reasonably likely to have a material adverse effect, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Group taken as a whole; or
  - (b) any event or the existence of any circumstance which renders any of the representations, warranties and undertakings given by the Company pursuant to the Warrant Subscription Deed untrue, inaccurate or misleading;
- (ii) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange;

---

## LETTER FROM THE BOARD

---

- (iii) if required by the Listing Rules or other applicable laws, the approval of the Warrant Subscription Deed and the transactions contemplated thereunder at a general meeting of the Shareholders in accordance with the requirements of the Listing Rules;
- (iv) the granting of the Warrant Specific Mandate by the Shareholders;
- (v) the approval of issuance of the Warrants and the listing of, and permission to deal in, the Warrants Shares having been granted by the Stock Exchange and such listing and permission not subsequently being revoked prior to the Warrant Subscription Completion; and
- (vi) all the authorizations, approvals, consents, waivers and permits of the relevant authorities of and filings with the relevant jurisdictions (including without limitation the Stock Exchange) which are necessary for the entering into of the Warrant Subscription Deed and/or the performance of the obligations thereunder or otherwise to give effect to the issuance of the Warrants as required by applicable laws having been granted, received, obtained and completed.

Pursuant to the Warrant Subscription Deed, Innovent may in its absolute discretion waive the Warrant Subscription Conditions Precedent (i) and (ii) above.

As at the Latest Practicable Date, the Warrant Subscription Conditions Precedent have not yet been satisfied.

### **Exercise Period**

The subscription rights attaching to the Warrants may be exercised during the period commencing on the date of issuance of the Warrants and ending on the date that is 24 months after the date of issuance of the Warrants (the **“Exercise Period”**).

---

## LETTER FROM THE BOARD

---

### **Transferability**

The Warrants are not transferrable by Innovent without the prior written consent of the Company. The Company will not provide its consent to any proposed transfer of the Warrants by Innovent to any connected person of the Company.

### **Voting rights**

Innovent shall not have any right to (i) attend or vote at any meeting of the Company by virtue of being holders of the Warrants; and (ii) participate in any distributions and/or offers of further securities made by the Company by virtue of it being a holder of the Warrants.

### **Rights of Innovent on the liquidation of the Company**

If the Company is liquidated, dissolved, wound up before the end of the Exercise Period, all subscription rights attached to the Warrants which have not been exercised prior to the commencement of the liquidation, dissolution or winding-up shall lapse and the Warrants will cease to be valid for the purpose of exercising any such subscription rights.

### **Redemption**

Pursuant to the conditions of the Warrants, if the closing price of the Shares as quoted on the Stock Exchange stays above the then applicable Warrant Exercise Price for each day during a period of six months (the “**Relevant Period**”) within the Exercise Period, the Company may redeem all of the outstanding Warrants for nil consideration by giving not less than 14 days’ prior written notice to Innovent. If there shall occur any event giving rise to any adjustment to the Warrant Exercise Price during the Relevant Period, the Company may only exercise the aforementioned redemption right if the closing price of the Shares as quoted on the Stock Exchange for each day during the remainder of the Relevant Period continues to be higher than the Warrant Exercise Price (as adjusted).

---

## LETTER FROM THE BOARD

---

### **Completion**

The Warrant Subscription Completion shall take place on the third Business Day after satisfaction or waiver (as the case may be) of the last in time of the Warrant Subscription Conditions Precedent (other than any such condition (or any part thereof) which may only be satisfied at Completion), or such other time as the Company and Innovent may agree in writing.

### **Lock-up arrangements of the Company**

Pursuant to the Warrant Subscription Deed, the Company undertook to Innovent that for a period from the date of the Warrant Subscription Deed up to two months after the date of completion of the Warrant Subscription, neither the Company nor any person acting on its behalf will, except for the Warrant Shares and save for (i) the issue of new Shares or grant of options pursuant to the exercise of share options granted under the Pre-IPO Share Option Scheme or the Post-IPO Share Option Scheme; (ii) the grant of any awards pursuant to the 2018 RSU Scheme or the 2021 RSU Scheme; or (iii) any Shares that may be issued by the Company to Innovent:

- (a) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;
- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or
- (c) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of Innovent.



---

## LETTER FROM THE BOARD

---

### **Termination**

The Warrant Subscription Deed shall automatically terminate with immediate effect if, among other things, (i) any of the representations, warranties and undertakings given by the Company pursuant to the Warrant Subscription Deed is or becomes untrue or misleading or has been breached in any respect; and (ii) the Company is in breach of any material term of the Warrant Subscription Deed.

### **Implications under the Listing Rules**

Pursuant to Rule 13.36(7) of the Listing Rules, the Company may not issue warrants to subscribe for (i) any new Shares or (ii) any securities convertible into new Shares, for cash consideration pursuant to a general mandate given under Rule 13.36(2)(b) of the Listing Rules. Therefore, the Warrants and the Warrant Shares (to be issued upon exercise of the Warrants) will be allotted and issued pursuant to the Warrant Specific Mandate to be sought from the Shareholders at the EGM.

The proposed issuance of the Warrants and the Warrant Shares upon the exercise thereof under the Specific Mandate is in compliance with the requirements under Rule 15.02 of the Listing Rules.

### **Warrant Specific Mandate to issue the unlisted Warrants and the Warrant Shares**

The Company will seek the approval of the Warrant Specific Mandate from the Shareholders at the EGM to issue the Warrants and the Warrant Shares upon the exercise thereof.

### **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

### **Reasons for and benefits of the entry into of the Warrant Subscription Deed**

The strategic equity investment in the Company by Innovent by way of the Warrant Subscription (together with the Share Subscription) signifies Innovent's recognition of the Company's research and development capabilities, as well as the Company's growth potential. The equity investment is also expected provide further financial support to the Company's global clinical development programs. In addition, in view of the strategic collaboration relationship

---

## LETTER FROM THE BOARD

---

between the Company and Innovent, the Share Subscription and Warrant Subscription allows Innovent to further share the Company's prospects, whereby strengthening the business cooperation between the two groups. Besides, the issuance of the Warrants will not have immediate impact on the cash flow of the Company and is without immediate dilution of the shareholdings of the existing Shareholders, and if the subscription rights attaching to the Warrants are exercised, it will benefit the long term business diversification development of the Company by broadening the capital base of the Company.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Warrant Subscription Deed, as well as the transactions contemplated thereunder, are fair and reasonable and on normal commercial terms based on arm's length negotiations between the Company and Innovent, and are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company did not have any concrete plan for any contemplated acquisitions, disposals or other matters that may have a material impact on the Company which is necessary for the Shareholders and the public to appraise the position of the Company for the issuance of the Warrants. However, the Company will review its business plan from time to time and may consider potential business expansion or investment opportunities when the opportunities arise.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, other than the HQP1351 Collaboration and License Agreement, the APG-2575 Combination Therapy Strategic Collaboration and Clinical Trial Agreement, the Share Subscription Agreement and the Warrant Subscription Deed, the Company has not entered, or contemplated to enter, into any other arrangements, agreements or understanding (whether formal or informal and whether express or implied) with Innovent or its associates.

### **Use of proceeds**

Assuming all the 6,787,587 Warrants are exercised, the gross proceeds to be raised from the Warrant Subscription will be approximately HK\$388.25 million (being approximately US\$50 million) and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) arising from the Warrant Subscription are estimated to be approximately HK\$388.06 million (being approximately US\$49.98 million). On this basis, the net price per Warrant Share will be approximately HK\$57.17.

## LETTER FROM THE BOARD

The net proceeds from the Warrant Subscription will be used for the development and commercialization of the product candidates in the Company's pipeline. Since the amount of proceeds that may be raised will depend on the exercise of the subscription rights attaching to the Warrants and the price of the Shares, which may be out of control of the Company, the proceeds that will actually be raised therefrom may not match with the Company's capital requirements. The Company shall review its business plan from time to time and shall not rule out the possibility of alternative fund raising methods if the subscription rights attaching to the Warrants are not exercised in full or if the Warrant Exercise Price of the Warrants does not reach expected levels and the net proceeds does not match the future capital needs of the Company.

### Effect on shareholding structure of the Company

The shareholding structure of the Company (i) as at the Latest Practicable Date (which has taken into account the completion of the Share Subscription which took place on July 23, 2021 pursuant to which a total of 8,823,863 Subscription Shares were issued to Innovent); and (ii) immediately following the full exercise of the subscription rights attaching to the Warrants (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and the date on which such subscription rights are exercised in full) are set out below.

Shareholder	As at the Latest Practicable Date		Immediately following the full exercise of the Warrants	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>percentage of</i>		<i>percentage of</i>	
	<i>Number of Shares held</i>	<i>total Shares in issue</i>	<i>Number of Shares held</i>	<i>total Shares in issue</i>
<b>Each of the Founders, Dr. Zhai, the Founders SPV and the Dr. Zhai SPV <sup>(1)(2)(3)</sup></b>	67,204,967	25.53%	67,204,967	24.88%
<b>Innovent</b>	8,823,863	3.35%	15,611,450	5.78%
<b>Other Shareholders</b>	187,260,042	71.12%	187,260,042	69.34%
<b>Total</b>	<u>263,288,872</u>	<u>100.00%</u>	<u>270,076,459</u>	<u>100.00%</u>

*Notes:*

- (1) Founders SPV is beneficially owned by (i) Dr. Yang as to 0.84%; (ii) Dr. Wang as to 13.39%; (iii) Dr. Guo as to 4.20%; (iv) Yang Family Trust as to 44.69%; (v) Wang Family Trust as to 13.39%; and (vi) Guo Family Trust as to 23.49%. Yang Family Trust, Wang Family Trust and Guo Family Trust are discretionary family trusts respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members.

---

## LETTER FROM THE BOARD

---

- (2) Dr. Zhai SPV is beneficially owned by (i) Dr. Zhai as to 3%; and (ii) Zhai Family Trust as to 97%. Zhai Family Trust is a discretionary family trust established by Dr. Zhai as settlor for the benefits of her family members.
- (3) Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, Founders SPV and Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been and will be actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of the Group since December 5, 2016 and will continue to act in concert after Listing. Accordingly, each of them is deemed to be interested in an aggregate of approximately 25.53% shareholding interest in the Company as at the Latest Practicable Date and an aggregate of approximately 24.88% shareholding interest in the Company immediately following the full exercise of the Warrants.

### **Fund raising exercise by the Company in the past twelve months**

#### ***The 2020 Placing***

The closing of the 2020 Placing of 15,000,000 Shares at a price of HK\$46.80 each pursuant to the 2020 Placing Agreement took place on July 15, 2020. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2020 Placing were approximately HK\$689.5 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 8, 2020 and as at the Latest Practicable Date, the Company has fully utilized the net proceeds in accordance with such intended purposes.

## LETTER FROM THE BOARD

The table below sets out the planned applications of the net proceeds from the 2020 Placing and the actual usage up to June 30, 2021:

Use of proceeds		Planned allocation of net proceeds (HK\$ million)	Planned allocation of net proceeds (RMB million)	Utilized amount (as at June 30, 2021) (RMB million)
Clinical development for other pipeline products, such as APG-2575, APG-115, APG-1387 and APG-1252	60%	413.5	345.0	345.0
Registration, trial production and marketing of the Core Product, HQP1351	20%	138.0	115.0	115.0
Ongoing and planned clinical trials of APG-2575	20%	138.0	115.0	115.0
Total	100%	689.5	575.0	575.0

*Notes:*

- (1) The sum of the data may not add up to the total due to rounding.
- (2) Net proceeds from the 2020 Placing were received in Hong Kong dollars and translated to RMB at the exchange rate of June 30, 2021 for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the 2020 Placing.

### ***The 2021 Placing***

The closing of the placing and subscription of 26,500,000 Shares at a price of HK\$44.20 each pursuant to the 2021 Placing Agreement took place on February 11, 2021. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2021 Placing were approximately HK\$1,153.64 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated February 3, 2021 and the Company will gradually utilize the remaining amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

## LETTER FROM THE BOARD

The table below sets out the planned applications of the net proceeds from the 2021 Placing and the actual usage up to June 30, 2021.

Use of proceeds		Planned allocation of net proceeds (HK\$ million)	Planned allocation of net proceeds (RMB million)	Utilized amount (as at June 30, 2021) (RMB million)	Expected timeline for utilizing the remaining balance of net proceeds from the 2021 Placing
Clinical development of the key product candidate, APG-2575	50%	576.8	480.0	15.0	December 31, 2022
Registrational trials for full approval and the commercialization of the Core Product, HQP1351	20%	230.7	192.0	6.7	December 31, 2022
Clinical development for other pipeline products such as APG-115 (MDM2-p53 inhibitors currently in Phase Ib/II clinical trial), APG-1387 (pan-IAP inhibitor currently in Phase Ib/II clinical trial) and APG-1252 (Bcl-2/Bcl-xL dual inhibitor currently in Phase I clinical trial)	20%	230.7	192.0	3.3	December 31, 2022
General corporate purposes	10%	115.4	96.0	0.3	December 31, 2022
Total	100%	1,153.6	960.0	25.3	

Notes:

- (1) The sum of the data may not add up to the total due to rounding.
- (2) The expected timeline for utilizing the remaining balance of net proceeds is based on the best estimation of the market conditions made by the Group and it is subject to the research and development progress of the Group which may be affected by COVID-19.
- (3) Net proceeds from the 2021 Placing were received in Hong Kong dollars and translated to RMB at the exchange rate of June 30, 2021 for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the 2021 Placing.

---

## LETTER FROM THE BOARD

---

### **Information on the Company**

The Company is a globally focused biopharmaceutical company engaged in developing novel therapies for cancers, chronic hepatitis B, and age-related diseases. On October 28, 2019, the Company was listed on the Main Board of the Stock Exchange with the stock code: 6855.HK.

The Company focuses on developing therapeutics that inhibit protein-protein interactions to restore apoptosis, or programmed cell death. The Company has built a pipeline of eight clinical drug candidates, including novel, highly potent Bcl-2, and dual Bcl-2/Bcl-xL inhibitors, as well as candidates aimed at IAP and MDM2-p53 pathways, and next-generation tyrosine kinase inhibitors (TKIs). The Company is also the only company in the world with active clinical programs targeting all three known classes of key apoptosis regulators. The Company is conducting more than 40 Phase I/II clinical trials in the US, Australia, Europe, and China. As at the Latest Practicable Date, the Company has obtained a total of 12 Orphan Drug Designations from the FDA for four of the Company's investigational drug candidates.

### **Information on Innovent**

Innovent is a global biopharmaceutical company. Innovent's mission is to create a world-class biopharmaceutical company that develops and commercialises high quality drugs that are affordable to ordinary people. Innovent is committed to innovation in drug development and has complied with global quality standards for every aspect of the Innovent's business and operations. To capitalise on the tremendous market opportunity both in China and beyond, Innovent and its subsidiaries have developed a fully-integrated multi-functional platform consisting of advanced research, discover, development, manufacturing and commercialisation capabilities. These capabilities have enabled Innovent and its subsidiaries to build a robust pipeline of innovative and commercially promising monoclonal antibodies and other drug assets in the fields of oncology, ophthalmology, autoimmune and metabolic diseases.

The shares of Innovent were listed on the Main Board of the Stock Exchange on October 31, 2018 in accordance with Chapter 18A of the Listing Rules.

---

## LETTER FROM THE BOARD

---

### 4. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, September 15, 2021 to Monday, September 20, 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, September 14, 2021.

### 5. EGM

The notice of EGM is set out on pages EGM-1 to EGM-3 of this circular.

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

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ascentagepharma.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Saturday, September 18, 2021) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

As Innovent is the holder of 8,823,863 Shares as at the Latest Practicable Date (following the completion of the Share Subscription which took place on July 23, 2021) and it is interested in the proposed issuance of the Warrants and the Warrant Shares upon the exercise thereof under the Specific Mandate, Innovent will be required to abstain from voting on the resolutions in relation to the proposed issuance of the Warrants and the Warrant Shares upon the exercise thereof under the



---

## LETTER FROM THE BOARD

---

Warrant Specific Mandate. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder is required to abstain from voting on any of the resolutions to be proposed at the EGM.

### 6. RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committees and the letter from the Independent Financial Adviser, respectively, which sets out their recommendations in respect of the proposed grant of RSUs to the Connected Selected Persons and the principal factors considered by them in arriving at their recommendation.

The Independent Board Committee A, after considering the advice from the Independent Financial Adviser, is of the view that the proposed grant of RSUs to Mr. Zhu is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the proposed grant of RSUs to Mr. Zhu is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee A recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to Mr. Zhu.

The Independent Board Committee B, after considering the advice from the Independent Financial Adviser, is of the view that the proposed grant of RSUs to Dr. Sidransky is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the proposed grant of RSUs to Dr. Sidransky is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee B recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to Dr. Sidransky.

The Independent Board Committee C, after considering the advice from the Independent Financial Adviser, is of the view that the proposed grant of RSUs to Mr. Ye is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the proposed grant of RSUs to Mr. Ye is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee C recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to Mr. Ye.

---

## LETTER FROM THE BOARD

---

The Independent Board Committee D, after considering the advice from the Independent Financial Adviser, is of the view that the proposed grant of RSUs to Dr. Yin is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the proposed grant of RSUs to Dr. Yin is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee D recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to Dr. Yin.

The Independent Board Committee E, after considering the advice from the Independent Financial Adviser, is of the view that the proposed grant of RSUs to Mr. Ren is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the proposed grant of RSUs to Mr. Ren is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee E recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in relation to the proposed grant of RSUs to Mr. Ren.

The Directors consider that (i) the proposed grant of RSUs to each of the Connected Selected Persons is on normal commercial terms which are fair and reasonable and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms and conditions of the Warrant Subscription Deed, as well as the transactions contemplated thereunder, are fair and reasonable and on normal commercial terms based on arm's length negotiations between the Company and Innovent, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (i) also recommend the Independent Shareholders to vote in favour of the resolution in relation to the proposed grant of RSUs to the Connected Selected Persons; (ii) recommend the Shareholders to vote in favour of the resolutions in relation to the proposed grant of the RSU Specific Mandate; and (iii) recommend the Shareholders to vote in favor of the resolutions in relation to the proposed grant of the Warrant Specific Mandate and the proposed issuance of the Warrants and the Warrant Shares upon exercise thereof to be proposed at the EGM.

### **7. ADDITIONAL INFORMATION**

Your attention is drawn to (i) the letters from the Independent Board Committees set out on pages 49 to 58 of this circular, containing their recommendation in respect of the proposed grant of RSUs to the Connected Selected Persons; (ii) the letter from the Independent Financial Adviser

---

## LETTER FROM THE BOARD

---

to the Independent Board Committees and the Independent Shareholders set out on pages IFA-1 to IFA-29 of this circular, containing its recommendation in respect of the proposed grant of RSUs to the Connected Selected Persons; and (iii) the additional information set out in the appendix to this circular.

The Independent Shareholders are advised to read the aforesaid letters and the appendix to this circular before deciding as to how to vote on the resolutions in relation to the proposed grant of RSUs to the Connected Selected Persons.

**As the Warrant Subscription Completion is subject to the satisfaction or, if applicable, waiver of the Warrant Subscription Conditions Precedent, the Warrant Subscription may or may not proceed. In addition, the Share Subscription and the Warrant Subscription are not inter-conditional. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

**Cautionary Statement required by Rule 18A.05 of the Listing Rules:** We cannot guarantee that we will be able to obtain further approval for, or ultimately market, HQP1351 and APG-2575 successfully.

By Order of the Board  
**Ascentage Pharma Group International**  
**Dr. Yang Dajun**  
*Chairman and Executive Director*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE A

---



### ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6855)**

*To the Independent Shareholders*

### **CONNECTED TRANSACTION — PROPOSED GRANT OF RSUs TO CONNECTED SELECTED PERSONS**

Dear Sir or Madam,

We refer to the circular of the Company dated August 31, 2021 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee A to advise the Independent Shareholders in relation to the proposed grant of RSUs to Mr. Zhu, details of which are set out in the “Letter from the Board” in the Circular. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee A and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 12 to 48 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages IFA-1 to IFA-29 of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, regarding the proposed grant of RSUs to Mr. Zhu as set out in the “Letter from the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the proposed grant of RSUs to Mr. Zhu is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE A

---

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution in relation to the proposed grant of RSUs to Mr. Zhu to be proposed at the EGM.

Yours faithfully,

**Dr. David Sidransky**

**Mr. Ye Changqing**

**Dr. Yin Zheng**

**Mr. Ren Wei**

*Independent Board Committee A*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE B

---



### ASCENTAGE PHARMA GROUP INTERNATIONAL

#### 亞盛醫藥集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6855)**

*To the Independent Shareholders*

### **CONNECTED TRANSACTION — PROPOSED GRANT OF RSUs TO CONNECTED SELECTED PERSONS**

Dear Sir or Madam,

We refer to the circular of the Company dated August 31, 2021 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee B to advise the Independent Shareholders in relation to the proposed grant of RSUs to Dr. Sidransky, details of which are set out in the “Letter from the Board” in the Circular. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee B and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 12 to 48 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages IFA-1 to IFA-29 of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, regarding the proposed grant of RSUs to Dr. Sidransky as set out in the “Letter from the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the proposed grant of RSUs to Dr. Sidransky is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE B

---

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution in relation to the proposed grant of RSUs to Dr. Sidransky to be proposed at the EGM.

Yours faithfully,

**Mr. Ye Changqing**

**Dr. Yin Zheng**

**Mr. Ren Wei**

*Independent Board Committee B*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE C

---



### ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6855)**

*To the Independent Shareholders*

### **CONNECTED TRANSACTION — PROPOSED GRANT OF RSUs TO CONNECTED SELECTED PERSONS**

Dear Sir or Madam,

We refer to the circular of the Company dated August 31, 2021 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee C to advise the Independent Shareholders in relation to the proposed grant of RSUs to Mr. Ye, details of which are set out in the “Letter from the Board” in the Circular. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee C and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 12 to 48 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages IFA-1 to IFA-29 of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, regarding the proposed grant of RSUs to Mr. Ye as set out in the “Letter from the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the proposed grant of RSUs to Mr. Ye is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.



---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE C

---

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution in relation to the proposed grant of RSUs to Mr. Ye to be proposed at the EGM.

Yours faithfully,

**Dr. David Sidransky**

**Dr. Yin Zheng**

**Mr. Ren Wei**

*Independent Board Committee C*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE D

---



### ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6855)**

*To the Independent Shareholders*

### **CONNECTED TRANSACTION — PROPOSED GRANT OF RSUs TO CONNECTED SELECTED PERSONS**

Dear Sir or Madam,

We refer to the circular of the Company dated August 31, 2021 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee D to advise the Independent Shareholders in relation to the proposed grant of RSUs to Dr. Yin, details of which are set out in the “Letter from the Board” in the Circular. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee D and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 12 to 48 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages IFA-1 to IFA-29 of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, regarding the proposed grant of RSUs to Dr. Yin as set out in the “Letter from the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the proposed grant of RSUs to Dr. Yin is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE D

---

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution in relation to the proposed grant of RSUs to Dr. Yin to be proposed at the EGM.

Yours faithfully,

**Dr. David Sidransky**

**Mr. Ye Changqing**

**Mr. Ren Wei**

*Independent Board Committee D*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE E

---



### ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6855)**

*To the Independent Shareholders*

### **CONNECTED TRANSACTION — PROPOSED GRANT OF RSUs TO CONNECTED SELECTED PERSONS**

Dear Sir or Madam,

We refer to the circular of the Company dated August 31, 2021 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee E to advise the Independent Shareholders in relation to the proposed grant of RSUs to Mr. Ren, details of which are set out in the “Letter from the Board” in the Circular. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee E and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 12 to 48 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages IFA-1 to IFA-29 of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, regarding the proposed grant of RSUs to Mr. Ren as set out in the “Letter from the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the proposed grant of RSUs to Mr. Ren is in the ordinary and usual course of business of the Company, the terms thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE E

---

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution in relation to the proposed grant of RSUs to Mr. Ren to be proposed at the EGM.

Yours faithfully,

**Dr. David Sidransky**

**Mr. Ye Changqing**

**Dr. Yin Zheng**

*Independent Board Committee E*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders in relation to the connected transactions in respect of the proposed grants of RSUs to the Connected Selected Persons, which have been prepared for the purpose of incorporation in this circular.*

ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

August 31, 2021

*To Independent Board Committees and the Independent Shareholders*

**Ascentage Pharma Group International**  
218 Xinghu Street, Building B7, 7th Floor  
Suzhou Industrial Park  
Suzhou, Jiangsu  
China

Dear Sir and Madam,

### CONNECTED TRANSACTIONS PROPOSED GRANTS OF RSUs TO CONNECTED SELECTED PERSONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in respect of the connected transactions in relation to the proposed grants of RSUs to the Connected Selected Persons (the “**Proposed Grant(s)**”), details of which are set out in the “Letter from the Board” contained in the circular of the Company dated August 31, 2021 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Reference is made to the Company's announcements dated May 21, 2021, May 26, 2021, July 14, 2021, July 23, 2021. The Company proposed to grant an aggregate of 10,641 RSUs, 8,964 RSUs, 8,964 RSUs, 8,964 RSUs and 55,157 RSUs under the 2021 RSU Scheme, representing 10,641 Shares, 8,964 Shares, 8,964 Shares, 8,964 Shares and 55,157 Shares, to the Connected Selected Persons, being Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu respectively.

### LISTING RULES IMPLICATIONS

As each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren is an independent non-executive Director, and Mr. Zhu is the chief commercial officer of the Company and thus a chief executive, each of the Connected Selected Persons is a connected person of the Company. Although the proposed grants of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren forms part of their remuneration package under their letters of appointment with the Company (as disclosed in the circular of the Company dated April 9, 2021 and as approved by the Shareholders at the annual general meeting of the Company held on May 10, 2021), such grants involve the issuance of new Shares to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren which does not fall within any of the exemptions as set out under Rule 14A.92 of the Listing Rules. As such, the Proposed Grants constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

The Proposed Grant to Mr. Zhu has been unanimously approved by all members of the Remuneration Committee. None of the Directors has a material interest in the Proposed Grant to Mr. Zhu and therefore none of them has abstained from voting on the relevant Board resolution.

The Proposed Grant to Dr. Sidransky has been unanimously approved by all members of the remuneration committee of the Company. Save for Dr. Sidransky, no other Director has a material interest in the Proposed Grant to Dr. Sidransky and therefore none of them other than Dr. Sidransky abstained from voting on the relevant Board resolution.

The Proposed Grant to Mr. Ye has been unanimously approved by all members of the remuneration committee of the Company. Save for Mr. Ye, no other Director has a material interest in the Proposed Grant to Mr. Ye and therefore none of them other than Mr. Ye abstained from voting on the relevant Board resolution.

Save for Dr. Yin, being the chairman of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the Proposed Grant to Dr. Yin and therefore none of them other than Dr. Yin abstained from voting on the relevant resolution of the

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Remuneration Committee. Save for Dr. Yin, no other Director has a material interest in the Proposed Grant of RSUs to Dr. Yin and therefore none of them other than Dr. Yin abstained from voting on the relevant Board resolution.

Save for Mr. Ren, being a member of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the Proposed Grant to Mr. Ren and therefore none of them other than Mr. Ren abstained from voting on the relevant resolution of the Remuneration Committee. Save for Mr. Ren, no other Director has a material interest in the Proposed Grant to Mr. Ren and therefore none of them other than Mr. Ren abstained from voting on the relevant Board resolution.

The following Independent Board Committees have been formed in accordance with Chapter 14A of the Listing Rules:

- (i) the Independent Board Committee A comprising Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren, being all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Proposed Grant to Mr. Zhu;
- (ii) the Independent Board Committee B comprising Mr. Ye, Dr. Yin and Mr. Ren to advise the Independent Shareholders on the Proposed Grant to Dr. Sidransky;
- (iii) the Independent Board Committee C comprising Dr. Sidransky, Dr. Yin and Mr. Ren to advise the Independent Shareholders on the Proposed Grant to Mr. Ye;
- (iv) the Independent Board Committee D comprising Dr. Sidransky, Mr. Ye and Mr. Ren to advise the Independent Shareholders on the Proposed Grant to Dr. Yin; and
- (v) the Independent Board Committee E comprising Dr. Sidransky, Mr. Ye and Dr. Yin to advise the Independent Shareholders on the Proposed Grant to Mr. Ren.

### THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committees and the Independent Shareholders as to (i) whether the terms of the Proposed Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the Proposed Grants are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the EGM in relation to the Proposed Grants.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the connected transactions in respect of the Proposed Grants is at market level and not conditional upon successful passing of the resolutions to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

### BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the terms and conditions of the 2021 RSU Scheme; (ii) the unaudited interim results announcement of the Company for the six months ended June 30, 2021 (the “**2021 Interim Results**”) and the annual report of the Company for the year ended December 31, 2020 (the “**2020 Annual Report**”); (iii) the announcements of the Company dated February 2, 2021, May 21, 2021, May 26, 2021, July 14, 2021 and July 23, 2021 in relation to, among other things, the adoption of the 2021 RSU Scheme and the Proposed Grants; (iv) the circular of the Company dated April 9, 2021 and the poll results announcement of the Company dated May 10, 2021 in relation to, among other things, the proposed remuneration for Directors; (v) the prospectus of the Company dated October 16, 2019 (the “**Prospectus**”); (vi) various announcements of the Company from October 1, 2020 to the Latest Practicable Date in relation to the development and commercialisation progress of various product candidates in its product pipeline; and (vii) other information set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Group, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Group, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We have no reason to believe that any such statements, information, opinions or representations we relied on in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading. We have relied on such statements, information, opinions and representations. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

#### 1. Background information of the Group

##### *1.1 Principal business of the Group*

The Company is a China-based, globally focused, clinical-stage biotechnology company engaged in developing novel therapies for cancers, hepatitis B virus, or HBV, and age-related diseases.

The Group's protein-protein interaction (PPI) drug candidates are intended to treat cancer and other diseases by restoring the normal function of key intrinsic apoptotic pathways, including the Bcl-2/Bcl-xL, MDM2-p53 and IAP pathways, which play a pivotal role in regulating apoptosis. The Group is also developing several next generation tyrosine kinase inhibitors, or TKIs, to treat diseases with high unmet medical needs. The Group's compounds are being developed for use as a single agent or in combination with other therapies. As of June 30, 2021, the Group was conducting more than 40 Phase I or II clinical trials to evaluate its eight drug candidates in the United States, Australia and China. In addition, the Group is developing and implementing biomarker strategies in its drug discovery with the goal of improving the success rates of its clinical trials.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 1.2 Financial information of the Group

Set out below is a table summarising financial information of the Group for the six months ended June 30, 2020 (“**6MFY2020**”) and June 30, 2021 (“**6MFY2021**”), and the two years ended December 31, 2019 (“**FY2019**”) and December 31, 2020 (“**FY2020**”) extracted from the 2021 Interim Results and the 2020 Annual Report.

	<b>FY2019</b>	<b>FY2020</b>	<b>6MFY2020</b>	<b>6MFY2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	14,513	12,450	2,613	12,965
Research and development expenses	(463,883)	(564,571)	(251,455)	(317,543)
Other expenses	(914,049)	(30,029)	(26,350)	(8,270)
Loss for the year/period	(1,480,714)	(677,606)	(319,177)	(376,682)

	<b>As at 31 December</b>		<b>As at</b>
	<b>2019</b>	<b>2020</b>	<b>30 June</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Total assets	1,205,050	1,731,039	2,408,204
Total liabilities	314,575	884,418	958,309
Net assets	890,475	846,621	1,449,895

#### *FY2020 vs FY2019*

The Group has not commercialised any of its product candidates and therefore did not generate any revenue from sale of drug products in FY2019 and FY2020. The revenue generated during FY2019 and FY2020 mainly represented license fee income from licensing out a drug candidate. For FY2020, the Group’s revenue amounted to approximately RMB12.5 million, as compared to approximately RMB14.5 million for FY2019, representing a decrease of approximately 14.2%.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

For FY2020, the research and development expenses of the Group increased by approximately RMB100.7 million, or 21.7% to approximately RMB564.6 million from approximately RMB463.9 million for FY2019. The increase was primarily attributable to additional clinical trials of the Company's drug candidates, increased research and development headcount, and increased expenses in intellectual properties for FY2020.

The Group's loss for the year decreased from approximately RMB1,480.7 million for FY2019 to approximately RMB677.6 million for FY2020, representing a decrease of approximately 54.2%. The significant decrease in net loss was primarily attributable to the fair value loss on convertible redeemable preferred shares of approximately RMB836.7 million recorded for FY2019 while there was no such loss accounted for FY2020.

Total assets of the Group amounted to approximately RMB1,731.0 million as at 31 December 2020, representing an increase of approximately 43.6%, as compared to approximately RMB1,205.1 million as at December 31, 2019, mainly due to the construction progress of a research and development centre. Despite the increase in total assets, net assets of the Group decreased from approximately RMB890.5 million as at December 31, 2019 to approximately RMB846.6 million as at December 31, 2020, which was primarily attributable to (i) the increase in long-term interest-bearing bank and other borrowings from approximately RMB9.2 million as at December 31, 2019 to approximately RMB479.1 million as at December 31, 2020; and (ii) the increase in payables for construction cost from nil as at December 31, 2019 to approximately RMB119.4 million as at December 31, 2020.

### *6MFY2021 vs 6MFY2020*

The Group's revenue for 6MFY2021 and 6MFY2020 represented license fee income from licensing out a drug candidate. For 6MFY2021, the Group's revenue amounted to approximately RMB13.0 million, representing an increase of approximately 396.2% as compared with approximately RMB2.6 million for 6MFY2020.

For 6MFY2021, the research and development expenses of the Group increased by approximately RMB66.0 million, or 26.3% to approximately RMB317.5 million from approximately RMB251.5 million for 6MFY2020. The increase was primarily attributable to additional clinical trials of the Company's drug candidates, the expansion of research and development headcount, and increased expenses in intellectual properties for 6MFY2021.

The Group's loss for the period increased from approximately RMB319.2 million for 6MFY2020 to approximately RMB376.7 million for 6MFY2021, representing an increase of approximately 18.0%. The increase in net loss was primarily attributable to the increase in research and development expenses.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Total assets of the Group amounted to approximately RMB2,408.2 million as at June 30, 2021, representing an increase of approximately 39.1%, as compared to approximately RMB1,731.0 million as at December 31, 2020, mainly due to the construction progress of a facility in Suzhou for research and development and manufacturing. As a result of the increase in total assets, the net assets of the Group increased from approximately RMB846.6 million as at December 31, 2020 to approximately RMB1,449.9 million as at June 30, 2021.

### *1.3 Employee incentive schemes of the Group*

We noted that it has been the Group's normal practice to utilise different Share-based employee incentive schemes to reward for the contribution of the Group's employees and Directors for the purpose of attracting, motivating and retaining skilled personnel. Set out below are the details of the existing incentive schemes of the Group as at the Latest Practicable Date:

#### *1.3.1 Pre-IPO Share Option Scheme*

Pursuant to the resolutions passed by the Shareholders on July 13, 2018, the rules of the Pre-IPO Share Option Scheme were approved and adopted. The purpose of the Pre-IPO Share Option Scheme is to reward the eligible participants who have contributed or will contribute to the Group and to encourage them to continue to work for the Group towards enhancing the value of the Shares which will benefit the Group and the Shareholders as a whole.

There were approximately 8,834,138 outstanding share options under the Pre-IPO Share Option Scheme as at June 30, 2021. All the options under the Pre-IPO Share Option Scheme were granted on or before the Listing Date and no further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

#### *1.3.2 Post-IPO Share Option Scheme*

The Post-IPO Share Option Scheme was conditionally adopted by the Shareholders at the extraordinary general meeting of the Company held on September 28, 2019. The purpose of the Post-IPO Share Option Scheme is to enable the Company to grant options to eligible participants incentives or rewards for their contribution or potential contribution to the Group and to provide the eligible participants an opportunity to have a personal stake in the Company with the view to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group; and/or for such purposes as the Board may approve from time to time.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As at June 30, 2021, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme and therefore the total number of Shares available for grant under the Post-IPO Share Option Scheme was 20,707,462 Shares, representing approximately 8.2% of the issued share capital of the Company as at June 30, 2021.

### *1.3.3 2018 RSU Scheme*

The 2018 RSU Scheme was approved and adopted by the Company on July 6, 2018. The purpose of the 2018 RSU Scheme is to incentivise the existing and incoming Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

On September 14, 2020, the Company granted 2,590,592 restricted share units under the 2018 RSU Scheme, representing 2,590,592 Shares to 50 employees of the Group. No further restricted shares units have been granted under the 2018 RSU Scheme from September 14, 2020 up to June 30, 2021.

For further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and 2018 RSU Scheme, please refer to the Prospectus.

### *1.3.4 2021 RSU Scheme*

The 2021 RSU Scheme was approved by the Company on February 2, 2021. The purposes of the 2021 RSU Scheme are to (i) incentivise the existing and incoming Directors, senior management and employees for their contribution to the Group; and (ii) attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. For further details, please refer to the announcement of the Company dated February 2, 2021.

Pursuant to the announcements of the Company dated May 21, May 26 and June 18, 2021, on May 17, 2021, the Company granted an aggregate of 374,692 RSUs under the 2021 RSU Scheme, representing 374,692 Shares to a total of 32 independent selected persons, which include employees of the Group.

The Company also proposed to grant 10,641 RSUs, representing 10,641 Shares, to Dr. Sidransky, an independent non-executive Director; and 55,157 RSUs, representing 55,157 Shares, to Mr. Zhu, the chief commercial officer of the Company. Pursuant to the announcement of

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

the Company dated July 23, 2021, the Company further proposed to grant 8,964 RSUs, 8,964 RSUs, 8,964 RSUs, representing 8,964 Shares, 8,964 Shares and 8,964 Shares, to Mr. Ye, Dr. Yin and Mr. Ren, who are the independent non-executive Directors, respectively.

### *1.4 Recent development and outlook of the Group*

The Management expects the Group will continue to leverage its extensive experience in the global biotechnology industry to accelerate its development of eight drug candidates in its highly differentiated novel clinical pipeline to next phases and apply for New Drug Applications (“NDAs”) across the globe. The Group will invest more resources to support its key product development through accelerating clinical trial sites development, boosting clinical trial recruitment and strengthening material communications with competent authorities. Meanwhile, the Group also expects to report significant near-term milestones for several key products in global academic conferences on its encouraging preclinical or clinical data, so as to increase the Group’s influence and seek global collaboration opportunities. In particular, the Group has already submitted commercialisation application for one of its core products, HQP1351, which is currently under priority review for commercialisation by the National Medical Products Administration of the People’s Republic of China.

The Group also targets to become a fully integrated and globally focused biotechnology company with a comprehensive set of capabilities focusing on business development and commercialisation beyond its core competency in research and development. In anticipation of the potential commercialisation of its drug candidates, the Group plans to capture additional commercialisation opportunities in global oncology pharmaceutical markets through actively pursuing strategic partnerships with global biotechnology and pharmaceutical companies for cooperation over its pipeline assets.

Additionally, the Group expects to expand its intellectual property portfolio by actively seeking patent rights for its product candidates. For each of its clinical programs, the Group seeks to extend the coverage to additional indications and obtain new method of new use patent for its drug candidates, as appropriate. As of June 30, 2021, the Group had 144 issued patents and more than 510 patent applications globally, among which, about 110 patents were issued overseas. The Group will further enhance its comprehensive and growing global intellectual property portfolio in the future.

Looking forward, the Group will constantly extend its capability to develop the innovative therapies with better efficacy and affordable costs for patients to address the unmet medical needs, improve patient health and bring benefits to the society globally. At the same time, the Group will constantly strive to consolidate its position as a leading biotechnology company and maintain good financial health to protect the interests of the Shareholders.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 2. Background information of the Connected Selected Persons

#### 2.1 *Dr. Sidransky*

Dr. Sidransky is an independent non-executive Director since March 2021.

As disclosed in the 2020 Annual Report and the announcement of the Company dated March 31, 2021, Dr. Sidransky currently serves as the director of the Head and Neck Cancer Research Division, professor in otolaryngology — head and neck surgery, professor in cellular and molecular medicine, and professor in urology and genetics of The Johns Hopkins University. Dr. Sidransky also currently serves as professor in oncology at the Johns Hopkins Oncology Center.

In addition, Dr. Sidransky currently sits on the National Board of Scientific Advisors of the National Cancer Institute. He was a founder of Champions Oncology, Inc. (NASDAQ: CSBR) and currently Lead Board Director. He is on the Board of Directors of Galmed Pharmaceuticals Ltd. (NASDAQ: GLMD), Orgenesis Inc. (NASDAQ: ORGS), and the Chairman of Advaxis, Inc. (NASDAQ: ADXS) and the Chairman of Ayala Pharmaceuticals, Inc. (NASDAQ: AYLA). He is also Chairman of the MAB of the Flight Attendants Medical Research Foundation and the Adenocystic Carcinoma Research.

Dr. Sidransky has received numerous honors, such as the Israel Cancer Research Fund Osserman Award, the AACR-Richard and Hinda Rosenthal Foundation Award, the Toby Comet Award Bar Ilan University and the AACR Team Award Theme Circulating DNA. According to the 2020 Annual Report, he is the author of over 550 articles published in professional journals, the author of 45 book chapters, reviews and commentaries, and the inventor of 28 patents.

#### 2.2 *Mr. Ye*

Mr. Ye is an independent non-executive Director since June 2019, who is also the Director with appropriate professional accounting or related financial management expertise as required by the Listing Rules who chairs the Company's audit committee.

As disclosed in the 2020 Annual Report, Mr. Ye has over 28 years of experience in professional accounting, financial advisory and investment. From April 1993 to January 2011, Mr. Ye worked at the China office of PricewaterhouseCoopers, with his last position as the partner and service line leader of the firm's advisory services and transaction services. From February 2011 to December 2015, Mr. Ye served as the managing director, chief financial officer and a member of the investment committee at CITIC Private Equity Funds (中信產業基金) (a PRC-based private equity fund).



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Mr. Ye is also experienced in serving companies as an independent director. Since May 2016, Mr. Ye has been an independent director of Baozun Inc., a company listed on NASDAQ (stock code: BZUN) (the holding company of a PRC-based provider of e-commerce business solutions) and subsequently the company also listed on the Stock Exchange (stock code: 9991) on September 29, 2020. Since October 2018, Mr. Ye has been an independent non-executive director of Niu Technologies (stock code: NIU) (the holding company of a PRC-based manufacturer of e-scooter). Since December 2018, Mr. Ye has been an independent non-executive director of Luzhou City Commercial Bank Co., Ltd. (stock code: 1983). Since June 2019, Mr. Ye has been an independent non-executive director of Jinxin Fertility Group Limited (stock code: 1951). Since September 2019, Mr. Ye has also been an independent non-executive director of Hygeia Healthcare Holdings Co., Limited (stock code: 6078).

### **2.3 Dr. Yin**

Dr. Yin is an independent non-executive Director since June 2019.

According to the 2020 Annual Report, Dr. Yin worked as research scientist at S\*Bio Pte Ltd from September 2000 to April 2004. He then worked as principal scientist at Novartis Institute for Tropical Diseases Pte Ltd until December 2008. Dr. Yin served as a vice dean of school of pharmacy from July 2009 to November 2011, and dean of school of pharmacy from November 2011 to April 2015 at Nankai University. He also served as a professor at Tsinghua University. Dr. Yin joined SDIC Fund Management Co., Ltd. as executive director and then managing director responsible for pharma/biotech sector between August 2016 and July 2018. Since August 2018, he has been serving as the executive director and manager of Sany Innova (Beijing) Investment Management Co., Ltd (三一創新(北京)投資管理有限公司). Dr. Yin obtained his Doctoral degree in Chemistry from National University of Singapore in August 2001.

### **2.4 Mr. Ren**

Mr. Ren is an independent non-executive Director since June 2019.

According to the 2020 Annual Report, Mr. Ren has over 17 years of legal experience covering onshore and offshore securities issues, PRC-related mergers & acquisitions and foreign investment. He has been a lawyer in Jingtian & Gongcheng since March 2003 and has become a partner since January 2009.

Mr. Ren obtained a Bachelor's degree in Law and a Bachelor's degree in Economics both from the Peking University (北京大學) in July 2003. He has been qualified to practice law in the PRC since 2008.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### **2.5 Mr. Zhu**

Mr. Zhu is the chief commercial officer of the Company since October 2020, who is comprehensively responsible for the Company's commercialisation roadmap, the formulation of commercial operations strategies, the building of a commercialisation team, and accelerating the launch of the commercialisation of the Company's drug candidates under development.

As disclosed in the 2020 Annual Report and the announcement of the Company dated December 4, 2020, Mr. Zhu has over 25 years of experience in the pharmaceutical industry and had participated in and led the commercialisation and commercial operations of around 10 new global oncology brands in China. Prior to joining the Company in 2020 Mr. Zhu was the general manager of Celgene China, where he assembled Celgene China's commercialisation team from scratch. Prior to that, Mr. Zhu had worked in a range of key management positions at large multinational companies such as Sanofi-Aventis and Novartis, including sales director, head of business unit, and vice president. During his tenure at Novartis and Celgene, Mr. Zhu was in charge of the commercialisation roadmaps of hematologic cancer drugs indicated for chronic myeloid leukemia, acute myeloid leukemia, myelodysplastic syndromes, lymphocytic leukemia, multiple myeloma, etc.

### **3. Reasons for and benefits of the Proposed Grants**

We understand that the Company believes attracting and retaining talent and maintaining business relationships are vital to its success. Hence, as stated in the section headed "1.3 Employee incentive schemes of the Group" above in this letter, the Company has introduced several employee incentive schemes such as the pre- and post-IPO share option schemes, the 2018 RSU Scheme and the 2021 RSU Scheme to provide additional flexibility for the Company to achieve its objectives of attracting and motivating talents and contributors, and to retain them in the Group and to develop and strengthen their relationships with the Group. These employee incentive schemes, including the Proposed Grants under the 2021 RSU Scheme, could demonstrate to the Group's staff that the Group recognises great and consistent achievements, the Management is very pragmatic and goal-oriented, and the employees will be rewarded according to their actual past contributions to the Group. Furthermore, there will not be any actual cash outflow by the Group under these schemes.

#### ***Proposed Grants to independent non-executive Directors***

As disclosed in the circular of the Company dated April 9, 2021, the Proposed Grants to Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren was part of the remuneration packages under their letters or adjusted letters of appointment with the Company, which were recommended by the remuneration committee of the Company and proposed by the Board with reference to, among

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

other things, (i) their duties and responsibilities within the Company, such as providing sufficient check and balance in the Board as an independent non-executive Director; (ii) the prevailing market conditions; (iii) the continuous expansion of the business scale and continuously heightening requirements on corporate governance of the Company over recent years; (iv) their individual performance and contributions; and/or (v) the overall performance of the Company. Such remuneration packages have been approved by the Shareholders at the annual general meeting of the Company held on May 10, 2021.

Based on the profiles of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren as discussed under section 2 above, each of them specialises in different fields with relevant qualifications and many years of experience, including pharmaceutical, medical, accounting and laws, which are the key areas to the Company's business or corporate governance. Therefore, the Management considers, and we concur that, having Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren as independent non-executive Directors are beneficial to the Group's business and development, and it is fair and reasonable for the Group to provide incentives to attract, retain and motivate them to contribute to the long-term development of the Group by way of Proposed Grants.

### *Proposed Grant to Mr. Zhu*

Given that (i) the Group is in the clinical-stage in anticipation of multiple product candidates to be commercialised, in particular, the Group's core product, HQP1351, which is currently under priority review for commercialisation by the National Medical Products Administration of the People's Republic of China; and (ii) the Group intends to capture additional commercialisation opportunities in oncology pharmaceutical markets through actively pursuing strategic partnerships with distributors for cooperation over its pipeline assets, the Management believes, and we concur, that the role and responsibilities of Mr. Zhu as the chief commercial officer of the Group are essential for the Group's preparation work for upcoming product commercialisation.

As discussed under section 2 above, Mr. Zhu possesses extensive experience in leading commercialisation operations of international pharmaceutical giants. According to the Management, since Mr. Zhu has joined the Company, he has carried out sales, marketing, market access, distribution, customer services and other related functions for preparing the commercialisation of the Group's pipeline products.

In view of the above, we concur with the Management's view that it is fair and reasonable for the Group to provide incentives to attract, retain and motivate Mr. Zhu to participate in the product commercialisation work and long-term development of the Group and to recognise Mr. Zhu's contributions by way of the Proposed Grant.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Based on the above, we are of the view that the Proposed Grants are fair and reasonable, are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### 4. Principal terms of the Proposed Grants

The Company proposed to grant an aggregate of 10,641 RSUs, 8,964 RSUs, 8,964 RSUs, 8,964 RSUs and 55,157 RSUs under the 2021 RSU Scheme, representing 10,641 Shares, 8,964 Shares, 8,964 Shares, 8,964 Shares and 55,157 Shares, to the Connected Selected Persons, being Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu respectively.

Based on the closing Share price as at the respective dates of Proposed Grants, the market value of the underlying Shares in relation to the RSUs proposed to be granted to each of Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu amounts to approximately HK\$0.5 million, HK\$0.5 million, HK\$0.5 million, HK\$0.5 million and HK\$2.4 million respectively.

The RSUs to be granted to each of the Connected Selected Persons shall vest in accordance with the vesting criteria, conditions and time schedule as determined by the Board in its sole and absolute discretion with reference to, among other things, the location at which each of the Connected Selected Persons is based and the commencement date or duration of their employment. For details, please refer to section 4.2 below.

In order to assess the fairness and reasonableness of the terms of the Proposed Grants, we have reviewed recent comparable transactions and conducted a market comparable analysis. The market comparables which we selected are companies that (i) are listed on the Main Board of the Stock Exchange; (ii) are principally engaged in the development of pharmaceutical, biopharmaceuticals, drugs and/or biologics; and (iii) had announced connected transactions in relation to the granting of share awards or restricted share units to grantees who are directors or senior management of the company, since May 17, 2020 (twelve months immediately prior to the first grant date of the Proposed Grants) and up to July 23, 2021 (the latest grant date of the Proposed Grants) (the “**Review Period**”). On such basis, we have identified 82 comparable grants (the “**Comparable Grants**”, excluding any outliers) made by eleven comparable companies which we consider to be an exhaustive list of relevant comparable grants based on the abovementioned criteria and a fair and representative list of samples for our analysis. We are of the view that a period of most recent twelve months before the relevant grant dates of the Proposed Grants is adequate to conduct a reasonable comparison between the Proposed Grants and the Comparable Grants, and therefore, the Review Period is fair and representative for our analysis.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

It should be noted that these comparable companies have different principal activities, revenue, market capitalisation, profitability and financial position as compared with those of the Company. Circumstances leading to the Comparable Grants may not be identical to those of the Company. The analysis is therefore meant to be used as a general reference to similar types of transactions in Hong Kong to reflect recent market practice.

We have compared the Proposed Grants with the Comparable Grants in terms of the size, vesting period and conditions as follows:

### *4.1. Size of grant*

The RSUs to be granted to each of Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu for the Proposed Grants would be satisfied upon exercise by the allotment and issuance of 10,641 Shares, 8,964 Shares, 8,964 Shares, 8,964 Shares and 55,157 Shares to each of them, representing approximately 0.004%, 0.003%, 0.003%, 0.003% and 0.022% of the total issued share capital of the Company respectively.

Set out below is the table summarising the size of share awards or restricted shares granted by the comparable companies to their respective directors or senior management members during the Review Period.

Company name	Stock code	Date of announcement	Position(s) of grantees	Percentage of awarded shares/restricted shares to total issued share capital of the company as at date of relevant announcement (%)	Market value of the awarded shares or restricted share units as at the date of grant (approximate HK\$'000)
TOT BIOPHARM	1875	May 29, 2020	Executive director	0.4704	12,893
International Company Limited			Executive director	0.4451	12,200

---

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

---

Company name	Stock code	Date of announcement	Position(s) of grantees	Percentage of awarded	Market value of
				shares/restricted shares to total issued share capital of the company as at date of relevant announcement (%)	the awarded shares or restricted share units as at the date of grant (approximate HK\$'000)
WuXi AppTec Co., Ltd.	2359	July 21, 2020	Executive director, chairman and chief executive officer	0.0047	11,992
			Executive director, vice chairman and global chief investment officer	0.0023	5,996
			Executive director, co-chief executive officer	0.0023	5,996
			Executive director, vice president	0.001	2,665
			Executive director, vice president	0.001	2,665
			Senior management (chief financial officer)	0.001	2,665
			Senior management (vice president, director of a principal subsidiary)	0.0016	3,997
			Senior management (vice president, chief scientific officer and director of a principal subsidiary)	0.0016	3,997
			Senior management (chairman of the supervisory committee)	0.0003	888
			Senior management (employee representative supervisor)	0.0001	296
			Senior management (senior director of human resources)	0.0002	592
			Senior management (supervisor of a principal subsidiary)	0.0001	175

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Date of announcement	Position(s) of grantees	Percentage of awarded shares/restricted shares to total issued share capital of the company as at date of relevant announcement (%)	Market value of the awarded shares or restricted share units as at the date of grant (approximate HK\$'000)
3S Bio Inc	1530	September 8, 2020	Senior management (director of a subsidiary)	0.3932	84,400
Shanghai Junshi Biosciences Co Ltd	1877	November 16, 2020	Executive director (Chairman) and legal representative	0.09	54,612
			Executive director, chief executive officer and general manager	0.18	103,896
			Executive director, core technical staff	0.09	54,612
			Executive director, deputy general manager, core technical staff	0.23	133,200
			Executive director, deputy general manager, core technical staff	0.09	54,612
WuXi AppTec Co., Ltd.	2359	December 16, 2020	Executive director, chairman and chief executive officer	0.0044	11,992
			Executive director, vice chairman and global chief investment officer	0.0022	5,996
			Executive director, co-chief executive officer	0.0022	5,996
			Executive director, vice president	0.001	2,665
			Executive director, vice president	0.001	2,665
			Senior management (chief financial officer)	0.001	2,665
			Senior management (vice president, director of a principal subsidiary)	0.0015	3,997

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Date of announcement	Position(s) of grantees	Percentage of awarded shares/restricted shares to total issued share capital of the company as at date of relevant announcement (%)	Market value of the awarded shares or restricted share units as at the date of grant (approximate HK\$'000)
			Senior management (vice president, chief scientific officer and director of a principal subsidiary)	0.0015	3,997
			Senior management (chairman of the supervisory committee)	0.0003	888
			Senior management (employee representative supervisor)	0.0001	296
			Senior management (senior director of human resources)	0.0002	592
			Senior management (supervisor of a principal subsidiary)	0.0001	175
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	2196	March 14, 2021	Executive director	0.0094	651
			Senior management (senior assistance to chief executive officer)	0.0051	352
			Senior management (co-president)	0.0051	352
			Senior management (co-president)	0.0051	352
			Senior management (executive president and chief financial officer)	0.0051	352
			Senior management (senior vice president)	0.0034	235
			Senior management (senior vice president)	0.0034	235
			Senior management (senior vice president)	0.0007	47



---

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

---

Company name	Stock code	Date of announcement	Position(s) of grantees	Percentage of awarded	Market value of
				shares/restricted shares to total issued share capital of the company as at date of relevant announcement (%)	the awarded shares or restricted share units as at the date of grant (approximate HK\$'000)
			Senior management (vice president)	0.0017	117
			Senior management (vice president)	0.0026	176
			Senior management (assistance to president)	0.0014	94
			Senior management (executive general manager of human resources department)	0.0007	47
Wuxi Biologics (Cayman) Inc.	2269	March 24, 2021	Executive director	0.0228	83,130
			Executive director	0.0063	23,191
			Senior management (subsidiary director)	0.0038	13,738
			Senior management (subsidiary director)	0.0024	8,646
			Senior management (subsidiary director)	0.0004	1,532
			Independent non-executive director	0.0001	217
			Independent non-executive director	0.0001	434
			Independent non-executive director	0.0001	434

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Date of announcement	Position(s) of grantees	Percentage of awarded shares/restricted shares to total issued share capital of the company as at date of relevant announcement (%)	Market value of the awarded shares or restricted share units as at the date of grant (approximate HK\$'000)
Innovent Biologics, Inc.	1801	March 30, 2021	Executive director, chairman of the board and chief executive officer	0.0498	56,695
			Executive director, chief financial officer	0.011	12,512
			Independent non-executive director	0.0001	144
			Independent non-executive director	0.0001	144
			Independent non-executive director	0.0001	144
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	1349	April 6, 2021	Executive director (chairman), general manager, core technical staff	0.1	10,740
			Executive director, deputy general manager, core technical staff	0.12	12,888
			Executive director, deputy general manager	0.12	12,888
			Senior management (deputy general manager)	0.12	12,781
Beigene, Ltd.	6160	April 20, 2021	Executive director, chairman	0.01	29,138
			Non-executive director, chair of the scientific advisory board	0.004	7,770
			Non-executive director	0.001	1,554
			Independent non-executive director	0.001	1,554
			Independent non-executive director	0.001	1,554

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Date of announcement	Position(s) of grantees	Percentage of awarded shares/restricted shares to total issued share capital of the company as at date of relevant announcement (%)	Market value of the awarded shares or restricted share units as at the date of grant (approximate HK\$'000)
			Independent non-executive director	0.001	1,554
			Independent non-executive director	0.001	1,554
			Independent non-executive director	0.001	1,554
			Independent non-executive director	0.001	1,554
			Independent non-executive director	0.001	1,554
			Independent non-executive director	0.001	1,554
Ocumension Therapeutics	1477	July 2, 2021	Executive director, chief executive officer	2.06 <sup>(note 1)</sup>	338,702 <sup>(note 1)</sup>
			Executive director, chief development officer	0.02	3,908
Everest Medicines Limited	1952	July 15, 2021	Executive director, chief executive officer	0.2151	45,269
			Executive director, chief financial officer	0.0559	11,759
			Executive director, chief operating officer	0.0559	11,759
			Senior management (subsidiary director)	0.0472 <sup>(note 2)</sup>	9,928 <sup>(note 2)</sup>
			Senior management (subsidiary director)	0.0472 <sup>(note 2)</sup>	9,928 <sup>(note 2)</sup>
			Senior management (subsidiary director)	0.0472 <sup>(note 2)</sup>	9,928 <sup>(note 2)</sup>
			Senior management (subsidiary director)	0.0472 <sup>(note 2)</sup>	9,928 <sup>(note 2)</sup>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Date of announcement	Position(s) of grantees	Percentage of awarded shares/restricted shares to total issued share capital of the company as at date of relevant announcement (%)	Market value of the awarded shares or restricted share units as at the date of grant (approximate HK\$'000)
			Senior management (subsidiary director)	0.0472 <sup>(note 2)</sup>	9,928 <sup>(note 2)</sup>
			Senior management (subsidiary director)	0.0472 <sup>(note 2)</sup>	9,928 <sup>(note 2)</sup>
			Average	0.0399	12,569
			Maximum	0.4704	133,200
			Minimum	0.0001	47
The Company	6855	May 21, 2021 to July 23, 2021	Dr. Sidransky — Independent non-executive director	0.004	466
			Mr. Ye — Independent non-executive director	0.003	466
			Dr. Yin — Independent non-executive director	0.003	466
			Mr. Ren — Independent non-executive director	0.003	466
			Mr. Zhu — Senior management (chief commercial officer)	0.022	2,416

*Notes:*

1. We consider such grant as an outlier which has been excluded in our analysis given the awarded shares represent a significantly large percentage of total issued share capital of the company and market value as compared with all other Comparable Grants. Such exclusion does not affect our view on the fairness and reasonableness of the Proposed Grants as detailed under sections 4.1.1 and 4.1.2 below.
2. The amount for each of these six senior management members was calculated based on the average of 842,542 awarded shares granted to them in total.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *4.1.1. Proposed Grants to independent non-executive Directors*

To analyse whether the size of the Proposed Grants to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren are fair and reasonable, we have compared the Proposed Grants with the Comparable Grants to independent non-executive directors of three companies we have identified, namely Beigene, Ltd., Innovent Biologics, Inc. and Wuxi Biologics (Cayman) Inc.

We noted that size, in terms of the percentage of the number of awarded shares or restricted share units to the total issued capital of companies as at the date on which the proposed grants were announced, of the Proposed Grants to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren, of approximately 0.003% or 0.004% is larger than the size of grants to the independent non-executive directors of the three comparable companies, ranging from approximately 0.0001% to 0.001% with an average of approximately 0.0006%.

For further analysis, we have also reviewed the market value of the awarded shares or restricted share units of the grants as at the date of grant by the three comparable companies and we noted that (i) Beigene, Ltd granted restricted share units with then market value at US\$0.2 million (equivalent to approximately HK\$1.6 million) to each of its eight independent non-executive directors; (ii) Innovent Biologics, Inc. granted restricted shares with then market value at RMB0.1 million (equivalent to approximately HK\$0.1 million) to each of its three independent non-executive directors; and (iii) Wuxi Biologics (Cayman) Inc. granted restricted shares approximately HK\$0.4 million to each of its two independent non-executive directors and approximately HK\$0.2 million to one of its independent non-executive director.

Based on the above, despite the size of Proposed Grants, in terms of percentage of total share capital of companies, to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren are larger than that of the Comparable Grants to independent non-executive directors, the market value of the RSUs proposed to be granted to each of these personnel as at the date of proposed grant, which amounted to approximately HK\$0.5 million, falls within the range of the Comparable Grants to independent non-executive directors. In addition, if we consider all Comparable Grants to directors and senior management, the Proposed Grants to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren are within the range and lower than the average of the Comparable Grants in terms of both the percentage of total share capital of companies and market value of the RSUs proposed to be granted. Therefore, we are of the view that the size of Proposed Grants to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren are on normal commercial terms and are fair and reasonable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *4.1.2. Proposed Grant to Mr. Zhu*

To analyse whether the size of the Proposed Grant to Mr. Zhu is fair and reasonable, we have compared the Proposed Grant to Mr. Zhu with the Comparable Grants to the executive directors and senior management, meaning excluding the grants to independent non-executive directors as such grants generally have a smaller size given that independent non-executive directors are generally not actively involved in the daily operations of the comparable companies.

On this basis, it is noted that the size, in terms of percentage of the number of awarded shares or restricted share units to the total issued capital of companies, of the Proposed Grant to Mr. Zhu of approximately 0.022%, falls within the range of the Comparable Grants of approximately 0.0001% to 0.4704%, and is lower than the average of approximately 0.0480%.

We have also compared the Proposed Grant to Mr. Zhu to Comparable Grants to the senior management of the comparable companies only, meaning excluding the grants to executive directors as such grants are generally more sizeable due to the additional responsibilities of being a director, in addition to excluding independent non-executive directors.

On this basis, it is noted that the size, in terms of percentage of the number of awarded shares or restricted share units to the total issued capital of companies, of the Proposed Grant to Mr. Zhu of approximately 0.022%, also falls within the range of the Comparable Grants of approximately 0.0001% to 0.3932%, and is close to the average of approximately 0.0235%.

For further analysis, we have also reviewed the market value of the awarded shares or restricted share units as at the date of grant of the Comparable Grants to senior management only, and noted that the amounts ranged from approximately HK\$47,000 to HK\$84.4 million, with an average of approximately HK\$5.8 million. Therefore, the market value of the RSUs proposed to be granted to Mr. Zhu as at the date of proposed grant, which amounted to approximately HK\$2.4 million, is within the range and lower than the average of the Comparable Grants.

Considering (a) the size of Proposed Grant to Mr. Zhu in terms of percentage of total share capital of companies, falls within the both ranges of the Comparable Grants to (i) executive directors and senior management; (ii) senior management only; and (iii) all directors and senior management, and lower than or close to the average of the ranges; (b) the market value of the RSUs proposed to be granted to Mr. Zhu as at the date of proposed grant falls within the range and lower than the average of the Comparable Grants, we are of the view that the size of Proposed Grant to Mr. Zhu is on normal commercial terms and is fair and reasonable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *4.2. Vesting period and conditions*

Based on our review of the vesting schedules of the 2021 RSU Scheme provided by the Company, we noted that the vesting schedules of the RSUs proposed to be granted to Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren are as follows:

<b>Vesting date</b>	<b>Vesting proportion</b>
June 8, 2022	25%
June 8, 2023	25%
June 8, 2024	25%
June 8, 2025	25%

The vesting schedule of the RSUs proposed to be granted to Mr. Zhu is as follows:

<b>Vesting date</b>	<b>Vesting proportion</b>
June 8, 2022	35%
June 8, 2023	15%
June 8, 2024	25%
June 8, 2025	25%

We noted that the vesting schedules of the RSUs proposed to be granted to the Connected Selected Persons are in line with the RSUs granted to other independent selected persons under the 2021 RSU Scheme.

The Management also confirmed that apart from the vesting schedule above, there are no other vesting conditions for the RSUs proposed to be granted to Connected Selected Persons or for the RSUs granted to other independent selected persons under the 2021 RSU Scheme.

For further analysis, we have also compared with the vesting or unlocking periods and other vesting conditions of the Comparable Grants. Set out below is the summary on the vesting periods and vesting conditions of the Comparable Grants.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Grantee's position	Vesting or unlocking period (years from the date of grant)	Other vesting conditions
TOT BIOPHARM International Company Limited	1875	Executive director Executive director	Up to 1.5 years Up to 1.5 years	N/A Company performance
WuXi AppTec Co., Ltd.	2359	5 executive directors and 7 senior managements	Up to 5 years	Individual performance
3S Bio Inc	1530	1 senior management	Upon date of grant	N/A
Shanghai Junshi Biosciences Co Ltd	1877	5 executive directors	Up to 4 years	Individual and company performance
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	2196	1 executive director and 11 senior management	Up to 3 years	Individual and company performance
Wuxi Biologics (Cayman) Inc.	2269	2 executive directors, 3 senior management and 3 independent non-executive directors	Up to 5 years	N/A
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	1349	3 executive directors, 1 senior management	Up to 4 years	Individual and company performance
Innovent Biologics, Inc.	1801	2 executive directors 3 independent non-executive directors	Up to 4 years 1 year	Individual performance N/A
Beigene, Ltd.	6160	1 executive director and 1 non-executive director 1 non-executive director and 8 independent non-executive directors	Up to 4 years Up to 1 year	N/A N/A
Ocumension Therapeutics	1477	2 executive directors	Up to 4 years	N/A
Everest Medicines Limited	1952	3 executive directors and 6 senior management	Not disclosed	Not disclosed



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As shown above, the vesting or unlocking periods of the Comparable Grants was up to five years and a majority of them ranged from three to five years, and therefore the vesting period of the Proposed Grants of up to approximately four years from the date of proposed grant is within the range of the Comparable Grants.

As regard to the vesting conditions, we noted that there were no vesting conditions for all the Comparable Grants to independent non-executive Directors. Whilst for the Comparable Grants to senior management, some of them also did not have vesting conditions.

Based on the above, we are of the view that the Proposed Grants are on normal commercial terms and are fair and reasonable in terms of vesting period and conditions.

### ***4.3. Section summary***

Having considered the factors mentioned above, we concur with the Management's view that the Proposed Grants are on normal commercial terms, the terms of the Proposed Grants are fair and reasonable and in the interests of the Company and Independent Shareholders as a whole.

## **5. Potential impact of the Proposed Grants**

### ***5.1 Potential financial impact***

According to the 2020 Annual Report, the cost of the Group's equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The Proposed Grants shall have no effect on the cash flow of the Group. The Management expects that there will be no material impact on the earnings and net asset value of the Company following the Proposed Grants.

### ***5.2 Potential shareholding impact***

As at the Latest Practicable Date, the Company had 263,288,872 Shares in issue. The aggregate underlying Shares of the Proposed Grants, being 92,690 Shares, represent approximately 0.04% of the total issued share capital of the Company as at the Latest Practicable Date, and approximately 0.04% of the enlarged total issued share capital of the Company (assuming there will be no change to the total issued share capital from the Latest Practicable Date up to the exercise of the RSUs proposed to be granted to each of the Connected Selected Persons other than the allotment and issuance of Shares by the Company to the Trustee for the purpose of exercising the RSUs proposed to be granted to the Connected Selected Persons). As such, the potential shareholding impact and dilution to the Independent Shareholders' shareholding is insignificant.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### RECOMMENDATION

Having considered the above principal factors, we are of the view that the terms of the Proposed Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Proposed Grants are on normal commercial terms and in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committees to advise the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the EGM.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**

**Jeanny Leung**  
*Executive Director*

**Simon Kwok**  
*Senior Manager*

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Simon Kwok (“**Mr. Kwok**”) is a Responsible Officer of Altus Capital licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over seven years of experience in financial services industry, including over five years of corporate finance advisory experience in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Kwok is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

## GENERAL INFORMATION

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

As at June 30, 2021, the interests and short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director or chief executive	Nature of Interest <sup>(1)</sup>	Number of Ordinary Shares	Approximate percentage of shareholding interest
Dr. Yang	Interest of controlled corporation <sup>(4)</sup> Interests held jointly with other persons <sup>(2)</sup> Interest of spouse <sup>(3)</sup> Settlor of discretionary trust <sup>(4)</sup>	67,204,967	26.54%
Dr. Wang	Interest of controlled corporation <sup>(4)</sup> Interests held jointly with other persons <sup>(2)</sup> Settlor of discretionary trust <sup>(4)</sup>	67,204,967	26.54%

Name of Director or chief executive	Nature of Interest <sup>(1)</sup>	Number of Ordinary Shares	Approximate percentage of shareholding interest
Dr. Guo	Interest of controlled corporation <sup>(4)</sup> Interest held jointly with other persons <sup>(2)</sup> Settlor of a discretionary trust <sup>(4)</sup>	67,204,967	26.54%
Dr. Zhai	Interest of controlled corporation <sup>(5)</sup> Interest held jointly with other persons <sup>(2)</sup> Interest of spouse <sup>(3)</sup> Settlor of a discretionary trust <sup>(5)</sup>	67,204,967	26.54%
Dr. Tian Yuan	Interest of controlled corporation <sup>(6,7,8)</sup> Beneficial owner <sup>(11)</sup>	16,717,162	6.60%
Mr. Liu Qian	Interest of controlled corporation <sup>(9)</sup> Beneficial owner <sup>(11)</sup>	10,743,772	4.24%
Mr. Zhao Qun (resigned as a non-executive Director with effect from March 31, 2021)	Interest of controlled corporation <sup>(10)</sup> Beneficial owner <sup>(11)</sup>	3,975,221	1.57%
Dr. Lu Dazhong Simon	Beneficial owner <sup>(11)</sup>	41,457	0.01%
Mr. Raymond Jeffrey Kmetz	Beneficial owner <sup>(11)</sup>	291,851	0.11%

Notes:

1. All interests stated are long position.

2. Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of the Group since December 5, 2016 and will continue to act in concert after Listing. Accordingly, each of Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and Dr. Zhai SPV is deemed to be interested in an aggregate of 26.54% shareholding interest in the Company.
3. Dr. Yang and Dr. Zhai are spouse and are therefore deemed to be interested in the Shares held by each other under the SFO.
4. The Founders SPV is beneficially owned by (i) Dr. Yang (0.84%), (ii) Dr. Wang (13.39%), (iii) Dr. Guo (4.20%), (iv) the Yang Family Trust (44.69%), (v) the Wang Family Trust (13.39%) and (vi) the Guo Family Trust (23.49%). The Yang Family Trust, the Wang Family Trust and the Guo Family Trust were respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members. South Dakota Trust is the trustee of each of the Founders Family Trusts. Dr. Yang is also a director of the Founders SPV.
5. Dr. Zhai SPV is beneficially owned by (i) Dr. Zhai (3%) and (ii) the Zhai Family Trust (97%). The Zhai Family Trust was established by Dr. Zhai as settlor for the benefits of her family members. South Dakota Trust is the trustee of the Zhai Family Trust. Dr. Zhai is also a director of Dr. Zhai SPV.
6. Yuanming Prudence SPC is a segregated portfolio company managed by Yuanming Capital Management Limited. Yuanming Capital Management Limited is owned by Yuanming Capital Group Limited as to 50%. Dr. Tian Yuan, our non-executive Director, owned 100% shareholding interest in Yuanming Capital Group Limited. Dr. Tian is therefore deemed to be interested in 10,743,772 Shares held by Yuanming Prudence SPC.
7. YM Investment Ltd (“**YM Investment**”) is indirectly wholly owned by Zhuhai Hengqin Yuanming Private Equity (Limited Partnership) (珠海橫琴元明股權投資基金(有限合夥)) whose general partner is Zhuhai Hengqin Yuanming Asset Management Co., Ltd. (珠海橫琴元明資產管理有限公司), of which Dr. Tian Yuan, our non-executive Director, is the general manager and also a shareholder holding 50% shareholding interest. Dr. Tian is therefore deemed to be interested in 4,701,600 Shares held by YM Investment.
8. QHYM Investment Ltd (“**QHYM**”) is indirectly wholly owned by Shenzhen Qianhai Yuanming Healthcare Fund (Limited Partnership) (深圳前海元明醫療產業投資基金(有限合夥)) whose general partner is Shenzhen Qianhai Yuanming Asset Management Co., Ltd. (深圳前海元明資產管理有限公司), of which Dr. Tian Yuan, our non-executive Director, is the executive director and also a shareholder holding 90% shareholding interest. Dr. Tian is therefore deemed to be interested in 1,271,790 shares of the Company held by QHYM.
9. Yuanming Prudence SPC is a segregated portfolio company managed by Yuanming Capital Management Limited. Yuanming Capital Management Limited is owned by Fangyuan Financial Holdings Group as to 50%. Fangyuan Financial Holdings Group was owned as to 80% by Prudence Financial Holdings Group Limited which is in turn owned as to 75% by Mr. Liu Qian, our non-executive Director. Mr. LIU is therefore deemed to be interested in 10,743,772 Shares held by Yuanming Prudence SPC.
10. Mr. Zhao Qun, our non-executive Director who resigned with effect from March 31, 2021, owned 40% interest in Oriza Seed Limited, which is the general partner of and also held 100% interest in Oriza Seed L.P., which is in turn the general partner of and also held 100% interest in Oriza Seed Fund I L.P. Mr. Zhao is the sole director of Oriza Seed Venture Capital II Limited. Accordingly, Mr. Zhao is deemed to be interested in 3,975,221 Shares held by Oriza Seed Fund I L.P. and Oriza Seed Venture Capital II Limited.

11. Interests in options granted pursuant to the Pre-IPO Share Option Scheme.
12. All interests are calculated based on the total Shares in issue as at June 30, 2021, being 253,128,997 Shares.

Save as disclosed above, as at June 30, 2021, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

### 3. COMPETING INTEREST

To safeguard the Group from any potential competition with any of the Substantial Shareholders and their close associates, on April 24, 2019, all of the Substantial Shareholders (each a “**Covenantor**” and collectively the “**Covenantors**”) entered into the Deed of Non-Competition with the Company (for itself and as trustee for each of its subsidiaries). Pursuant to the Deed of Non-Competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-Competition remains effective, that he/she/it shall not, and shall procure his or her or its close associates (other than any members of the Group) not to, on its/his/her own account or with each other or in conjunction with or on behalf of any person, firm or company develop, acquire, invest in, participate in, carry on or be engaged in, concerned with or interested in or otherwise be involved in, whether directly or indirectly, whether as a shareholder (other than being a director or shareholder of the Group or their associated companies), director, employee, partner, agent or otherwise in any business activity involving development of drug candidate which carries the same target as the drug candidate of any member of the Group from time to time, which, for avoidance of doubt, shall not include academic research carried out by the Covenantor in the capacity as employee of academic institution or any pre-existing business of the Covenantor before competition arises or is likely to arise as a result of the Group developing new drug candidates (the “**Restricted Activity**”).

The undertakings as set out above shall not prevent any of the Covenantors from acquiring a direct or an indirect shareholding interest or interest in any securities of not more than 10% (individually or taken together with their respective close associates) in a company engaged in any Restricted Activity, provided that each of them (individually or together) will not directly or indirectly own more than 10% of the total issued share capital of such company or control the exercise of more than 10% of the voting rights thereof or control the composition of the board of directors of such company.

If any of the Covenantors and/or his/her/its close associates is offered or otherwise intends to take up any business opportunity which directly or indirectly engages in or owns the Restricted Activity (the “**Competing Business Opportunity**”):

- (i) he/she/it shall within 10 business days of identifying or being made available the Competing Business Opportunity, notify the Company in writing (the “**Offer Notice**”) of such Competing Business Opportunity and refer the same to the Company for consideration, and shall provide the relevant information to the Company as we may require in order to enable us to make an informed assessment of such opportunity; and
- (ii) he/she/it shall not, and shall procure that his/her/its close associates (other than the Group) not to, invest or participate in any Competing Business Opportunity, unless such Competing Business Opportunity shall have been rejected by the Company, or the Board Committee (as defined below) shall have failed to respond within 30 business days of receipt of the Offer Notice and that the principal terms of which the relevant Substantial Shareholder or his/her/its close associates (other than the Group) invest or participate in are substantially the same or not more favourable than those notified to the Company.

The Board (including the independent non-executive Directors) or a board committee of the Company which has no interest in the Competing Business Opportunity (the “**Board Committee**”) will be responsible for reviewing and considering whether or not to take up a Competing Business Opportunity notified by a Covenantor.

The Deed of Non-Competition took effect upon execution by all parties thereto and shall terminate on the expiry of the Restricted Period, which, for the purpose of this section, shall mean the period commencing from the date on which dealings of the Shares first commence on the Main Board of the Stock Exchange and shall expire on the earliest of the dates below:

- (i) the date on which all the Covenantors and his/her/its respective close associates jointly cease to be legally and beneficially interested in not less than 10% of the total issued share capital of the Company; and
- (ii) with respect to Covenantor on individual basis, the non-competition undertaking shall cease two years after termination of such Covenantor’s employment relationship with the Group.

Each Covenantor has undertaken under the Deed of Non-Competition to provide to the Company and the Directors (including the independent non-executive Directors) from time to time all information necessary for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-Competition during the Restricted Period by the Covenantors and their respective close associates. Each Covenantor has also undertaken to make an annual confirmation as to compliance with the terms of the Deed of Non-Competition during the Restricted Period in the Company’s annual report.

The Covenantors further undertake that, unless specifically disclosed as at the date of the Deed of Non-Competition, he/she/it shall not hold more than 10% economic interest in or engage in any business other than the Restricted Activity, without the Company's prior written consent, and for avoidance of doubt, this restriction does not apply to holding passive investment interests in real estate property or publicly traded securities such as stocks and bonds.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor any of their respective close associates had any interest in any business, apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

#### **4. MATERIAL INTERESTS**

As at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interest in any assets which had been, since December 31, 2020 (being the date to which the latest published audited consolidated accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

#### **5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2020, the date to which the latest published audited consolidated accounts of the Company have been made up.

#### **6. LITIGATION**

As at the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.



**7. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract which does not expire or is not determinable by the employer within one year without compensation (other than general statutory compensation).

**8. EXPERT'S QUALIFICATION AND CONSENT**

The following are the qualifications of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Altus Capital Limited	A corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Altus Capital had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

Altus Capital has given and has not withdrawn its written consent to the issue of this circular, with inclusion of its letter and the reference to its name and opinions in the form and context in which they respectively appear.

As at the Latest Practicable Date, Altus Capital did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2020 (being the date to which the latest published audited consolidated accounts of the Group were made up).

**9. MATERIAL CONTRACTS**

Set out below are the material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

- (1) the cornerstone investment agreement dated September 26, 2019 among Ascentage Pharma Group International, Sino Biopharmaceutical Limited, MERRILL LYNCH FAR EAST LIMITED, CITIGROUP GLOBAL MARKETS ASIA LIMITED, MERRILL LYNCH (ASIA PACIFIC) LIMITED and CITIGROUP GLOBAL MARKETS LIMITED;
- (2) the amendment agreement of the Second Shareholders Agreement dated September 28, 2019 among YANG Dajun, GUO Edward Ming, WANG Shaomeng, Ascentage Pharma Group International (亞盛醫藥集團), Ascentage Investment International, Ascentage Investment Limited, Jiangsu Ascentage Pharma Co., Ltd (江蘇亞盛醫藥開發有限公司), Ascentage International Limited, Ascentage Pharma Group Corp Limited, Shanghai Yasheng Pharmaceutical Technology Co., Ltd. (上海亞晟醫藥科技有限公司), Suzhou Yasheng Pharmaceutical Co., Ltd. (蘇州亞盛藥業有限公司), Guangzhou Shunjian Biomedical Technology Co., Ltd. (廣州順健生物醫藥科技有限公司), JIANGSU ASCENTAGE PHARMA PTY. LTD., Ascentage Pharma Group Inc., HealthQuest Pharma Limited, Ascentage Limited, Collected Mind Limited, Grand Virtue Investment Management Company Limited (瑞德投資管理有限公司), CONNECTED TRIUMPH LIMITED, CTS Capital Co., Ltd, ETP GLOBAL FUND, L.P., TAN CHOW KHONG, Oriza Seed Hong Kong Development Corp Limited (元禾原點香港發展有限公司), YM Investment Ltd., Efung Taihe Limited, Pangu Venture Capital Ltd., Sungent Venture Limited, Unity Biotechnology, Inc., ARROWMARK FUNDAMENTAL OPPORTUNITY FUND, LP, ARROWMARK LIFE SCIENCE FUND, LP, CF ASCENT LLC, YUANMING PRUDENCE SPC — HEALTHCARE FUND I SEGREGATED PORTFOLIO, Teng Yue Partners Master Fund, Future Industry Investment Co., Limited, DanQing Investment Limited, YUHAN Investment Limited, FHF Healthcare Holdings Limited, Oriza Seed Venture Capital II Limited, QHYM Investment Ltd., Efung Siqi Limited, Hua Yuan International Limited (華圓管理諮詢(香港)有限公司), UNIVERSITY OF MICHIGAN, PURE PROGRESS INTERNATIONAL LIMITED, Oriza Seed Fund I L.P., Teng Yue Partners RDLT, Tsui, Lap Kan, HDY International Investment Limited, Wise King Holdings Limited, CTS Healthcare Fund II Limited Partnership, Chen, Liehui, CCB International Overseas Limited, BEST ELEVATION LIMITED and TAN Bo;
- (3) the Hong Kong Underwriting Agreement;
- (4) the 2020 Placing Agreement;
- (5) the 2021 Placing Agreement;
- (6) the Share Subscription Agreement; and

- (7) the Warrant Subscription Deed.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the office of the company secretary of the Company in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Admiralty, Hong Kong within 14 days from the date of this circular (excluding Saturdays, Sundays and public holidays):

- (1) the Articles of Association of the Company;
- (2) the annual reports of the Company for each of the two years ended December 31, 2019 and 2020;
- (3) the letter from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-29 of this circular;
- (4) the written letter of consent from Altus Capital referred to in the section headed “Expert’s Qualification and Consent” in this Appendix;
- (5) the material contracts referred to in this Appendix;
- (6) the Deed of Non-Competition;
- (7) the Concert Party Confirmation Deed;
- (8) the APG-2575 Combination Therapy Strategic Collaboration and Clinical Trial Agreement;
- (9) the HQP1351 Collaboration and License Agreement;
- (10) the letters of appointment entered into between the Company and each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren; and
- (11) a copy of this circular.

## **11. MISCELLANEOUS**

- (1) The company secretary of the Company is Mr. Wong Cheung Ki Johnny, FCPA, FCG (CS, CGP), FCS (CS, CGP) who is the sole proprietor of Jovial Wings CPA Company.

- (2) The headquarters and principal place of business of the Company in PRC is situated at 218 Xinghu Street, Building B7, 7th Floor, Suzhou Industrial Park Suzhou, Jiangsu, China. The principal place of business of the Company in Hong Kong is situated at 9/F, Wah Yuen Building 149 Queen's Road Central, Central, Hong Kong.
- (3) The Company's Hong Kong Branch Share Registrar is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---



### ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6855)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”)

Please refer to page ii of the circular of the Company dated August 31, 2021 for the measures to be implemented at the EGM to safeguard the health and safety of the attendees and to prevent the spread of the Novel Coronavirus (“COVID-19”) pandemic, including without limitation:

- compulsory body temperature check
- compulsory wearing of surgical face mask
- no distribution of corporate gifts and no serving of refreshments

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue or be required to leave the EGM venue. The Company reminds all Shareholders that physical attendance in person at the EGM is **NOT** necessary for the purpose of exercising voting rights and would like to encourage Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, instead of attending the EGM in person.

**NOTICE IS HEREBY GIVEN THAT** the EGM of Ascentage Pharma Group International (the “**Company**”) will be held at Huan Xiu Ting, 3rd Floor, Four Points by Sheraton Suzhou, No. 8 Moon Bay Road, Suzhou Industrial Park, Suzhou, Jiangsu, China on Monday, September 20, 2021 at 10:00 a.m. to transact the following business. In this notice, unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company (the “**Circular**”) dated August 31, 2021.

### ORDINARY RESOLUTIONS

1. To consider and approve the proposed grant of RSUs to the Connected Selected Persons.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

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

“**THAT** subject to and conditional upon the Stock Exchange granting the listing of, and permission to deal in, the underlying Shares of the RSUs proposed to be granted to the Connected Selected Persons, the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the underlying Shares of the RSUs proposed to be granted to the Connected Selected Persons, being 92,690 Shares in aggregate.”

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

“**THAT** subject to and conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Warrant Shares:

- (a) the directors of the Company be and are hereby authorized to create and issue Warrants to Innovent on the terms and conditions set out in the Warrant Subscription Deed;
- (b) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Warrant Shares including the adjustment thereof, upon exercise of the subscription rights attached to the Warrants, in accordance with the terms and conditions set out in the Warrant Subscription Deed; and
- (c) any one or more of the directors of the Company be and are hereby authorized to do all such acts and things, to sign and execute such documents or agreements or deed on behalf of the Company and to do such other things and to take all such actions as he/she considers or they consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Warrant Subscription Deed and all the transactions in relation to the creation and issue of the Warrants and the allotment and issue of the Warrant Shares and to agree to such variation, amendments or waiver or matters relating thereto (excluding any variation, amendments or waiver of such documents or any terms thereof, which are fundamentally and materially different from those as provided for in the Warrant Subscription Deed and which shall be subject to approval of the

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

shareholders of the Company) as are, in the opinion of any one or more of the directors of the Company, in the interest of the Company and its shareholders as a whole.”

By Order of the Board  
**Ascentage Pharma Group International**  
**Dr. Yang Dajun**  
*Chairman and Executive Director*

Suzhou, the People’s Republic of China, August 31, 2021

*Notes:*

1. All resolutions at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ascentagepharma.com>) in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In case of joint holders of shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at any meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney or authority, must be deposited at the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Saturday, September 18, 2021) or the adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, September 15, 2021 to Monday, September 20, 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, September 14, 2021.

*As at the date of this notice, the Board of Directors of the Company comprises Dr. Yang Dajun as Chairman and executive Director; Dr. Wang Shaomeng, Dr. Tian Yuan, Dr. Lu Simon Dazhong and Mr. Liu Qian as non-executive Directors; and Mr. Ye Changqing, Dr. Yin Zheng, Mr. Ren Wei, and Dr. David Sidransky as independent non-executive Directors.*