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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), you should at once hand this circular, together with the enclosed Form of Proxy, to the purchaser of transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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WUXI APPTEC CO., LTD.* 無錫藥明康德新藥開發股份有限公司

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

(Stock Code: 2359)

- (1) PROPOSED ADOPTION OF THE 2021 H SHARE AWARD AND TRUST SCHEME;**
- (2) PROPOSED GRANT OF AWARDS TO THE CONNECTED SELECTED PARTICIPANTS UNDER THE 2021 H SHARE AWARD AND TRUST SCHEME;**
- (3) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2021 H SHARE AWARD AND TRUST SCHEME;**
- (4) PROPOSED ADOPTION OF THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME;**
- (5) PROPOSED GRANT OF SAI AWARDS TO THE SAI CONNECTED SELECTED PARTICIPANTS UNDER THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME;**
- (6) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE SAI DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME;**
- (7) PROPOSED CHANGE OF REGISTERED CAPITAL;**
- (8) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
AND**
- (9) NOTICE OF EGM**

The notice convening the EGM of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司) to be held at Sheraton Shanghai Waigaoqiao Hotel, 28 Jilong Road, Pilot Free Trade Zone, Shanghai, China on Monday, August 30, 2021, at 2:00 p.m. is set out in this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the EGM (i.e. not later than 2:00 p.m. on Sunday, August 29, 2021 (Hong Kong time)) 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 EGM if they so wish.

This circular together with the Form of Proxy are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wuxiapptec.com.cn).

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

* For identification purpose only

August 10, 2021

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	12
Appendix I — Rules of the 2021 H Share Award and Trust Scheme	I-1
Appendix II — Rules of the 2021 Shareholder Alignment Incentive H Share Scheme	II-1
Appendix III — Proposed Amendments to the Articles of Association	III-1
Notice of EGM	EGM-1

DEFINITIONS

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

“2018 A Share Incentive Plan”	the Restricted A Shares and Stock Option Incentive Plan of 2018 adopted by the Company on August 22, 2018
“2019 A Share Incentive Plan”	the Restricted A Shares and Stock Option Incentive Plan of 2019 adopted by the Company on September 20, 2019
“2021 H Share Award and Trust Scheme” or “2021 Scheme”	the 2021 H Share award and trust scheme proposed to be adopted by the Company in accordance with the 2021 Scheme Rules
“2020 Profit Distribution Plan”	the profit distribution plan of the Company for the year ended December 31, 2020 which includes the 2020 Capitalization of Reserve and the 2020 Profit Distribution as defined in the circular of the Company dated April 9, 2021
“2021 Scheme Rules”	the rules governing the operation of the 2021 Scheme as well as the implementation procedures (as amended from time to time)
“2021 Shareholder Alignment Incentive H Share Scheme” or “SAI”	the 2021 shareholder alignment incentive H Share scheme proposed to be adopted by the Company in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme Rules
“2021 Shareholder Alignment Incentive H Share Scheme Rules”	the rules governing the operation of the 2021 Shareholder Alignment Incentive H Share Scheme as well as the implementation procedures (as amended from time to time)
“A Share(s)”	ordinary share(s) of the Company with nominal value of RMB1.00 each listed on the Shanghai Stock Exchange

DEFINITIONS

“Actual Selling Price”	the actual price at which the Award Shares or the SAI Award Shares are sold (net of brokerage, stamp duty, any taxes, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award or a SAI Award pursuant to the 2021 Scheme or the 2021 Shareholder Alignment Incentive H Share Scheme, or in the case of a vesting when there is an event of change in control or privatisation of the Company pursuant to the 2021 Scheme Rules or the 2021 Shareholder Alignment Incentive H Share Scheme, the consideration receivable under the related scheme or offer
“Articles of Association”	the articles of association of the Company
“associate”	shall have the meaning as set out in the Listing Rules
“Award Letter”	a letter issued by the Company to each Selected Participant in such form as the Board or the Delegatee may from time to time determine, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award and/or number of Award Shares underlying the Award (with the basis on which the number of Award Shares underlying the Award is arrived at), the vesting criteria and conditions, and the Vesting Date and such other details, terms and conditions as they may consider necessary and in accordance with the 2021 Scheme
“Award Period”	the period commencing on the date on which the Shareholders approved the 2021 Scheme, and ending on the Business Day immediately prior to the 10th anniversary of the date on which the Shareholders approved the 2021 Scheme
“Award Shares”	the H Shares granted to a Selected Participant in an Award

DEFINITIONS

“Award”	an award granted by the Board to a Selected Participant, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the 2021 Scheme Rules
“Board”	the board of directors of the Company
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司)
“connected person(s)”	shall have the meaning as set out in the Listing Rules
“Connected Selected Participants”	Selected Participants who are connected persons of the Group, being Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang, Dr. Shuhui Chen, Dr. Minzhang Chen, Dr. Ning Zhao, Mr. Guodong Tong, Mr. Ellis Bih-Hsin Chu, Ms. Hui Xu, Ms. Wendy J. Hu, Mr. Harry Liang He and Ms. Minfang Zhu
“Delegatee(s)”	the Management Committee or person(s) or board committee(s) to which the Board will delegate its authority in connection with matters pertaining to the 2021 Scheme
“Director(s)”	the director(s) of the Company, from time to time
“EGM”	the extraordinary general meeting of the Company to be convened at Sheraton Shanghai Waigaoqiao Hotel, 28 Jilong Road, Pilot Free Trade Zone, Shanghai, China on Monday, August 30, 2021 at 2:00 p.m. (or any adjournment thereof) to consider and, if thought fit, approve the resolutions contained in the Notice of EGM

DEFINITIONS

“Eligible Employee(s)”	any individual, being a Director, supervisor, senior management member, mid-level manager, basic-level manager, backbone member of the scientists, other technicians, who is a full-time PRC or non-PRC employee of any members of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the 2021 Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the 2021 Scheme and such individual shall therefore be excluded from the scope of Eligible Employees
“employee”	an employee who has entered into a formal employment contract with the relevant member of the Group
“Form of Proxy”	the form of proxy of the Company in respect of the resolutions set out in the Notice of EGM
“Grant Date”	the date on which the grant of an Award is made to a Selected Participant, being the date of an Award Letter
“Group”	the Company and its subsidiaries from time to time, and the expression <i>member of the Group</i> shall be construed accordingly
“H Share(s)”	overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Selected Participants”	Selected Participants who are not the Connected Selected Participants

DEFINITIONS

“Independent SAI Selected Participants”	SAI Selected Participants who are not the SAI Connected Selected Participants
“Latest Practicable Date”	August 5, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management Committee”	the management committee of the 2021 Scheme, comprising the Chairman and Chief Executive Officer Dr. Ge Li, the Vice Chairman and Global Chief Investment Officer Mr. Edward Hu, the co-Chief Executive Officer Dr. Steve Qing Yang, the vice president Dr. Minzhang Chen, the vice president Dr. Ning Zhao, and the person-in-charge of the human resources department, financial department and legal department of the Company, to whom the Board will delegate its authority to administer the 2021 Scheme
“Notice of EGM”	the notice of EGM dated August 10, 2021, which is set out on EGM-1 to EGM-8 of this circular
“on-market”	the acquisition of H Shares of the Company through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other applicable laws and regulations
“PRC”	the People’s Republic of China
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Restricted A Shares”	the restricted A Shares granted by the Company under the 2018 A Share Incentive Plan and the 2019 A Share Incentive Plan

DEFINITIONS

“Returned Shares”	such Award Shares that are not vested and/or are forfeited in accordance with the terms of the 2021 Scheme Rules, or such H Shares being deemed to be Returned Shares under the 2021 Scheme Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SAI Award”	an award granted by the Board to a SAI Selected Participant under any of the SAI Award Pools which may vest in the form of SAI Award Shares or the Actual Selling Price of the SAI Award Shares in cash, as the Board may determine in accordance with the terms of the 2021 Shareholder Alignment Incentive H Share Scheme Rules
“SAI Award Letter”	a letter issued by the Company to each SAI Selected Participant in such form as the Board or the SAI Delegatee may from time to time determine, specifying the SAI Grant Date, the manner of acceptance of the SAI Award, the value of the SAI Award and/or number of SAI Award Shares underlying the SAI Award granted under any of the SAI Award Pools (with the basis on which the number of SAI Award Shares underlying the SAI Award is arrived at), the vesting criteria and conditions, and the SAI Vesting Date and such other details, terms and conditions as they may consider necessary and in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme
“SAI Award Period”	the period commencing on the date on which the Shareholders approved the 2021 Shareholder Alignment Incentive H Share Scheme, and ending on the Business Day immediately prior to the 10th anniversary of the date on which the Shareholders approved the 2021 Shareholder Alignment Incentive H Share Award Scheme

DEFINITIONS

“SAI Award Pools”	the four (4) award pools under the 2021 Shareholder Alignment Incentive H Share Scheme with monetary values of HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively, which may be released upon the fulfilment of relevant release conditions for the grant of SAI Awards to the SAI Selected Participants under these award pools
“SAI Award Shares”	the H Shares granted to a SAI Selected Participant in a SAI Award granted under any of the SAI Award Pools
“SAI Connected Selected Participants”	SAI Selected Participants who are connected persons of the Group, being Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang, Dr. Shuhui Chen, Dr. Minzhang Chen, Dr. Ning Zhao, Mr. Guodong Tong, Mr. Ellis Bih-Hsin Chu, Ms. Hui Xu, Ms. Wendy J. Hu, Mr. Harry Liang He and Ms. Minfang Zhu
“SAI Delegatee”	the SAI Management Committee or person(s) or board committee(s) to which the Board will delegate its authority in connection with matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme

DEFINITIONS

“SAI Eligible Employees”

any individual, being an executive Director, a supervisor who is an employee of the Company, senior management member, and personnel at the grade of director or above that made high performance contributions and are critical company middle to senior management personnel, who is a full-time PRC or non-PRC employee of any members of the Group, and whose performance appraisal results for the most recent two consecutive years are A- or above for any one year and B (excluding B-) or above for the other year; however, no individual who is resident in a place where the grant, acceptance or vesting of an SAI Award pursuant to the 2021 Shareholder Alignment Incentive H Share Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the SAI Delegatee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the 2021 Shareholder Alignment Incentive H Share Scheme and such individual shall therefore be excluded from the scope of SAI Eligible Employees

“SAI Grant Date”

the date on which the grant of a SAI Award under any of the SAI Award Pools is made to a SAI Selected Participant, being the date of a SAI Award Letter

“SAI Management Committee”

the management committee of the 2021 Shareholder Alignment Incentive H Share Scheme, comprising the Chairman and Chief Executive Officer Dr. Ge Li, the Vice Chairman and Global Chief Investment Officer Mr. Edward Hu, the co-Chief Executive Officer Dr. Steve Qing Yang, the vice president Dr. Minzhang Chen, the vice president Dr. Ning Zhao, and the person-in-charge of the human resources department, financial department and legal department of the Company, to whom the Board will delegate its authority to administer the 2021 Shareholder Alignment Incentive H Share Scheme

DEFINITIONS

“SAI Returned Shares”	such SAI Award Shares that are not vested and/or are forfeited in accordance with the terms of the 2021 Shareholder Alignment Incentive H Share Scheme Rules, or such H Shares being deemed to be SAI Returned Shares under the 2021 Shareholder Alignment Incentive H Share Scheme Rules
“SAI Scheme Limits”	means the maximum size of each of the SAI Award Pools under the 2021 Shareholder Alignment Incentive H Shares Scheme, being the maximum number of H Shares that will be acquired by the SAI Trustee through on-market transactions from time to time at prevailing market price with funds to be provided by the Company in the amount of the monetary value of each of the four (4) SAI Award Pools, being HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively
“SAI Selected Participant”	any SAI Eligible Employee who is approved for participation in the 2021 Shareholder Alignment Incentive H Share Scheme and has been granted any SAI Award under any of the SAI Award Pools in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme Rules
“SAI Trust”	the trust constituted by the SAI Trust Deed to service the 2021 Shareholder Alignment Incentive H Share Scheme
“SAI Trustee”	the trustee appointed by the Company for the purpose of the SAI Trust, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“SAI Trust Deed”	the trust deed to be entered into between the Company and the SAI Trustee (as may be restated, supplemented and amended from time to time)

DEFINITIONS

“SAI Vesting Date”	the date or dates, as determined from time to time by the Board or the SAI Delegatee on which the SAI Award granted under any of the SAI Award Pools (or part thereof) is to vest in the relevant SAI Selected Participant, unless a different SAI Vesting Date is deemed to occur in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme Rules
“SAI Vesting Notice”	the vesting notice to be sent to the relevant SAI Selected Participant within a reasonable time period as agreed between the SAI Trustee and the Board from time to time prior to any SAI Vesting Date
“SAI Vesting Period(s)”	the vesting period(s) of the SAI Awards granted under the 2021 Shareholder Alignment Incentive H Share Scheme
“Scheme Limit”	means the maximum size of the 2021 Scheme, being the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than HK\$2 billion
“Selected Participant(s)”	any Eligible Employee who is approved for participation in the 2021 Scheme and has been granted any Award in accordance with the 2021 Scheme Rules
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including both A Share(s) and H Share(s)
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time)
“Trust”	the trust constituted by the Trust Deed to service the 2021 Scheme
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Vesting Date”	the date or dates, as determined from time to time by the Board or the Delegatee on which the Award (or part thereof) is to vest in the relevant Selected Participant, unless a different Vesting Date is deemed to occur in accordance with the 2021 Scheme Rules
“Vesting Notice”	the vesting notice to be sent to the relevant Selected Participant within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date
“Vesting Period”	the vesting period(s) of the Awards granted under the 2021 Scheme
“%”	percent

LETTER FROM THE BOARD



WUXI APPTEC CO., LTD.*
無錫藥明康德新藥開發股份有限公司

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

(Stock Code: 2359)

Executive Directors:

Dr. Ge Li (*Chairman and chief executive officer*)
Mr. Edward Hu
(*Vice chairman and global chief investment officer*)
Dr. Steve Qing Yang (*Co-chief executive officer*)
Mr. Zhaohui Zhang
Dr. Ning Zhao

Non-executive Directors:

Mr. Xiaomeng Tong
Dr. Yibing Wu

Independent Non-executive Directors:

Dr. Jiangnan Cai
Ms. Yan Liu
Mr. Dai Feng
Dr. Hetong Lou
Mr. Xiaotong Zhang

Registered Office:

Mashan No. 5 Bridge
Binhu District, WuXi
Jiangsu Province
PRC

*Headquarters and Principal Place of
Business in the PRC:*

288 Fute Zhong Road
Waigaoqiao Free Trade Zone
Shanghai
PRC

*Principal Place of Business
in Hong Kong:*

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

August 10, 2021

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED ADOPTION OF THE 2021 H SHARE AWARD AND TRUST SCHEME;**
- (2) PROPOSED GRANT OF AWARDS TO THE CONNECTED SELECTED PARTICIPANTS UNDER THE 2021 H SHARE AWARD AND TRUST SCHEME;**
- (3) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2021 H SHARE AWARD AND TRUST SCHEME;**
- (4) PROPOSED ADOPTION OF THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME;**
- (5) PROPOSED GRANT OF SAI AWARDS TO THE SAI CONNECTED SELECTED PARTICIPANTS UNDER THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME;**
- (6) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE SAI DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME;**
- (7) PROPOSED CHANGE OF REGISTERED CAPITAL;**
- (8) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
- AND**
- (9) NOTICE OF EGM**

LETTER FROM THE BOARD

I. INTRODUCTION

References are made to (i) the announcement of the Company dated August 2, 2021 in relation to, among other things, (a) the proposed adoption of the 2021 Scheme; (b) the proposed grant of Awards to the Connected Selected Participants under the 2021 Scheme; (c) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 Scheme; (d) the proposed adoption of the 2021 Shareholder Alignment Incentive H Share Scheme; (e) the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive H Share Scheme; and (f) the proposed authorization to the Board and/or the SAI Delegatee to handle matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme; (ii) the announcement of the Company dated August 2, 2021 in relation to (a) the proposed change of registered capital of the Company; and (b) the proposed amendments to the Articles of Association; and (iii) the Notice of EGM.

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the EGM to be held on August 30, 2021, to enable you to make an informed decision on whether 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 EGM.

II. PROPOSED ADOPTION OF THE 2021 H SHARE AWARD AND TRUST SCHEME

As disclosed in the announcement of the Company dated August 2, 2021, the Board has proposed to adopt the 2021 Scheme and an ordinary resolution will be proposed at the EGM to consider and approve the proposed adoption of the 2021 Scheme. The 2021 Scheme shall be effective upon the approval by the Shareholders at the EGM. The grant of Awards to the Selected Participants under the 2021 Scheme shall take effect only if the year-on-year growth of the revenue realized by the Group for the year ending December 31, 2021 (to be disclosed in the relevant annual results announcement of the Company) when compared to that for the year ended December 31, 2020 is 34% or above. Please refer to the section headed “Grant of Awards” below for further details.

The full text of the 2021 Scheme Rules is set out in Appendix I to this circular.

LETTER FROM THE BOARD

Purposes of the 2021 Scheme

The purposes of the 2021 Scheme are:

- (i) to attract, motivate and retain highly skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to be further incentivized by equity interests in the Company, more directly associated with the equity performance of the Company;
- (ii) to modernize the Company's remuneration practices and to better align with the interests of the Shareholders while seeking a balanced approach in the operational and executive management oversight; and
- (iii) to (a) recognize the contributions of the prudent leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose collective contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) introduce additional incentive for the leadership of the Company by aligning the interests of the leadership of the Company to that of the Shareholders and the Group as a whole.

The Directors are of the view that the individual performance indicators as conditions for the vesting of the Awards will serve to achieve the purpose stated above.

Duration

Subject to any early termination of the 2021 Scheme pursuant to the 2021 Scheme Rules, the 2021 Scheme shall be valid and effective for ten years commencing from the date on which the 2021 Scheme is approved by the Shareholders at the EGM (after which no further Awards will be granted), and thereafter for so long as there are non-vested Award Shares granted under the 2021 Scheme prior to the expiration of the 2021 Scheme, in order to give effect to the vesting of such Award Shares.

Source of Funds

The source of funds for funding the 2021 Scheme is the internal funds of the Company.

LETTER FROM THE BOARD

Source of Award Shares and acquisition of H Shares by the Trustee

The source of the Award Shares under the 2021 Scheme shall be H Shares to be acquired by the Trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the 2021 Scheme Rules.

The Company shall as soon as reasonably practicable, for the purposes of satisfying the grant of Awards, transfer to the Trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price. The Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on-market at the prevailing market price.

The acquisition of H Shares by the Trustee will be done independently of, and possibly concurrently with, other dealings of A Shares or H Shares by Shareholders which could be a Director or a member of the senior management, while being subject to dealing restrictions imposed by applicable laws and regulations (including but not limited to the Listing Rules and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange).

Any excess funds provided by the Company shall not automatically form part of the funds of the Trust and shall be refunded to the Company if no written direction to that effect is received by the Trustee within 30 days of the date of completion of the transfer of the relevant H Shares to the Trustee.

The Company shall instruct the Trustee whether or not to apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares, as specified by the Company, are not sufficient to satisfy the Awards granted, the Company shall, as soon as reasonably practicable, for purposes of satisfying the Awards granted, transfer to the Trust the necessary funds and instruct the Trustee to acquire further H Shares through on-market transactions at the prevailing market price.

Scheme Limit

Subject to the 2021 Scheme Rules, the Scheme Limit shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at prevailing market price with funds in the amount of not more than HK\$2 billion. The Company proposed to set the Scheme Limit in terms of the total amount of funds that it will provide to the Trustee to acquire H Shares through on-market transactions in order to (i) regulate the costs of the Company in setting up the 2021 Scheme; and (ii) provide Shareholders with clarity on the financial outlay on the 2021 Scheme.

LETTER FROM THE BOARD

For illustrative purpose, based on the average closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Latest Practicable Date of HK\$176.5 per H Share, the maximum number of H Shares that can be purchased for the purpose of the 2021 Scheme would be 11,331,444 H Shares, accounting for approximately 2.91% of the Company's total number of issued H Shares and approximately 0.38% of the Company's total issued share capital as at the Latest Practicable Date. The ultimate number of H Shares underlying the 2021 Scheme is therefore uncertain as it depends on the actual implementation of the acquisition of H Shares by the Trustee.

The Company shall not make any further grant of Awards which will result in the aggregate number of H Shares underlying all grants made pursuant to the 2021 Scheme (excluding Award Shares that have been forfeited in accordance with the 2021 Scheme) to exceed the Scheme Limit without Shareholders' approval. The Scheme Limit shall not be subject to any refreshment.

Administration of the 2021 Scheme

The 2021 Scheme shall be subject to the administration of the following administrative bodies:

- (a) the general meeting of the Shareholders, as the institution vested with the supreme authority of the Company, is responsible for the consideration and approval of the adoption of the 2021 Scheme. The general meeting of the Shareholders may authorize the Board and/or the Delegatee to deal with all matters related to the 2021 Scheme to the extent of its authority;
- (b) the Board is the institution in charge of the administration of the 2021 Scheme in accordance with the 2021 Scheme Rules and where applicable, the Trust Deed. A decision of the Board or the Delegatee shall be final and binding on all persons affected. The Remuneration and Appraisal Committee shall be responsible for drafting and revising the 2021 Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the 2021 Scheme, the Board will submit the 2021 Scheme to the general meeting of the Shareholders for consideration. The Board and/or the Delegatee may handle all matters related to the 2021 Scheme within the authorization by the general meeting of the Shareholders;
- (c) the independent non-executive Directors are the supervisory institution of the 2021 Scheme and shall evaluate and communicate their views considering the position of Shareholders on whether the 2021 Scheme facilitates the sustainable development of the Company and whether the 2021 Scheme impairs the interests of the Company and the Shareholders as a whole. In addition, the independent non-executive Directors will

LETTER FROM THE BOARD

supervise whether the implementation of the 2021 Scheme complies with relevant laws, regulations, regulatory documents and the business rules of the Stock Exchange, and is responsible for reviewing the list of the Selected Participants; and

- (d) the Trust will be constituted to service the 2021 Scheme whereby the Trustee shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire H Shares through on-market transactions with funds in the amount of not more than HK\$2 billion to be transferred by the Company to the Trust.

Pursuant to the 2021 Scheme Rules, the authority to administer the 2021 Scheme may be delegated by the Board to the Delegatee as deemed appropriate in the sole and absolute discretion of the Board. Upon the approval and adoption of the 2021 Scheme by the Shareholders at the EGM, the Board will delegate to the Delegatee the authority to administer the 2021 Scheme, including the power to grant an Award under the 2021 Scheme.

Selected Participants of the 2021 Scheme

Eligible Employees who may qualify to participate in the 2021 Scheme include any individual, being a Director, supervisor, senior management member, mid-level manager, basic-level manager, backbone member of the scientists, other technicians, who is a full-time PRC or non-PRC employee of any members of the Group.

The Board or the Delegatee may, from time to time, select any Eligible Employee to be a Selected Participant in accordance with the 2021 Scheme Rules. The Selected Participants are determined in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Selected Participant to the Group.

No one should be considered as a Selected Participant of the 2021 Scheme if he:

- (a) has been deemed as an inappropriate candidate for similar award schemes of share incentive plans of a listed company by any securities regulatory bodies with authority in the most recent 12 months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the most recent 12 months; or

LETTER FROM THE BOARD

- (c) is prohibited from acting as a director or member of the senior management of a company due to occurrence of circumstances as stipulated in the Company Law of the PRC.

Grant of Awards

The Board or the Delegatee may grant Awards to Selected Participants during the Award Period conditional upon fulfilment of terms and conditions of the Awards and performance targets as the Board or the Delegatee determines from time to time.

Subsequent to the obtaining of the Shareholders' approval in connection with the proposed adoption of the 2021 Scheme, the Company will transfer the necessary funds in the amount of HK\$2 billion (being the Scheme Limit) for the Trustee to acquire H Shares through on-market transactions from time to time at prevailing market price as the source of the Award Shares under the 2021 Scheme. The grant of Awards to the Selected Participants shall take effect only if the year-on-year growth of the revenue realized by the Group for the year ending December 31, 2021 (to be disclosed in the relevant annual results announcement of the Company) when compared to that for the year ended December 31, 2020 is 34% or above. If such condition cannot be satisfied, the abovementioned grant of Awards will not take effect and the Trustee shall hold and make use of such acquired H Shares in accordance with the relevant instructions of the Company, which could potentially involve the use of the acquired H Shares for the purpose of serving as the underlying shares of the awards to be granted under the 2022 H Share award and trust scheme of the Company (with terms and mechanism similar to the 2021 Scheme), the proposed adoption of which is expected to be made by the Company in the third quarter of 2022 (if any). Further announcement(s) will be made by the Company as and when appropriate to keep the Shareholders informed of any material development in this respect.

The Company shall issue an Award Letter to each Selected Participant specifying, among other things, the Grant Date, the value of the Award and/or number of Award Shares underlying the Award (with the basis on which the number of Award Shares underlying the Award is arrived at), the vesting criteria and conditions, and the Vesting Date.

No grant of any Awards to any Selected Participants may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award under certain circumstances including:

- (i) where such grant of Award would result in a breach of the Scheme Limit;
- (ii) after the expiry of the Award Period or after the earlier termination of the 2021 Scheme;

LETTER FROM THE BOARD

- (iii) where any Director is in possession of unpublished inside information (as defined under the SFO) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (iv) during the period of 60 days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (v) during the period of 30 days immediately preceding the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

Vesting of the Awards

The Board or the Delegatee may determine the vesting criteria and conditions or periods for the Awards to be vested.

Vesting schedule

Unless otherwise specified in the Award Letter approved by the Board or the Delegatee, the Vesting Periods of the Awards granted under the 2021 Scheme are as follows:

- (A) For Awards to be granted to Selected Participants who are Eligible Employees as at the date on which the 2021 Scheme is approved by the Shareholders at the EGM:

	Vesting Periods	Proportion of Vesting
First Vesting Period	Within the year immediately following the first anniversary of the Grant Date	25%
Second Vesting Period	Within the year immediately following the second anniversary of the Grant Date	25%
Third Vesting Period	Within the year immediately following the third anniversary of the Grant Date	25%

LETTER FROM THE BOARD

	Vesting Periods	Proportion of Vesting
	Fourth Vesting Period	25%
	Within the year immediately following the fourth anniversary of the Grant Date	
(B)	For Awards to be granted to Selected Participants who (i) shall become Eligible Employees subsequent to the date on which the 2021 Scheme is approved by the Shareholders at the EGM; and (ii) shall have been given the entitlement to be granted Awards pursuant to the relevant offer letters to be issued by the Company in connection with their employment within the Group:	

	Vesting Periods	Proportion of Vesting
	First Vesting Period	0%
	Within the year immediately following the first anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group	
	Second Vesting Period	25%
	Within the year immediately following the second anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group	
	Third Vesting Period	25%
	Within the year immediately following the third anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group	
	Fourth Vesting Period	50%
	Within the year immediately following the fourth anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group	

The Vesting Periods of the Awards granted under any subsequent grant of the 2021 Scheme or the Awards to be satisfied by the application of any Returned Shares shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.

LETTER FROM THE BOARD

Vesting Conditions

Vesting of the Awards granted under the 2021 Scheme is subject to conditions of the individual performance indicators of the Selected Participants, and any other applicable vesting conditions as set out in the Award Letter.

The individual performance indicators of the Selected Participants are as follows:

According to the applicable performance management rules to be adopted by the Company, the Board or the Delegatee shall carry out annual comprehensive appraisal on the Selected Participants and determine the actual vesting amount of the Awards granted under the 2021 Scheme accordingly. The actual vesting amount of the Award granted to a Selected Participant for the respective Vesting Periods shall be equal to the standard coefficient \times the planned vesting amount for the respective Vesting Periods. The coefficient for individual performance appraisal results of grade B (or its equivalent appraisal result such as “meets expectations”) or above is 100% whereas the coefficient for individual performance appraisal results below grade B is 0.

In respect of Selected Participants who are PRC employees, the performance appraisal results comprise five grades, namely A+, A, B, C and D. For PRC employees who are management personnel at the level of senior director or above, the performance appraisal results comprise eight grades, namely A+, A, A-, B+, B, B-, C and D. In respect of Selected Participants who are non-PRC employees, the performance appraisal results comprise five grades, namely “significantly exceeds expectations”, “exceeds expectations”, “meets expectations”, “needs improvement” and “does not meet expectations”.

The performance appraisal is conducted annually and the process involves: (i) employee self-appraisal; (ii) performance appraisal evaluator conducts objective evaluation based on feedback and recommendations on the employee as well as the performance of the employee; (iii) performance appraisal reviewer conducts review of the performance appraisal results; and (iv) relevant persons-in-charge of the various business and operational units approves the performance appraisal results, and the appraisal results of management personnel at the level of senior director or above shall be approved by the chief executive officer of the Company.

LETTER FROM THE BOARD

The performance appraisal encompasses three aspects, namely job responsibilities, operational performance and core values. The supervisors of the relevant employees will conduct objective evaluation of the performance appraisal results based on the collected appraisal information (including records of work results, work summary of the relevant employees and performance feedback and recommendations) and the individual performance targets of the relevant employees. In terms of core values, the supervisors of the relevant employees will conduct an integrated evaluation based on parameters including key events, upstream and downstream work evaluation and peer evaluation.

If the Selected Participant fails to fulfil the individual performance indicators above, all the Award Shares underlying the relevant Awards which may otherwise be vested during the respective Vesting Periods shall not be vested and shall be held by the Trustee as Returned Shares for application towards future Awards in accordance with the 2021 Scheme Rules for the purpose of the 2021 Scheme.

Transfer or sale of Award Shares

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

- (i) direct and procure the Trustee to release from the Trust the Award Shares to the Selected Participants by transferring the number of Award Shares to the Selected Participants in such manner as determined by them from time to time; or
- (ii) to the extent that, at the determination of the Board or the Delegatee, it is not practicable for the Selected Participant to receive the Award in H Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in H Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, the Board or the Delegatee will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares as set out in the Vesting Notice.

In accordance with the 2021 Scheme Rules, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board or the Delegatee shall send to the relevant Selected Participant the Vesting Notice. The Board or the Delegatee shall forward a copy of the Vesting Notice to the Trustee and instruct the Trustee the extent to which the Award Shares held in the Trust shall be transferred and released from the Trust to the Selected Participant in the manner as determined by the Board or the Delegatee, or be sold as soon as practicable from the Vesting Date.

LETTER FROM THE BOARD

Subject to the receipt of the Vesting Notice and the instructions from the Board or the Delegatee, the Trustee shall transfer and release the relevant Award Shares to the relevant Selected Participant in the manner as determined by the Board or the Delegatee or sell the relevant Award Shares as soon as practicable from the Vesting Date and pay the Actual Selling Price to the Selected Participant within a reasonable time period in satisfaction of the Award.

Interest in the Award Shares

Any Award granted under the 2021 Scheme but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

Neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested).

A Selected Participant shall have no right to any dividend underlying the non-vested Award Shares or any of the Returned Shares or any dividend, right to any cash or non-cash income, distribution, sale proceeds of non-cash and non-scrip distributions underlying the Returned Shares, all of which shall be retained by the Trustee for the benefit of the 2021 Scheme.

Occurrence of certain events pertaining to the Company

Change in control and privatisation

If there is an event of change in control (as defined under the Takeovers Code) of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, the Company no longer exists after merger with another company, or division of the Company, the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any unvested Awards will be accelerated. If the Vesting Dates of any unvested Awards are accelerated, the procedures as set out in the section headed “II. Proposed Adoption of the 2021 H Share Award and Trust Scheme — Vesting of the Awards — Transfer or sale of Award Shares” above shall apply except that the Vesting Notice will be sent to such Selected Participant based on the proposed Vesting Date as soon as practicable once the proposed Vesting Date is known. The Trustee shall transfer the Award Shares or pay the Actual Selling Price in cash, as the case may be, to the Selected Participant in accordance with the Vesting Notice.

LETTER FROM THE BOARD

Pursuant to the 2021 Scheme Rules, (i) no instructions may be given by a Selected Participant to the Trustee in respect of the Award and the Trustee shall not follow instructions given by a Selected Participant to the Trustee in respect of the Award; and (ii) neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested). As such, neither the Selected Participant nor the Trustee has a right to accept or decline any offer in connection with a privatisation of the Company and in turn has no entitlement to the consideration of such offer.

Open offer and rights issue

In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new H Shares. In the event of a rights issue, the Trustee shall not take any step to exercise any nil-paid rights and shall sell such nil-paid rights in respect of any H Shares which are held by the Trustee (if there is an open market for such rights). The aggregate proceeds of such sale may be applied by the Trustee to purchase H Shares for the purposes of satisfying any further Awards to be from time to time made by the Company under the Scheme and to cover the reasonable costs and expenses of the Trustee in the performance of its duties under the Trust Deed.

Consolidation or sub-division of shares

In the event the Company undertakes a consolidation or sub-division of the H Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2021 Scheme for the Selected Participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the Award Shares of a Selected Participant shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.

As the Scheme Limit is set with reference to the total amount of funds that it will provide to the Trustee to acquire H Shares through on-market transactions, as opposed to a precise number or percentage of the H Shares, no corresponding adjustment to the Scheme Limit is necessary in the event of consolidation or sub-division of the H Shares.

LETTER FROM THE BOARD

Amendment or Termination of the 2021 Scheme

Amendment of the 2021 Scheme

Subject to the Scheme Limit, the 2021 Scheme may be altered in any respect by a resolution of the Board or the Delegatee provided that no such alteration shall operate to affect materially and adversely any subsisting rights of any Selected Participant unless otherwise provided for in these Scheme Rules, except (i) with the consent in writing of Selected Participants amounting to more than half of the nominal value of all Award Shares held by the Trustee on that date; or (ii) with the sanction of an ordinary resolution that is passed at a meeting of the Selected Participants amounting to more than half of the nominal value of all Award Shares held by the Trustee on that date.

Termination of the 2021 Scheme

The 2021 Scheme shall terminate on the earlier of (i) the end of the Award Period except in respect of any non-vested Award Shares granted under the 2021 Scheme prior to the expiration of the 2021 Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the 2021 Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the 2021 Scheme.

LETTER FROM THE BOARD

III. PROPOSED GRANT OF AWARDS TO THE CONNECTED SELECTED PARTICIPANTS UNDER THE 2021 H SHARE AWARD AND TRUST SCHEME

The Company proposes to grant Awards in an aggregate value of HK\$110,452,209 to 13 Connected Selected Participants as follows:

Name of Connected Selected Participants	Position	Value of the Award	Approximate percentage to the maximum amount of underlying fund of the Scheme Limit (i.e. HK\$2 billion)	Number of Award Shares underlying the Award (for illustrative purpose only) (Note 1)	Approximate percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	Approximate percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
Dr. Ge Li	Executive Director, chairman and chief executive officer	HK\$25,788,705	1.2894%	146,111 H Shares	0.0376%	0.0049%
Mr. Edward Hu	Executive Director, vice chairman and global chief investment officer	HK\$11,537,053	0.5769%	65,365 H Shares	0.0168%	0.0022%
Dr. Steve Qing Yang	Executive Director, co-chief executive officer	HK\$12,331,702	0.6166%	69,868 H Shares	0.0180%	0.0024%
Dr. Minzhang Chen	Vice president	HK\$16,302,442	0.8151%	92,365 H Shares	0.0238%	0.0031%
Dr. Shuhui Chen	Vice president	HK\$12,198,532	0.6099%	69,113 H Shares	0.0178%	0.0023%
Mr. Zhaohui Zhang	Executive Director, vice president	HK\$8,596,236	0.4298%	48,703 H Shares	0.0125%	0.0016%
Dr. Ning Zhao	Executive Director, vice president	HK\$5,730,825	0.2865%	32,469 H Shares	0.0083%	0.0011%

LETTER FROM THE BOARD

Name of Connected Selected Participants	Position	Value of the Award	Approximate percentage to the maximum amount of underlying fund of the Scheme Limit (i.e. HK\$2 billion)	Number of Award Shares underlying the Award (for illustrative purpose only) (Note 1)	Approximate	Approximate
					percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
Mr. Ellis Bih-Hsin Chu	Chief financial officer	HK\$4,569,073	0.2285%	25,887 H Shares	0.0067%	0.0009%
Mr. Guodong Tong	President of principal subsidiaries of the Company	HK\$5,730,825	0.2865%	32,469 H Shares	0.0083%	0.0011%
Ms. Hui Xu	President of subsidiaries of the Company which do not amount to insignificant subsidiaries in terms of their aggregate profits	HK\$3,745,723	0.1873%	21,222 H Shares	0.0055%	0.0007%
Ms. Wendy J. Hu*	Senior director of human resources	HK\$1,340,544	0.0670%	7,595 H Shares	0.0020%	0.0003%
Mr. Harry Liang He	Chairman of the Supervisory Committee	HK\$1,910,276	0.0955%	10,823 H Shares	0.0028%	0.0004%
Ms. Minfang Zhu	Employee representative Supervisor	HK\$670,273	0.0335%	3,797 H Shares	0.0010%	0.0001%
Total		HK\$110,452,209	5.5226%	625,787 H Shares	0.1609%	0.0212%

Note 1: Calculated for illustrative purpose based on the average closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Latest Practicable Date of HK\$176.5 per H Share.

* Ms. Wendy J. Hu is the spouse of Mr. Edward Hu.

LETTER FROM THE BOARD

The actual number of Award Shares underlying the Award shall be fixed and further notified at the time of grant based on the number of Award Shares that the Trustee will acquire through on-market transactions from time to time at prevailing market price and apportion to the corresponding value of the relevant Award based on the volume-weighted average price at which the Trustee will have acquired such Award Shares pursuant to the 2021 Scheme.

Five of the Connected Selected Participants, Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang and Dr. Ning Zhao, being executive Directors, have declared their interests in the 2021 Scheme and abstained from voting on the relevant board resolutions in relation to the 2021 Scheme. Save for Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang and Dr. Ning Zhao, there is no other Director who is required to abstain from voting on the board resolutions in relation to the 2021 Scheme.

Further, Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang and Dr. Ning Zhao, being Directors, shall not deal in any securities of the Company, including the Award Shares, for the black-out period as stipulated under Appendix 10 to the Listing Rules.

Grant of Awards to the Independent Selected Participants

The Company will grant Awards in an aggregate value of HK\$1,889,547,791 to approximately 4,000 Independent Selected Participants. It is currently expected that such grant of Awards to Independent Selected Participants will take place within the coming one to two years. The Board or the Delegatee will, as and when appropriate, select Eligible Employees to be such Independent Selected Participants in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Independent Selected Participant to the Group. As at the Latest Practicable Date, the list of Independent Selected Participants has not yet been determined and approved.

Information on the Group

The Group provides comprehensive and integrated research and manufacturing services throughout the discovery, development and manufacturing spectrum for small molecule drugs. The Group also provides development and manufacturing services for cell and gene therapies as well as testing services for medical devices.

LETTER FROM THE BOARD

Reasons for and benefits of the adoption of the 2021 Scheme and the grant of Awards to the Connected Selected Participants

Please refer the section headed “II. Proposed Adoption of the H Share Award and Trust Scheme — Purposes of the 2021 Scheme” in this circular. The Directors are of the view that the adoption of the 2021 Scheme will realize the aforesaid goals, and that the terms and conditions of the 2021 Scheme are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In respect of the grant of Awards to the Connected Selected Participants, the Directors, having considered the contribution of the Connected Selected Participants to the Company and the aforesaid goals, are of the view that the grant of Awards to the Connected Selected Participants is a transaction entered into on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

The 2021 Scheme involves no issue of new shares or granting of option for any new securities of the Company. Thus it does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

Although the Connected Selected Participants as at the Latest Practicable Date is either a director, supervisor or chief executive of the Company and/or its subsidiaries or their respective associate, and each of the Connected Selected Participants is as such a connected person of the Company pursuant to Chapter 14A of the Listing Rules, the grant of Awards to the Connected Selected Participants does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules as the source of the Award Shares under the 2021 Scheme shall be H Shares to be acquired by the Trustee through on-market transactions and no allotment and issuance of new H Shares is involved as abovementioned. Nevertheless, the Board determined that the proposed grant of Awards to the Connected Selected Participants under the 2021 Scheme shall be subject to approval by the Shareholders to further promote a high standard of corporate governance. As such, an ordinary resolution will be proposed at the EGM for the Shareholders to consider and approve the proposed grant of Awards to the Connected Selected Participants under the 2021 Scheme as a whole.

LETTER FROM THE BOARD

IV. PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2021 H SHARE AWARD AND TRUST SCHEME

In order to ensure the successful implementation of the 2021 Scheme, the Board proposed that, subject to the approval of the 2021 Scheme by the Shareholders at the EGM, the Shareholders also grant an authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 Scheme with full authority, including but not limited to:

- (i) to determine the terms and conditions of the grant of Awards, approve the form and content of the Award Letter, select Eligible Employees to become Selected Participants, and grant Awards to Selected Participants from time to time;
- (ii) to determine the Grant Date and Vesting Date of Award Shares;
- (iii) to administer, amend and adjust the 2021 Scheme, including but not limited to adjusting the Scheme Limit, adjusting the number of outstanding Award Shares or accelerate the Vesting Dates of any Awards (if such amendments require the approval of the Shareholders' meeting and/or relevant regulatory authorities pursuant to the relevant laws, regulations or requirements of the relevant regulatory authorities, the Board shall obtain the corresponding authorization for such amendments);
- (iv) to establish the Management Committee for the purpose of the 2021 Scheme and other H Share award related matters;
- (v) to decide on the selection, engagement and change of bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the 2021 Scheme;
- (vi) to sign, execute, amend and terminate all agreements and other relevant documents in connection with the 2021 Scheme, fulfill all relevant procedures in relation to the 2021 Scheme, and adopt other methods to implement the terms of the 2021 Scheme;
- (vii) to determine and adjust the standards and conditions of the vesting of the Awards as well as the Vesting Periods, evaluate and manage the performance indicators, and to determine whether Awards granted to the Selected Participants can be vested, and to delegate such authorization to the Management Committee;
- (viii) to determine the execution, amendment and termination of the 2021 Scheme, including the forfeiture of Awards and continued vesting of Award Shares upon the changes in circumstances pertaining to the Selected Participants;

LETTER FROM THE BOARD

- (ix) to construe and interpret the 2021 Scheme Rules and to resolve any issues and disputes arising from or in connection with the 2021 Scheme;
- (x) to exercise any other authorizations in relation to matters necessary to the implementation of the 2021 Scheme granted by the Shareholders' meeting from time to time;
- (xi)
 - (a) to enter into the Trust Deed on behalf of the Company with the Trustee, pursuant to which the Trustee will provide trust services for the 2021 Scheme;
 - (b) to enter into the plan management agreement on behalf of the Company with Computershare Hong Kong Investor Services Limited, pursuant to which Computershare Investor Services Limited will provide plan management services in respect of the 2021 Scheme; and
 - (c) to set up a cash securities account under the name of the Company so as to facilitate the provision of trading services and trading platform for the Selected Participants of the 2021 Scheme by Computershare Investor Services Limited;
- (xii) to, during the validity period of such authorization, delegate its authority to administer the 2021 Scheme to the Management Committee formed by individuals including the Chairman and Chief Executive Officer Dr. Ge Li, the Vice Chairman and Global Chief Investment Officer Mr. Edward Hu, the co-Chief Executive Officer Dr. Steve Qing Yang, the vice president Dr. Minzhang Chen, the vice president Dr. Ning Zhao, and the persons-in-charge of the human resources department, the finance department and the legal department, to individually handle all matters in relation to the 2021 Scheme with full authority, including but not limited to:
 - (a) matters in relation to the 2021 Scheme as set out in paragraphs (i) to (xi) above;
 - (b) on behalf of the Company, execute all documents in relation to the operations of and other matters of the 2021 Scheme, or providing instructions to the Trustee in relation to its operations, the execution of relevant documents in relation to the setting up of the accounts, operations of the accounts, and the setting up and operations of the cash securities account with Computershare Hong Kong Investor Services Limited under the name of the Company, the release of Award Shares for the purpose of the vesting of the Awards, or the sale of Award Shares on-market at the prevailing market price and pay the proceeds arising from such sale to Selected Participants, or directing and procuring the Trustee to release the Award Shares to the Selected Participants by transferring the Award Shares to the Selected

LETTER FROM THE BOARD

Participants as determined by them from time to time, and confirming, allowing and approving all preceding matters arising from or in relation to the Trust Deed and the plan management agreement; and

- (c) on behalf of the Company, approve, execute, refine, deliver, negotiate, agree on and agree to all such agreements, contracts, documents, regulations, matters and things (as the case may be) as it deems reasonable, necessary, desirable, appropriate or expedient, in order to implement and/or implement all transactions conducted accordingly, and make any reasonable alterations, amendments, changes, modifications and/or supplements as it deems necessary, desirable, appropriate or expedient. If there is a requirement to affix a company seal on any such agreement, contract or document, it has the right to sign the agreement, contract or document and affix the company seal in accordance with the Articles of Association in that case.

The aforementioned authorization to the Board and/or the Delegatee shall be valid for the Award Period.

V. PROPOSED ADOPTION OF THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME

As disclosed in the announcement of the Company dated August 2, 2021, the Board has proposed to adopt the 2021 Shareholder Alignment Incentive H Share Scheme and an ordinary resolution will be proposed at the EGM to consider and approve the proposed adoption of the 2021 Shareholder Alignment Incentive H Share Scheme. The 2021 Shareholder Alignment Incentive H Share Scheme shall be effective upon the approval by the Shareholders at the EGM.

The full text of the 2021 Shareholder Alignment Incentive H Share Scheme Rules is set out in Appendix II to this circular.

Background of the 2021 Shareholder Alignment Incentive H Share Scheme

The Company faced intense competition for talents in China and globally, particularly management talents. Retaining company's middle to senior management talents are critical for the Company to continue to stay ahead of the competition and to deliver strong growth for many years to come.

On January 4, 2021, at the Company's executive committee meeting, the executive committee reviewed the performance of the Company in 2020 and discussed performance goals for 2021 and beyond. The Company faced great challenges in 2020 due to the COVID-19 pandemic,

LETTER FROM THE BOARD

nevertheless, the management and employees of the Company worked very hard and won back 2020 that delivered 28.5% revenue growth, net profit growth of 59.6% and adjusted non-IFRS net profit growth of 48.1% which exceeded the original 2020 business plan that was set in late 2019 prior to the COVID-19 pandemic. The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheet on January 4, 2021 was HK\$130.89 (adjusted with reference to capitalization of reserve). The executive committee instructed the Company's human resources department to evaluate the formulation of an enhanced share incentive plan to stimulate management and employees to achieve even greater business growth for 2021 and beyond.

On March 1, 2021, the plan to use the target closing price of the H Shares of the Company as the conditions of release for each of the SAI Award Pools was first discussed by the management and proposed to the Company. On April 6, 2021, the human resources department presented to the executive committee of the Company the preliminary plan of the SAI with four (4) SAI Award Pools the release of which and the vesting of the underlying SAI Awards are tied to the market capitalization of the Company. Under such preliminary plan, four market capitalization related milestones were set at HK\$500 billion, HK\$550 billion, HK\$600 billion and HK\$700 billion, respectively, on the assumption that the entire issued share capital of the Company is constituted by H Shares. For each of the SAI Award Pools to be released at the corresponding milestone, the Company's market capitalization must be reached for a total of 45 Business Days or above (which does not need to be consecutive) during any 12-month period which falls under the SAI Milestone Test Period (as defined below). The executive committee of the Company agreed to such preliminary plan in principle and requested the human resources department to put forth a detailed plan. The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheet on April 7, 2021 (being the first trading day of the Stock Exchange immediately following April, 6, 2021) was HK\$135.31 (adjusted with reference to capitalization of reserve).

On July 5, 2021, the human resources department presented to the executive committee of the Company the detailed plan of the SAI with four (4) SAI Award Pools the release of which and the vesting of the underlying SAI Awards are tied to defined target closing prices of the H Shares of the Company at HK\$170, HK\$187, HK\$204 and HK\$238, respectively, which correspond to the abovementioned market capitalization of HK\$500 billion, HK\$550 billion, HK\$600 billion and HK\$700 billion, respectively. The monetary value of the four (4) SAI Award Pools are HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively. For each of the SAI Award Pools to be released at the corresponding milestone, the abovementioned target closing prices of the H Shares of the Company must be reached for a total of 45 Business Days or above (which does not need to be consecutive) during any 12-month period which falls under the SAI Milestone Test Period (as defined below). The 2021 Shareholder Alignment Incentive H Share Scheme has in place eligibility criteria pursuant to which only, among others, personnel at the grade of director or above that made high performance contributions and are critical company middle to senior management personnel, and whose performance appraisal results for the most recent two

LETTER FROM THE BOARD

consecutive years are A- or above for any one year and B (excluding B-) or above for the other year. The executive committee of the Company supports the SAI and recommended it for the Board and the Shareholders to review and if thought fit, approve.

Purposes of the 2021 Shareholder Alignment Incentive H Share Scheme

The purposes of the 2021 Shareholder Alignment Incentive H Share Scheme are:

- (i) to retain, reward and incentivize the SAI Selected Participants comprising employees who have made and are expected to continue to make significant and particular contributions to the Group's business development and growth, with incentives highly correlated to and directly driven by the overall business performance and stock price of the H Shares of the Company;
- (ii) to further stimulate the growth of the Company by directly aligning the interests of the SAI Selected Participants with those of the Shareholders, and encourage seizing strategic opportunities involving new technologies and new business development; and
- (iii) to bolster the cohesiveness and camaraderie among the SAI Selected Participants which have a common objective in achieving specified performance goals of the Group collectively and unlocking the intrinsic value of the Group as appraised by the general investor base and the market.

Duration and Operating Mechanism

Subject to any early termination of the 2021 Shareholder Alignment Incentive H Share Scheme pursuant to the 2021 Shareholder Alignment Incentive H Share Scheme Rules, the 2021 Shareholder Alignment Incentive H Share Scheme shall be valid and effective for ten years commencing from the date on which the 2021 Shareholder Alignment Incentive H Share Scheme is approved by the Shareholders at the EGM (after which no further SAI Awards will be granted), and thereafter for so long as there are non-vested SAI Award Shares granted under the 2021 Shareholder Alignment Incentive H Share Scheme prior to the expiration of the 2021 Shareholder Alignment Incentive H Share Scheme, in order to give effect to the vesting of such SAI Award Shares.

LETTER FROM THE BOARD

Set out below is a brief overview of the operating mechanism of the 2021 Shareholder Alignment Incentive H Share Scheme once it is approved (whereby each step must take place in consequential order):

- (i) the relevant SAI Award Pool will only be released and available for granting upon the fulfilment of the relevant release conditions (see “Grant of SAI Awards and conditions of release of the SAI Award Pools”);
- (ii) the Company will then transfer to the SAI Trust the necessary funds (being the monetary value of the relevant SAI Award Pool) to acquire H Shares through on-market transactions at the prevailing market price (see “Source of SAI Award Shares and acquisition of H Shares by the SAI Trustee” and “SAI Scheme Limits”);
- (iii) upon the fulfilment of the terms and conditions of the SAI Awards and performance targets as the Board or the SAI Delegatee determines from time to time (if any), SAI Awards are granted to SAI Selected Participants during the SAI Award Period (see “Grant of SAI Awards”); and
- (iv) after the grant, the vesting of the SAI Awards will be further subject to conditions of the H share price performance indicator and the individual performance indicators of the SAI Selected Participants (see “Vesting of the SAI Awards”), and any other applicable vesting conditions as set out in the SAI Award Letter.

Source of Funds

The source of funds for funding the 2021 Shareholder Alignment Incentive H Share Scheme is the internal funds of the Company.

Source of SAI Award Shares and acquisition of H Shares by the SAI Trustee

The source of the SAI Award Shares under the 2021 Shareholder Alignment Incentive H Share Scheme shall be H Shares to be acquired by the SAI Trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the 2021 Shareholder Alignment Incentive H Share Scheme Rules.

The Company shall as soon as reasonably practicable, after the release of the SAI Award Pool(s) and for the purposes of satisfying the grant of SAI Awards, transfer to the SAI Trust the necessary funds (being the monetary value of the relevant SAI Award Pool) and instruct the SAI

LETTER FROM THE BOARD

Trustee to acquire H Shares through on-market transactions at the prevailing market price. The SAI Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on-market at the prevailing market price.

The acquisition of H Shares by the SAI Trustee will be done independently of, and possibly concurrently with, other dealings of A Shares or H Shares by Shareholders which could be a Director or a member of the senior management, while being subject to dealing restrictions imposed by applicable laws and regulations (including but not limited to the Listing Rules and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange).

Any excess funds provided by the Company shall not automatically form part of the funds of the SAI Trust and shall be refunded to the Company if no written direction to that effect is received by the SAI Trustee within 30 days of the date of completion of the transfer of the relevant H Shares to the SAI Trustee.

The Company shall instruct the SAI Trustee whether or not to apply any SAI Returned Shares to satisfy any grant of SAI Awards made, and if the SAI Returned Shares, as specified by the Company, are not sufficient to satisfy the SAI Awards granted, the Company shall, as soon as reasonably practicable, for purposes of satisfying the SAI Awards granted, transfer to the SAI Trust the necessary funds and instruct the SAI Trustee to acquire further H Shares through on-market transactions at the prevailing market price.

SAI Scheme Limits

Subject to the 2021 Shareholder Alignment Incentive H Share Scheme Rules, the 2021 Shareholder Alignment Incentive H Share Scheme shall have four (4) individual scheme limits for each of the SAI Award Pools. The amounts of the four (4) SAI Scheme Limits are linked to the monetary value of the corresponding SAI Award Pool. In particular, (i) the maximum number of H shares that will be acquired by the SAI Trustee through on-market transactions from time to time at prevailing market price with funds to be provided by the Company for the purpose of satisfying the SAI Awards to be granted under the First SAI Award Pool (as defined below) shall be in the aggregate amount of HK\$1 billion; (ii) the maximum number of H shares that will be acquired by the SAI Trustee through on-market transactions from time to time at prevailing market price with funds to be provided by the Company for the purpose of satisfying the SAI Awards to be granted under the Second SAI Award Pool (as defined below) shall be in the aggregate amount of HK\$1.5 billion; (iii) the maximum number of H shares that will be acquired by the SAI Trustee through on-market transactions from time to time at prevailing market price with funds to be provided by the Company for the purpose of satisfying the SAI Awards to be granted under the Third SAI Award Pool (as defined below) shall be in the aggregate amount of HK\$2 billion; and (iv) the maximum number of H shares that will be acquired by the SAI Trustee through on-market

LETTER FROM THE BOARD

transactions from time to time at prevailing market price with funds to be provided by the Company for the purpose of satisfying the SAI Awards to be granted under the Fourth SAI Award Pool (as defined below) shall be in the aggregate amount of HK\$3 billion. The aggregate amount of the four (4) SAI Scheme Limits is HK\$7.5 billion. The Company proposed to set the SAI Scheme Limits in terms of the amounts of funds that it will provide to the SAI Trustee to acquire H Shares through on-market transactions in order to (i) regulate the costs of the Company in setting up the 2021 Shareholder Alignment Incentive H Share Scheme; and (ii) provide Shareholders with clarity on the financial outlay on the 2021 Shareholder Alignment Incentive H Share Scheme.

The Company shall not make any further grant of SAI Awards which will result in the aggregate number of H Shares underlying all grants made pursuant to the 2021 Shareholder Alignment Incentive H Share Scheme (excluding SAI Award Shares that have been forfeited in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme) under each of the SAI Award Pools to exceed their corresponding SAI Scheme Limit without Shareholders' approval. The SAI Scheme Limits shall not be subject to any refreshment.

Administration of the 2021 Shareholder Alignment Incentive H Share Scheme

The 2021 Shareholder Alignment Incentive H Share Scheme shall be subject to the administration of the following administrative bodies:

- (a) the general meeting of the Shareholders, as the institution vested with the supreme authority of the Company, is responsible for the consideration and approval of the adoption of the 2021 Shareholder Alignment Incentive H Share Scheme. The general meeting of the Shareholders may authorize the Board and/or the SAI Delegatee to deal with all matters related to the 2021 Shareholder Alignment Incentive H Share Scheme to the extent of its authority;
- (b) the Board is the institution in charge of the administration of the 2021 Shareholder Alignment Incentive H Share Scheme in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme Rules and where applicable, the SAI Trust Deed. A decision of the Board or the SAI Delegatee shall be final and binding on all persons affected. The Remuneration and Appraisal Committee shall be responsible for drafting and revising the 2021 Shareholder Alignment Incentive H Share Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the 2021 Shareholder Alignment Incentive H Share Scheme, the Board will submit the 2021 Shareholder Alignment Incentive H Share Scheme to the general meeting of the

LETTER FROM THE BOARD

Shareholders for consideration. The Board and/or the SAI Delegatee may handle all matters related to the 2021 Shareholder Alignment Incentive H Share Scheme within the authorization by the general meeting of the Shareholders;

- (c) the independent non-executive Directors are the supervisory institution of the 2021 Shareholder Alignment Incentive H Share Scheme and shall evaluate and communicate their views considering the position of Shareholders on whether the 2021 Shareholder Alignment Incentive H Share Scheme facilitates the sustainable development of the Company and whether the 2021 Shareholder Alignment Incentive H Share Scheme impairs the interests of the Company and the Shareholders as a whole. In addition, the independent non-executive Directors will supervise whether the implementation of the 2021 Shareholder Alignment Incentive H Share Scheme complies with relevant laws, regulations, regulatory documents and the business rules of the Stock Exchange, and is responsible for reviewing the list of the SAI Selected Participants; and
- (d) the SAI Trust will be constituted to service the 2021 Shareholder Alignment Incentive H Share Scheme whereby the SAI Trustee shall, subject to the relevant provisions of the SAI Trust Deed and upon the instruction of the Company, acquire H Shares through on-market transactions with funds to be provided by the Company to the SAI Trust in the amount of the monetary value of each of the four (4) SAI Award Pools, being HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively.

Pursuant to the 2021 Shareholder Alignment Incentive H Share Scheme Rules, the authority to administer the 2021 Shareholder Alignment Incentive H Share Scheme may be delegated by the Board to the SAI Delegatee as deemed appropriate in the sole and absolute discretion of the Board. Upon the approval and adoption of the 2021 Shareholder Alignment Incentive H Share Scheme by the Shareholders at the EGM, the Board will delegate to the SAI Delegatee the authority to administer the 2021 Shareholder Alignment Incentive H Share Scheme, including the power to grant a SAI Award under the 2021 Shareholder Alignment Incentive H Share Scheme.

SAI Selected Participants of the 2021 Shareholder Alignment Incentive H Share Scheme

SAI Eligible Employees who may qualify to participate in the 2021 Shareholder Alignment Incentive H Share Scheme include any individual, being an executive Director, a supervisor who is an employee of the Company, senior management member, and personnel at the grade of director or above that made high performance contributions and are critical company middle to senior management personnel, who is a full-time PRC or non-PRC employee of any members of the Group, and whose performance appraisal results for the most recent two consecutive years are A- or above for any one year and B (excluding B-) or above for the other year.

LETTER FROM THE BOARD

The Board or the SAI Delegatee may, from time to time, select any SAI Eligible Employee to be a SAI Selected Participant in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme Rules. The SAI Selected Participants are determined in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant SAI Selected Participant to the Group.

No one should be considered as a SAI Selected Participant of the 2021 Shareholder Alignment Incentive H Share Scheme if he:

- (a) has been deemed as an inappropriate candidate for similar award schemes of share incentive plans of a listed company by any securities regulatory bodies with authority in the most recent 12 months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the most recent 12 months; or
- (c) is prohibited from acting as a director or member of the senior management of a company due to occurrence of circumstances as stipulated in the Company Law of the PRC.

Grant of SAI Awards

Grant of SAI Awards and conditions of release of the SAI Award Pools

Only in the event that (i) the relevant SAI Award Pool has been released upon the fulfillment of the conditions in connection with the target closing price of the H Shares of the Company at the corresponding milestone (the details of which are further particularized below); (ii) the fulfilment of the terms and conditions of the SAI Awards and performance targets as the Board or the SAI Delegatee determines from time to time (if any); and (iii) the 2021 Shareholder Alignment Incentive H Share Scheme having been approved by the Shareholders at the EGM, may the Board or the SAI Delegatee grant SAI Awards to SAI Selected Participants during the SAI Award Period.

LETTER FROM THE BOARD

Milestone	Release conditions	SAI Award Pool to be released
First milestone	The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets being above HK\$170 for any non-consecutive 45 Business Days or above during any 12-month period which falls under the aggregate duration of five years commencing on the date on which the adoption of the 2021 Shareholder Alignment Incentive H Share Scheme was approved by the Board (being August 2, 2021) SAI (the "SAI Milestone Test Period")	First SAI Award Pool with a monetary value of HK\$1 billion (the "First SAI Award Pool")
Second milestone	The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets being above HK\$187 for any non-consecutive 45 Business Days or above during any 12-month period which falls under the SAI Milestone Test Period	Second SAI Award Pool with a monetary value of HK\$1.5 billion (the "Second SAI Award Pool")
Third milestone	The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets being above HK\$204 for any non-consecutive 45 Business Days or above during any 12-month period which falls under the SAI Milestone Test Period	Third SAI Award Pool with a monetary value of HK\$2 billion (the "Third SAI Award Pool")
Fourth milestone	The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets being above HK\$238 for any non-consecutive 45 Business Days or above during any 12-month period which falls under the SAI Milestone Test Period	Fourth SAI Award Pool with a monetary value of HK\$3 billion (the "Fourth SAI Award Pool")

The target closing price of the H Shares of the Company as stated in the abovementioned conditions of release for each of the SAI Award Pools was discussed by the management and proposed to the Company in March 2021 (when the plan to use the target closing price of the H Shares of the Company as the conditions of release for each of the SAI Award Pools was first proposed) with reference to, among other things, (i) the then average ex-rights closing price of the H Shares for March 2021, being approximately HK\$125.56; and (ii) the expected business development and growth of the Group.

LETTER FROM THE BOARD

The target closing price of the H Shares of the Company as stated in the abovementioned conditions of release for each of the SAI Award Pools is subject to adjustment in the event the Company undertakes a capitalization issue, issue of bonus shares, sub-division of shares, rights issue, or consolidation of the H Shares, or any non-cash distribution or other events by reason of which the Board considers an adjustment to the closing price of the H Shares as stated in the abovementioned conditions of grant for each relevant milestone to be fair and reasonable. Set out below are the formulas pursuant to which the target closing price of the H Shares of the Company as stated in the abovementioned conditions of release for each of the SAI Award Pools may be adjusted:

(i) *Capitalization of reserve, issue of bonus shares and sub-division of shares*

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

Where: P_0 represents the target closing price before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by capitalization of reserve, bonus shares issue and sub-division of shares to each share; P represents the adjusted target closing price.

(ii) *Rights issue*

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

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

(iii) *Consolidation of shares*

$$P = P_0 \div n$$

Where: P_0 represents the target closing price before the adjustment; n represents the ratio of consolidation of shares; P represents the adjusted target closing price.

Release of SAI Award Pools

The release of the SAI Award Pools can take place during any point of time during the SAI Milestone Test Period. Over the course of any 12-month period within such five-year duration, the SAI Award Pools shall be released as and when the target closing price of the H Shares of the

LETTER FROM THE BOARD

Company as set out in the abovementioned conditions of release at the corresponding milestone(s) has been reached. In the event that no milestone can be reached during the first 12-month period which falls under the SAI Milestone Test Period, the SAI Award Pools will not be released, and further assessments as to whether any milestone can be reached will be made during the other 12-month periods which fall under the SAI Milestone Test Period, until all the four (4) milestones are reached before the expiry of the SAI Milestone Test Period or the aggregate five-year duration of the SAI Milestone Test Period expires. In the event that the target closing price of the H Shares of the Company has been reached and it is higher than more than one of the four (4) target closing prices, each of the SAI Award Pools which corresponds to the relevant milestone that has been reached will be released concurrently. If none of the milestones can be reached during the aggregate five-year duration, no grant of SAI Awards will be made at all.

For illustrative purpose, (i) in the event that only the first milestone has been reached during the first 12-month period constituting the aggregate five-year duration, the First SAI Award Pool with the monetary value of HK\$1 billion will be released, and the remaining three SAI Award Pools with the aggregate monetary value of HK\$6.5 billion will be released as appropriate subject to whether any of the remaining three milestones can be reached during the rest of any 12-month period within the SAI Milestone Test Period; (ii) in the event that both the first and second milestones have been reached during the first 12-month period constituting the aggregate five-year duration, the First SAI Award Pool and the Second SAI Award Pool with the aggregate monetary value of HK\$2.5 billion will be released concurrently, and the remaining two SAI Award Pools with the aggregate monetary value of HK\$5 billion will be released as appropriate subject to whether any of the remaining two milestones can be reached during the rest of any 12-month period within the SAI Milestone Test Period; (iii) in the event that the first, the second and the third milestones have been reached during the first 12-month period, the First SAI Award Pool, the Second SAI Award Pool and the Third SAI Award Pool with the aggregate monetary value of HK\$4.5 billion will be released concurrently, and the remaining one SAI Award Pool with the monetary value of HK\$3.0 billion will be released as appropriate subject to whether the remaining one milestone can be reached during the rest of any 12-month period within the SAI Milestone Test Period; (iv) in the event that all four (4) milestones have been reached during the first 12-month period, the First SAI Award Pool, the Second SAI Award Pool, the Third SAI Award Pool and the Fourth SAI Award Pool with the aggregate monetary value of HK\$7.5 billion will be released concurrently; and (v) in the event that none of the four (4) milestones can be reached during any 12-month period within the SAI Milestone Test Period, none of the SAI Award Pools will be released at all and no grant of SAI Awards will be made.

After the release of the SAI Award Pool(s), necessary funds in the monetary amount of the SAI Award Pool(s) will be transferred by the Company to the SAI Trust and the Company will instruct the SAI Trustee to acquire H Shares through on-market transactions at the prevailing market price using such funds.

LETTER FROM THE BOARD

Number of SAI Award Shares underlying the SAI Awards

The actual number of SAI Award Shares underlying the SAI Awards granted under each of the SAI Award Pools shall be fixed and further notified at the time of grant based on the number of SAI Award Shares that the SAI Trustee will acquire through on-market transactions from time to time at prevailing market price and apportion to the corresponding value of the relevant SAI Award based on the volume-weighted average price at which the Trustee will have acquired such SAI Award Shares pursuant to the 2021 Shareholder Alignment Incentive H Share Scheme utilizing the funds in the monetary value of the particular SAI Award Pool provided by the Company.

For illustrative purpose, (i) in the event that only the first milestone has been reached during a 12-month period within the SAI Milestone Test Period and only the First SAI Award Pool is released as a result, the maximum number of underlying H Shares that can be purchased for the purpose of satisfying the SAI Awards to be granted under the First SAI Award Pool (with a monetary value of HK\$1 billion) assuming the volume-weighted average price at which the SAI Trustee will have acquired such SAI Award Shares is equivalent to the target closing price of the H Shares of the Company for the first milestone (being HK\$170), would be 5,882,352 H Shares, accounting for approximately 1.51% of the Company's total number of issued H Shares and approximately 0.20% of the Company's total issued share capital as at the Latest Practicable Date; (ii) in the event that both the first and second milestones have been reached during a 12-month period within the SAI Milestone Test Period, the maximum number of underlying H Shares that can be purchased for the purpose of satisfying the SAI Awards to be granted under the First SAI Award Pool (with a monetary value of HK\$1 billion) and the Second SAI Award Pool (with a monetary value of HK\$1.5 billion in aggregate) assuming the volume-weighted average price at which the SAI Trustee will have acquired the SAI Award Shares underlying the SAI Awards granted under the First SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the first milestone (being HK\$170) and the same at which the SAI Trustee will have acquired the SAI Award Shares underlying the SAI Awards granted under the Second SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the second milestone (being HK\$187), would be 13,903,742 H Shares, accounting for approximately 3.58% of the Company's total number of issued H Shares and approximately 0.47% of the Company's total issued share capital as at the Latest Practicable Date; (iii) in the event that the first, the second and the third milestones have been reached during a 12-month period within the SAI Milestone Test Period, the number of underlying H Shares that can be purchased for the purpose of satisfying the SAI Awards to be granted under the First SAI Award Pool (with a monetary value of HK\$1 billion), the Second SAI Award Pool (with a monetary value of HK\$1.5 billion) and the Third SAI Award Pool (with a monetary value of HK\$2 billion) assuming the volume-weighted average price at which the SAI Trustee will have acquired the SAI Award Shares underlying the SAI Awards granted under the First SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the first milestone (being HK\$170), the same at which the SAI Trustee will have

LETTER FROM THE BOARD

acquired the SAI Award Shares underlying the SAI Awards granted under the Second SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the second milestone (being HK\$187) and the same at which the SAI Trustee will have acquired the SAI Award Shares underlying the SAI Awards granted under the Third SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the third milestone (being HK\$204), would be 23,707,663 H Shares in aggregate, accounting for approximately 6.10% of the Company's total number of issued H Shares and approximately 0.80% of the Company's total issued share capital as at the Latest Practicable Date; (iv) in the event that all four (4) milestones have been reached during a 12-month period within the SAI Milestone Test Period, the number of underlying H Shares that can be purchased for the purpose of satisfying the SAI Awards to be granted under all of the four (4) the SAI Award Pools (with monetary values of HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively) assuming the volume-weighted average price at which the SAI Trustee will have acquired the SAI Award Shares underlying the SAI Awards granted under the First SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the first milestone (being HK\$170), the same at which the SAI Trustee will have acquired the SAI Award Shares underlying the SAI Awards granted under the Second SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the second milestone (being HK\$187), the same at which the SAI Trustee will have acquired the SAI Award Shares underlying the SAI Awards granted under the Third SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the third milestone (being HK\$204) and the same at which the SAI Trustee will have acquired the SAI Award Shares underlying the SAI Awards granted under the Fourth SAI Award Pool is equivalent to the target closing price of the H Shares of the Company for the fourth milestone (being HK\$238), would be 36,312,705 H Shares in aggregate, accounting for approximately 9.34% of the Company's total number of issued H Shares and approximately 1.23% of the Company's total issued share capital as at the Latest Practicable Date.

For the avoidance of doubt and as abovementioned, no grant of SAI Awards to the SAI Selected Participants will be made unless and until the relevant SAI Award Pool has been released and the necessary funds in the monetary amount of the relevant SAI Award Pool having been transferred by the Company to the SAI Trust for its acquisition of H Shares through on-market transactions at the prevailing market price.

General

The Company shall issue an SAI Award Letter to each SAI Selected Participant specifying, among other things, the SAI Grant Date, the value of the SAI Award and/or number of SAI Award Shares underlying the SAI Award (with the basis on which the number of SAI Award Shares underlying the SAI Award is arrived at), the SAI Award Pool under which the SAI Award is made, the vesting criteria and conditions, and the SAI Vesting Date.

LETTER FROM THE BOARD

No grant of any SAI Awards to any Selected Participants may be made and no directions or recommendations shall be given to the SAI Trustee with respect to a grant of an SAI Award under certain circumstances including:

- (i) where such grant of SAI Award would result in a breach of the SAI Scheme Limit for the particular SAI Award Pool;
- (ii) after the expiry of the SAI Award Period or after the earlier termination of the 2021 Shareholder Alignment Incentive H Share Scheme;
- (iii) where any Director is in possession of unpublished inside information (as defined under the SFO) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (iv) during the period of 60 days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (v) during the period of 30 days immediately preceding the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

Vesting of the SAI Awards

The Board or the SAI Delegatee may determine the vesting criteria and conditions or periods for the SAI Awards granted under each of the SAI Award Pools to be vested.

LETTER FROM THE BOARD

Vesting schedule

Unless otherwise specified in the SAI Award Letter approved by the Board or the Delegatee, the SAI Vesting Periods of the SAI Awards granted under each of the SAI Award Pools of the 2021 Shareholder Alignment Incentive H Share Scheme are as follows:

	SAI Vesting Periods	Proportion of Vesting
First SAI Vesting Period	Within the year immediately following the first anniversary of the SAI Grant Date	20%
Second SAI Vesting Period	Within the year immediately following the second anniversary of the SAI Grant Date	20%
Third SAI Vesting Period	Within the year immediately following the third anniversary of the SAI Grant Date	20%
Fourth SAI Vesting Period	Within the year immediately following the fourth anniversary of the SAI Grant Date	20%
Fifth SAI Vesting Period	Within the year immediately following the fifth anniversary of the SAI Grant Date	20%

The SAI Vesting Periods of the SAI Awards granted under any subsequent grant of the 2021 Shareholder Alignment Incentive H Share Scheme pursuant to any of the SAI Award Pools or the SAI Awards to be satisfied by the application of any SAI Returned Shares shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the SAI Award Period at the time of grant.

Vesting Conditions

Vesting of the SAI Awards granted under each of the SAI Award Pools of the 2021 Shareholder Alignment Incentive H Share Scheme is subject to conditions of (i) the performance indicator of the closing prices of the H Shares of the Company during each SAI Vesting Period; and (ii) the individual performance indicators of the SAI Selected Participants, and any other applicable vesting conditions as set out in the SAI Award Letter.

LETTER FROM THE BOARD

H Share price performance indicator

The average closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets having first reached a level of being no less than 80% of the target closing price of the H Shares for the milestone which corresponds to the particular SAI Award Pool under which the SAI Awards were granted for any consecutive 45 Business Days during each SAI Vesting Period. For illustrative purpose, the level of the average closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets for any consecutive 45 Business Days during each of the SAI Vesting Periods required for the vesting of the SAI Awards granted under the First SAI Award Pool shall be no less than HK\$136, being 80% of the target closing price of the H Shares for the first milestone of HK\$170.

Individual performance indicators

The individual performance indicators of the SAI Selected Participants are as follows:

According to the applicable performance management rules to be adopted by the Company, the Board or the Delegatee shall carry out annual comprehensive appraisal on the SAI Selected Participants and determine the actual vesting amount of the SAI Awards granted under the 2021 Shareholder Alignment Incentive H Share Scheme accordingly. The actual vesting amount of the SAI Award granted to a SAI Selected Participant for the respective SAI Vesting Periods shall be equal to the standard coefficient \times the planned vesting amount for the respective SAI Vesting Periods. The coefficient for individual performance appraisal results of grade B (or its equivalent appraisal result such as "meets expectations") or above is 100% whereas the coefficient for individual performance appraisal results below grade B is 0.

In respect of SAI Selected Participants who are PRC employees, the performance appraisal results comprise five grades, namely A+, A, B, C and D. For PRC employees who are management personnel at the level of senior director or above, the performance appraisal results comprise eight grades, namely A+, A, A-, B+, B, B-, C and D. In respect of SAI Selected Participants who are non-PRC employees, the performance appraisal results comprise five grades, namely "significantly exceeds expectations", "exceeds expectations", "meets expectations", "needs improvement" and "does not meet expectations".

The performance appraisal is conducted annually and the process involves: (i) employee self-appraisal; (ii) performance appraisal evaluator conducts objective evaluation based on feedback and recommendations on the employee as well as the performance of the employee; (iii) performance appraisal reviewer conducts review of the performance appraisal results; and (iv)

LETTER FROM THE BOARD

relevant persons-in-charge of the various business and operational units approves the performance appraisal results, and the appraisal results of management personnel at the level of senior director or above shall be approved by the chief executive officer of the Company.

The performance appraisal encompasses three aspects, namely job responsibilities, operational performance and core values. The supervisors of the relevant employees will conduct objective evaluation of the performance appraisal results based on the collected appraisal information (including records of work results, work summary of the relevant employees and performance feedback and recommendations) and the individual performance targets of the relevant employees. In terms of core values, the supervisors of the relevant employees will conduct an integrated evaluation based on parameters including key events, upstream and downstream work evaluation and peer evaluation.

If any of the vesting conditions cannot be fulfilled at a SAI Vesting Period, the proportion of the SAI Awards granted under the particular SAI Award Pool which is supposed to be vested during that particular SAI Vesting Period shall be carried forward and be vested together with the proportion of the SAI Awards granted under the particular SAI Award Pool which is supposed to be vested at the subsequent SAI Vesting Period subject to the fulfillment of the vesting conditions at such subsequent SAI Vesting Period. Such carrying forward of unvested SAI Awards can take place until there is no longer a subsequent SAI Vesting Period. By way of illustration, (i) if the SAI Selected Participant fails to fulfill any of the vesting conditions at the first SAI Vesting Period but is able to fulfil the vesting conditions at the second SAI Vesting Period, the proportion of vesting during the second SAI Vesting Period would be 40%, so on and so forth; (ii) if the SAI Selected Participant fails to fulfil any of the vesting conditions at the fifth SAI Vesting Period, the 20% (or the accumulated proportion) of the SAI Awards which are supposed to be vested will not be carried forward, and shall not be vested and shall be held by the SAI Trustee as SAI Returned Shares; and (iii) if the SAI Selected Participant fails to fulfill any of the vesting conditions at each of the SAI Vesting Periods, all the SAI Award Shares underlying the relevant SAI Awards granted under the particular SAI Award Pool which may otherwise be vested during the respective SAI Vesting Periods shall not be vested and shall be held by the SAI Trustee as SAI Returned Shares. The SAI Trustee shall, in accordance with the instructions of the Board or the SAI Delegatee, relevant laws and regulations, and subject to the fulfilment of any necessary internal approval procedures of the Company, make use of such SAI Returned Shares for purposes which could include but are not limited to the application towards future SAI Awards or the awards to be made under other H Share award schemes which may be adopted by the Company in the future (if any).

LETTER FROM THE BOARD

Transfer or sale of SAI Award Shares

For the purposes of vesting of the SAI Award granted under each of the SAI Award Pools, the Board or the SAI Delegatee may either:

- (i) direct and procure the SAI Trustee to release from the SAI Trust the SAI Award Shares to the SAI Selected Participants by transferring the number of SAI Award Shares to the SAI Selected Participants in such manner as determined by them from time to time; or
- (ii) to the extent that, at the determination of the Board or the SAI Delegatee, it is not practicable for the SAI Selected Participant to receive the SAI Award in H Shares solely due to legal or regulatory restrictions with respect to the SAI Selected Participant's ability to receive the SAI Award in H Shares or the SAI Trustee's ability to give effect to any such transfer to the SAI Selected Participant, the Board or the SAI Delegatee will direct and procure the SAI Trustee to sell, on-market at the prevailing market price, the number of SAI Award Shares so vested in respect of the SAI Selected Participant and pay the SAI Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such SAI Award Shares as set out in the SAI Vesting Notice.

In accordance with the 2021 Shareholder Alignment Incentive H Share Scheme Rules, barring any unforeseen circumstances, within a reasonable time period as agreed between the SAI Trustee and the Board from time to time prior to any SAI Vesting Date, the Board or the SAI Delegatee shall send to the relevant Selected Participant the SAI Vesting Notice. The Board or the SAI Delegatee shall forward a copy of the SAI Vesting Notice to the SAI Trustee and instruct the SAI Trustee the extent to which the SAI Award Shares held in the SAI Trust shall be transferred and released from the SAI Trust to the SAI Selected Participant in the manner as determined by the Board or the SAI Delegatee, or be sold as soon as practicable from the SAI Vesting Date.

Subject to the receipt of the SAI Vesting Notice and the instructions from the Board or the SAI Delegatee, the SAI Trustee shall transfer and release the relevant SAI Award Shares to the relevant SAI Selected Participant in the manner as determined by the Board or the SAI Delegatee or sell the relevant SAI Award Shares as soon as practicable from the SAI Vesting Date and pay the Actual Selling Price to the SAI Selected Participant within a reasonable time period in satisfaction of the SAI Award.

Interest in the SAI Award Shares

Any SAI Award granted under each of the SAI Award Pools of the 2021 Shareholder Alignment Incentive H Share Scheme but not yet vested shall be personal to the SAI Selected Participant to whom it is made and shall not be assignable or transferable and no SAI Selected

LETTER FROM THE BOARD

Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any SAI Award granted under each of the SAI Award Pools, or enter into any agreement to do so.

Neither the SAI Selected Participant nor the SAI Trustee may exercise any voting rights attached to any H Shares held by the SAI Trustee under the SAI Trust (including any SAI Award Shares that have not yet vested).

A SAI Selected Participant shall have no right to any dividend underlying the non-vested SAI Award Shares or any of the SAI Returned Shares or any dividend, right to any cash or non-cash income, distribution, sale proceeds of non-cash and non-scrip distributions underlying the SAI Returned Shares, all of which shall be retained by the SAI Trustee for the benefit of the 2021 Shareholder Alignment Incentive H Share Scheme.

Occurrence of certain events pertaining to the Company

Change in control and privatization

If there is an event of change in control (as defined under the Takeovers Code) of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, the Company no longer exists after merger with another company, or division of the Company, the Board or the Delegatee shall in its sole and absolute discretion determine whether the SAI Vesting Dates of any unvested SAI Awards granted under each of the SAI Award Pools will be accelerated. If the SAI Vesting Dates of any unvested SAI Awards granted under any of the SAI Award Pools are accelerated, the procedures as set out in the section headed “V. Proposed Adoption of the 2021 Shareholder Alignment Incentive H Share Scheme — Vesting of the SAI Awards — Transfer or sale of SAI Award Shares” above shall apply except that the SAI Vesting Notice will be sent to such SAI Selected Participant based on the proposed SAI Vesting Date as soon as practicable once the proposed SAI Vesting Date is known. The SAI Trustee shall transfer the SAI Award Shares or pay the Actual Selling Price in cash, as the case may be, to the SAI Selected Participant in accordance with the SAI Vesting Notice.

Pursuant to the 2021 Shareholder Alignment Incentive H Share Scheme Rules, (i) no instructions may be given by a SAI Selected Participant to the SAI Trustee in respect of the SAI Award granted under any of the SAI Award Pools and the SAI Trustee shall not follow instructions given by a SAI Selected Participant to the SAI Trustee in respect of the SAI Award granted under any of the SAI Award Pools; and (ii) neither the SAI Selected Participant nor the SAI Trustee may exercise any voting rights attached to any H Shares held by the SAI Trustee under the SAI Trust

LETTER FROM THE BOARD

(including any SAI Award Shares that have not yet vested). As such, neither the SAI Selected Participant nor the SAI Trustee has a right to accept or decline any offer in connection with a privatisation of the Company and in turn has no entitlement to the consideration of such offer.

Open offer and rights issue

In the event the Company undertakes an open offer of new securities, the SAI Trustee shall not subscribe for any new H Shares. In the event of a rights issue, the SAI Trustee shall not take any step to exercise any nil-paid rights and shall sell such nil-paid rights in respect of any H Shares which are held by the Trustee (if there is an open market for such rights). The aggregate proceeds of such sale may be applied by the Trustee to purchase H Shares for the purposes of satisfying any further Awards to be from time to time made by the Company under the Scheme and to cover the reasonable costs and expenses of the Trustee in the performance of its duties under the Trust Deed.

Consolidation or sub-division of shares

In the event the Company undertakes a consolidation or sub-division of the H Shares, corresponding changes will be made to the number of outstanding SAI Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2021 Shareholder Alignment Incentive H Share Scheme for the SAI Selected Participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the SAI Award Shares of a SAI Selected Participant shall be deemed as SAI Returned Shares and shall not be transferred to the relevant SAI Selected Participant on the relevant SAI Vesting Date.

As the SAI Scheme Limits are set with reference to the total amount of funds that it will provide to the SAI Trustee to acquire H Shares through on-market transactions, as opposed to a precise number or percentage of the H Shares, no corresponding adjustment to the SAI Scheme Limits is necessary in the event of consolidation or sub-division of the H Shares.

Amendment or Termination of the 2021 Shareholder Alignment Incentive H Share Scheme

Amendment of the 2021 Shareholder Alignment Incentive H Share Scheme

Save for the SAI Scheme Limits and the target closing price of the H Shares of the Company as stated in the conditions of release of each SAI Award Pool, the 2021 Shareholder Alignment Incentive H Share Scheme may be altered in any respect by a resolution of the Board or the SAI Delegatee provided that no such alteration shall operate to affect materially and adversely any

LETTER FROM THE BOARD

subsisting rights of any SAI Selected Participant unless otherwise provided for in the 2021 Shareholder Alignment Incentive H Share Scheme Rules, except (i) with the consent in writing of SAI Selected Participants amounting to more than half of the nominal value of all SAI Award Shares held by the SAI Trustee on that date; or (ii) with the sanction of an ordinary resolution that is passed at a meeting of the SAI Selected Participants amounting to more than half of the nominal value of all SAI Award Shares held by the SAI Trustee on that date.

Termination of the 2021 Shareholder Alignment Incentive H Share Scheme

The 2021 Shareholder Alignment Incentive H Share Scheme shall terminate on the earlier of (i) the end of the SAI Award Period except in respect of any non-vested SAI Award Shares granted under the 2021 Shareholder Alignment Incentive H Share Scheme prior to the expiration of the 2021 Shareholder Alignment Incentive H Share Scheme, for the purpose of giving effect to the vesting of such SAI Award Shares or otherwise as may be required in accordance with the provisions of the 2021 Shareholder Alignment Incentive H Share Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any SAI Selected Participant under the 2021 Shareholder Alignment Incentive H Share Scheme.

LETTER FROM THE BOARD

VI. PROPOSED GRANT OF SAI AWARDS TO THE SAI CONNECTED SELECTED PARTICIPANTS UNDER THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME

Subject to the fulfillment of the relevant conditions of release of each of the SAI Award Pools at the relevant milestones and the fulfilment of the terms and conditions of the SAI Awards and performance targets as the Board or the SAI Delegatee determines from time to time (if any), the Company proposes to grant SAI Awards under each of the SAI Award Pools in a maximum aggregate value of HK\$1,606,060,300 to 13 SAI Connected Selected Participants as follows:

Name of SAI Connected Selected Participants	Position	Maximum value of the SAI Award	Approximate percentage to the monetary value of the First SAI Award Pool	Maximum number of the SAI Award Shares underlying the SAI Award (for illustrative purpose only) (Note 1)	Approximate percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	Approximate percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
<i>First SAI Award Pool</i>						
Dr. Ge Li	Executive Director, chairman and chief executive officer	HK\$54,545,500	5.4546%	320,855 H Shares	0.0825%	0.0109%
Mr. Edward Hu	Executive Director, vice chairman and global chief investment officer	HK\$27,272,700	2.7273%	160,427 H Shares	0.0413%	0.0054%
Dr. Steve Qing Yang	Executive Director, co-chief executive officer	HK\$27,272,700	2.7273%	160,427 H Shares	0.0413%	0.0054%
Dr. Minzhang Chen	Vice president	HK\$18,181,800	1.8182%	106,951 H Shares	0.0275%	0.0036%
Dr. Shuhui Chen	Vice president	HK\$18,181,800	1.8182%	106,951 H Shares	0.0275%	0.0036%
Mr. Zhaohui Zhang	Executive Director, vice president	HK\$18,181,800	1.8182%	106,951 H Shares	0.0275%	0.0036%
Dr. Ning Zhao	Executive Director, vice president	HK\$12,121,200	1.2121%	71,301 H Shares	0.0183%	0.0024%
Mr. Ellis Bih-Hsin Chu	Chief financial officer	HK\$12,121,200	1.2121%	71,301 H Shares	0.0183%	0.0024%

LETTER FROM THE BOARD

Name of SAI Connected Selected Participants	Position	Maximum value of the SAI Award	Approximate percentage to the monetary value of the First SAI Award Pool	Maximum number of the SAI Award Shares underlying the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Approximate percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	Approximate percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
Mr. Guodong Tong	President of principal subsidiaries of the Company	HK\$12,121,200	1.2121%	71,301 H Shares	0.0183%	0.0024%
Ms. Hui Xu	President of subsidiaries of the Company which do not amount to insignificant subsidiaries in terms of their aggregate profits	HK\$6,060,600	0.6061%	35,650 H Shares	0.0092%	0.0012%
Ms. Wendy J. Hu*	Senior director of human resources	HK\$2,693,600	0.2694%	15,844 H Shares	0.0041%	0.0005%
Mr. Harry Liang He	Chairman of the Supervisory Committee	HK\$4,040,400	0.4040%	23,767 H Shares	0.0061%	0.0008%
Ms. Minfang Zhu	Employee representative Supervisor	HK\$1,346,800	0.1347%	7,922 H Shares	0.0020%	0.0003%
Sub-total		HK\$214,141,300	21.4141%	1,259,648 H Shares	0.3239%	0.0427%

LETTER FROM THE BOARD

Name of SAI Connected Selected Participants	Position	Maximum value of the SAI Award	Second SAI Award Pool	Approximate percentage to the monetary value of the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Maximum number of the SAI Award Shares underlying the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Approximate percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	Approximate percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
<i>Second SAI Award Pool</i>							
Dr. Ge Li	Executive Director, chairman and chief executive officer	HK\$81,818,200	5.4545%	437,530 H Shares	0.1125%	0.0148%	
Mr. Edward Hu	Executive Director, vice chairman and global chief investment officer	HK\$40,909,100	2.7273%	218,765 H Shares	0.0563%	0.0074%	
Dr. Steve Qing Yang	Executive Director, co-chief executive officer	HK\$40,909,100	2.7273%	218,765 H Shares	0.0563%	0.0074%	
Dr. Minzhang Chen	Vice president	HK\$27,272,700	1.8182%	145,843 H Shares	0.0375%	0.0049%	
Dr. Shuhui Chen	Vice president	HK\$27,272,700	1.8182%	145,843 H Shares	0.0375%	0.0049%	
Mr. Zhaohui Zhang	Executive Director, vice president	HK\$27,272,700	1.8182%	145,843 H Shares	0.0375%	0.0049%	
Dr. Ning Zhao	Executive Director, vice president	HK\$18,181,800	1.2121%	97,228 H Shares	0.0250%	0.0033%	
Mr. Ellis Bih-Hsin Chu	Chief financial officer	HK\$18,181,800	1.2121%	97,228 H Shares	0.0250%	0.0033%	
Mr. Guodong Tong	President of principal subsidiaries of the Company	HK\$18,181,800	1.2121%	97,228 H Shares	0.0250%	0.0033%	
Ms. Hui Xu	President of subsidiaries of the Company which do not amount to insignificant subsidiaries in terms of their aggregate profits	HK\$9,090,900	0.6061%	48,614 H Shares	0.0125%	0.0016%	

LETTER FROM THE BOARD

Name of SAI Connected Selected Participants	Position	Maximum value of the SAI Award	Approximate percentage to the monetary value of the Second SAI Award Pool	Maximum number of the SAI Award Shares underlying the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Approximate percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	Approximate percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
Ms. Wendy J. Hu*	Senior director of human resources	HK\$4,040,400	0.2694%	21,606 H Shares	0.0056%	0.0007%
Mr. Harry Liang He	Chairman of the Supervisory Committee	HK\$6,060,600	0.4040%	32,409 H Shares	0.0083%	0.0011%
Ms. Minfang Zhu	Employee representative Supervisor	HK\$2,020,200	0.1347%	10,803 H Shares	0.0028%	0.0004%
Sub-total		HK\$321,212,000	21.4141%	1,717,705 H Shares	0.4417%	0.0582%

LETTER FROM THE BOARD

Name of SAI Connected Selected Participants	Position	Maximum value of the SAI Award	Approximate percentage to the monetary value of the Third SAI Award Pool	Maximum number of the SAI Award Shares underlying the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Approximate percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	Approximate percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
<i>Third SAI Award Pool</i>						
Dr. Ge Li	Executive Director, chairman and chief executive officer	HK\$109,090,900	5.4545%	534,759 H Shares	0.1375%	0.0181%
Mr. Edward Hu	Executive Director, vice chairman and global chief investment officer	HK\$54,545,500	2.7273%	267,379 H Shares	0.0688%	0.0091%
Dr. Steve Qing Yang	Executive Director, co-chief executive officer	HK\$54,545,500	2.7273%	267,379 H Shares	0.0688%	0.0091%
Dr. Minzhang Chen	Vice president	HK\$36,363,600	1.8182%	178,252 H Shares	0.0458%	0.0060%
Dr. Shuhui Chen	Vice president	HK\$36,363,600	1.8182%	178,252 H Shares	0.0458%	0.0060%
Mr. Zhaohui Zhang	Executive Director, vice president	HK\$36,363,600	1.8182%	178,252 H Shares	0.0458%	0.0060%
Dr. Ning Zhao	Executive Director, vice president	HK\$24,242,400	1.2121%	118,835 H Shares	0.0306%	0.0040%
Mr. Ellis Bih-Hsin Chu	Chief financial officer	HK\$24,242,400	1.2121%	118,835 H Shares	0.0306%	0.0040%
Mr. Guodong Tong	President of principal subsidiaries of the Company	HK\$24,242,400	1.2121%	118,835 H Shares	0.0306%	0.0040%
Ms. Hui Xu	President of subsidiaries of the Company which do not amount to insignificant subsidiaries in terms of their aggregate profits	HK\$12,121,200	0.6061%	59,417 H Shares	0.0153%	0.0020%

LETTER FROM THE BOARD

Name of SAI Connected Selected Participants	Position	Maximum value of the SAI Award	Third SAI Award Pool	Approximate percentage to the monetary value of the Third SAI Award Pool (for illustrative purpose only) <i>(Note 1)</i>	Maximum number of the SAI Award Shares underlying the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Approximate	Approximate
						percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
Ms. Wendy J. Hu*	Senior director of human resources	HK\$5,387,200	0.2694%		26,407 H Shares	0.0068%	0.0009%
Mr. Harry Liang He	Chairman of the Supervisory Committee	HK\$8,080,800	0.4040%		39,611 H Shares	0.0102%	0.0013%
Ms. Minfang Zhu	Employee representative Supervisor	HK\$2,693,600	0.1347%		13,203 H Shares	0.0034%	0.0004%
Sub-total		HK\$428,282,700	21.4141%		2,099,416 H Shares	0.5399%	0.0711%

LETTER FROM THE BOARD

Name of SAI Connected Selected Participants	Position	Maximum value of the SAI Award	Fourth SAI Award Pool	Approximate percentage to the monetary value of the Fourth SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Maximum number of the SAI Award Shares underlying the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Approximate percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	Approximate percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
<i>Fourth SAI Award Pool</i>							
Dr. Ge Li	Executive Director, chairman and chief executive officer	HK\$163,636,400	5.4545%	687,547	H Shares	0.1768%	0.0233%
Mr. Edward Hu	Executive Director, vice chairman and global chief investment officer	HK\$81,818,200	2.7273%	343,773	H Shares	0.0884%	0.0116%
Dr. Steve Qing Yang	Executive Director, co-chief executive officer	HK\$81,818,200	2.7273%	343,773	H Shares	0.0884%	0.0116%
Dr. Minzhang Chen	Vice president	HK\$54,545,500	1.8182%	229,182	H Shares	0.0589%	0.0078%
Dr. Shuhui Chen	Vice president	HK\$54,545,500	1.8182%	229,182	H Shares	0.0589%	0.0078%
Mr. Zhaohui Zhang	Executive Director, vice president	HK\$54,545,500	1.8182%	229,182	H Shares	0.0589%	0.0078%
Dr. Ning Zhao	Executive Director, vice president	HK\$36,363,600	1.2121%	152,788	H Shares	0.0393%	0.0052%
Mr. Ellis Bih-Hsin Chu	Chief financial officer	HK\$36,363,600	1.2121%	152,788	H Shares	0.0393%	0.0052%
Mr. Guodong Tong	President of principal subsidiaries of the Company	HK\$36,363,600	1.2121%	152,788	H Shares	0.0393%	0.0052%
Ms. Hui Xu	President of subsidiaries of the Company which do not amount to insignificant subsidiaries in terms of their aggregate profits	HK\$18,181,800	0.6061%	76,394	H Shares	0.0196%	0.0026%

LETTER FROM THE BOARD

Name of SAI Connected Selected Participants	Position	Maximum value of the SAI Award	Fourth SAI Award Pool	Approximate percentage to the monetary value of the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Maximum number of the SAI Award Shares underlying the SAI Award (for illustrative purpose only) <i>(Note 1)</i>	Approximate percentage to the total number of H Shares as at the Latest Practicable Date (for illustrative purpose only)	Approximate percentage to the total issued share capital of the Company as at the Latest Practicable Date (for illustrative purpose only)
Ms. Wendy J. Hu*	Senior director of human resources	HK\$8,080,800	0.2694%	33,952	0.0087%	0.0011%	
				H Shares			
Mr. Harry Liang He	Chairman of the Supervisory Committee	HK\$12,121,200	0.4040%	50,929	0.0131%	0.0017%	
				H Shares			
Ms. Minfang Zhu	Employee representative Supervisor	HK\$4,040,400	0.1347%	16,976	0.0044%	0.0006%	
				H Shares			
Sub-total		HK\$642,424,300	21.4141%	2,699,254	0.6941%	0.0914%	
				H Shares			
Total		HK\$1,606,060,300		7,776,023	1.9996 %	0.2634%	
				H Shares			

Note 1: Calculated for illustrative purpose based on the target closing price of the H Shares of the Company for the relevant milestone corresponding to the particular SAI Award Pool.

* Ms. Wendy J. Hu is the spouse of Mr. Edward Hu.

The actual number of SAI Award Shares underlying the SAI Awards granted under each of the SAI Award Pools shall be fixed and further notified at the time of grant based on the number of SAI Award Shares that the SAI Trustee will acquire through on-market transactions from time to time at prevailing market price and apportion to the corresponding value of the relevant SAI Award based on the volume-weighted average price at which the Trustee will have acquired such SAI Award Shares pursuant to the 2021 Shareholder Alignment Incentive H Share Scheme utilizing the funds in the monetary value of the particular SAI Award Pool provided by the Company.

Five of the SAI Connected Selected Participants, Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang and Dr. Ning Zhao, being executive Directors, have declared their interests in the 2021 Shareholder Alignment Incentive H Share Scheme and abstained from voting on the relevant board resolutions in relation to the 2021 Shareholder Alignment Incentive H Share

LETTER FROM THE BOARD

Scheme. Save for Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang and Dr. Ning Zhao, there is no other Director who is required to abstain from voting on the board resolutions in relation to the 2021 Shareholder Alignment Incentive H Share Scheme.

Further, Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang and Dr. Ning Zhao, being Directors, shall not deal in any securities of the Company, including the SAI Award Shares, for the black-out period as stipulated under Appendix 10 to the Listing Rules.

Grant of SAI Awards to the Independent SAI Selected Participants

Subject to the fulfillment of the relevant conditions of release of each of the SAI Award Pools at the relevant milestones, the Company will grant SAI Awards in the value of HK\$785,858,700, HK\$1,178,788,000, HK\$1,571,717,300 and HK\$2,357,575,700 under the First SAI Award Pool, the Second SAI Award, the Third SAI Award Pool and the Fourth SAI Award Pool, respectively, to an aggregate of approximately 500 Independent SAI Selected Participants during the SAI Award Period (assuming SAI Awards under each of the SAI Award Pools in the maximum aggregate value of HK\$1,606,060,300 will be granted to the 13 SAI Connected Selected Participants). The Board or the SAI Delegatee will, at the relevant milestones, select SAI Eligible Employees to be such Independent SAI Selected Participants in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Independent SAI Selected Participant to the Group. As at the Latest Practicable Date, the list of Independent SAI Selected Participants has not yet been determined and approved.

Information on the Group

The Group provides comprehensive and integrated research and manufacturing services throughout the discovery, development and manufacturing spectrum for small molecule drugs. The Group also provides development and manufacturing services for cell and gene therapies as well as testing services for medical devices.

Reasons for and benefits of the adoption of the 2021 Shareholder Alignment Incentive H Share Scheme and the grant of SAI Awards to the SAI Connected Selected Participants

Please refer the section headed "V. Proposed Adoption of the 2021 Shareholder Alignment Incentive H Share Scheme — Purposes of the 2021 Shareholder Alignment Incentive H Share Scheme" in this circular. The Directors are of the view that the adoption of the 2021 Shareholder Alignment Incentive H Share Scheme and having the H Share price performance indicators as

LETTER FROM THE BOARD

conditions for the grant of the SAI Awards will realize the aforesaid goals, and that the terms and conditions of the 2021 Shareholder Alignment Incentive H Share Scheme are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In respect of the grant of SAI Awards to the SAI Connected Selected Participants, the Directors, having considered the contribution of the SAI Connected Selected Participants to the Company and the aforesaid goals, are of the view that the grant of SAI Awards to the SAI Connected Selected Participants is a transaction entered into on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

The 2021 Shareholder Alignment Incentive H Share Scheme involves no issue of new shares or granting of option for any new securities of the Company. Thus it does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

Although each of the SAI Connected Selected Participants as at the Latest Practicable Date is either a director, supervisor or chief executive of the Company and/or its subsidiaries or their respective associate, and each of the SAI Connected Selected Participants is as such a connected person of the Company pursuant to Chapter 14A of the Listing Rules, the grant of SAI Awards to the SAI Connected Selected Participants does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules as the source of the SAI Award Shares under the 2021 Shareholder Alignment Incentive H Share Scheme shall be H Shares to be acquired by the SAI Trustee through on-market transactions and no allotment and issuance of new H Shares is involved as abovementioned. Nevertheless, the Board determined that the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive H Share Scheme shall be subject to approval by the Shareholders to further promote a high standard of corporate governance. As such, an ordinary resolution will be proposed at the EGM for the Shareholders to consider and approve the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive H Share Scheme as a whole.

LETTER FROM THE BOARD

VII. PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE SAI DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2021 SHAREHOLDER ALIGNMENT INCENTIVE H SHARE SCHEME

In order to ensure the successful implementation of the 2021 Shareholder Alignment Incentive H Share Scheme, the Board proposed that, subject to the approval of the 2021 Shareholder Alignment Incentive H Share Scheme by the Shareholders at the EGM, the Shareholders also grant an authorization to the Board and/or the SAI Delegatee to handle matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme with full authority, including but not limited to:

- (i) to determine the terms and conditions of the grant of SAI Awards, determine the release of the SAI Award Pools, approve the form and content of the SAI Award Letter, select SAI Eligible Employees to become SAI Selected Participants, and grant SAI Awards under any of the SAI Award Pools to SAI Selected Participants from time to time;
- (ii) to determine the monetary value of the SAI Award Pools, the number of SAI Award Shares, the SAI Grant Date and the Vesting Date of SAI Award Shares;
- (iii) to administer, amend and adjust the 2021 Shareholder Alignment Incentive H Share Scheme, including but not limited to adjusting the number of outstanding SAI Award Shares or accelerate the SAI Vesting Dates of any SAI Awards granted under any of the SAI Award Pools (if such amendments require the approval of the Shareholders' meeting and/or relevant regulatory authorities pursuant to the relevant laws, regulations or requirements of the relevant regulatory authorities, the Board shall obtain the corresponding authorization for such amendments);
- (iv) to establish the SAI Management Committee for the purpose of the 2021 Shareholder Alignment Incentive H Share Scheme and other H Share award related matters;
- (v) to decide on the selection, engagement and change of bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the 2021 Shareholder Alignment Incentive H Share Scheme;
- (vi) to sign, execute, amend and terminate all agreements and other relevant documents in connection with the 2021 Shareholder Alignment Incentive H Share Scheme, fulfill all relevant procedures in relation to the 2021 Shareholder Alignment Incentive H Share Scheme, and adopt other methods to implement the terms of the 2021 Shareholder Alignment Incentive H Share Scheme;

LETTER FROM THE BOARD

- (vii) to determine and adjust the standards and conditions of the vesting of the SAI Awards granted under any of the SAI Award Pools as well as the SAI Vesting Periods, evaluate and manage the performance indicators, and to determine whether SAI Awards granted under any of the SAI Award Pools to the SAI Selected Participants can be vested, and to delegate such authorization to the SAI Management Committee;
- (viii) to determine the execution, amendment and termination of the 2021 Shareholder Alignment Incentive H Share Scheme, including the forfeiture of SAI Awards granted under any of the SAI Award Pools and continued vesting of SAI Award Shares upon the changes in circumstances pertaining to the SAI Selected Participants;
- (ix) to construe and interpret the 2021 Shareholder Alignment Incentive H Share Scheme Rules and to resolve any issues and disputes arising from or in connection with the 2021 Shareholder Alignment Incentive H Share Scheme;
- (x) to exercise any other authorizations in relation to matters necessary to the implementation of the 2021 Shareholder Alignment Incentive H Share Scheme granted by the Shareholders' meeting from time to time;
- (xi)
 - (a) to enter into the SAI Trust Deed on behalf of the Company with the SAI Trustee, pursuant to which the SAI Trustee will provide trust services for the 2021 Shareholder Alignment Incentive H Share Scheme;
 - (b) to enter into the plan management agreement on behalf of the Company with Computershare Hong Kong Investor Services Limited, pursuant to which Computershare Hong Kong Investor Services Limited will provide plan management services in respect of the 2021 Shareholder Alignment Incentive H Share Scheme; and
 - (c) to set up a cash securities account under the name of the Company so as to facilitate the provision of trading services and trading platform for the SAI Selected Participants of the 2021 Shareholder Alignment Incentive H Share Scheme by Computershare Hong Kong Investor Services Limited;
- (xii) to, during the validity period of such authorization, delegate its authority to administer the 2021 Shareholder Alignment Incentive H Share Scheme to the SAI Management Committee formed by individuals including the Chairman and Chief Investment Officer Dr. Ge Li, the Vice Chairman and Global Chief Executive Officer Mr. Edward Hu, the co-Chief Executive Officer Dr. Steve Qing Yang, the vice president Dr. Minzhang Chen, the vice president Dr. Ning Zhao, and the persons-in-charge of the human resources

LETTER FROM THE BOARD

department, the finance department and the legal department, to individually handle all matters in relation to the 2021 Shareholder Alignment Incentive H Share Scheme with full authority, including but not limited to:

- (a) matters in relation to the 2021 Shareholder Alignment Incentive H Share Scheme as set out in paragraphs (i) to (xi) above;
- (b) on behalf of the Company, execute all documents in relation to the operations of and other matters of the 2021 Shareholder Alignment Incentive H Share Scheme, or providing instructions to the SAI Trustee in relation to its operations, the execution of relevant documents in relation to the setting up of the accounts, operations of the accounts, and the setting up and operations of the cash securities account with Computershare Hong Kong Investor Services Limited under the name of the Company, the release of SAI Award Shares for the purpose of the vesting of the SAI Awards granted under any of the SAI Award Pools, or the sale of SAI Award Shares on-market at the prevailing market price and pay the proceeds arising from such sale to SAI Selected Participants, or directing and procuring the SAI Trustee to release the SAI Award Shares to the SAI Selected Participants by transferring the SAI Award Shares to the SAI Selected Participants as determined by them from time to time, and confirming, allowing and approving all preceding matters arising from or in relation to the SAI Trust Deed and the plan management agreement; and
- (c) on behalf of the Company, approve, execute, refine, deliver, negotiate, agree on and agree to all such agreements, contracts, documents, regulations, matters and things (as the case may be) as it deems reasonable, necessary, desirable, appropriate or expedient, in order to implement and/or implement all transactions conducted accordingly, and make any reasonable alterations, amendments, changes, modifications and/or supplements as it deems necessary, desirable, appropriate or expedient. If there is a requirement to affix a company seal on any such agreement, contract or document, it has the right to sign the agreement, contract or document and affix the company seal in accordance with the Articles of Association in that case.

The aforementioned authorization to the Board and/or the SAI Delegatee shall be valid for the SAI Award Period.

LETTER FROM THE BOARD

VIII. PROPOSED CHANGE OF REGISTERED CAPITAL

References are made to (i) the circular of the Company dated April 9, 2021; (ii) the poll results announcement of the Company dated May 13, 2021 in relation to, among other things, the 2020 Profit Distribution Plan; (iii) the announcements of the Company dated May 20, 2021, June 3, 2021 and July 1, 2021 in relation to, among other things, (a) the adjustment to the exercise price and number of the share options granted under the adjusted initial grant of the 2019 A Share Incentive Plan; (b) the fulfilment of the vesting conditions for the first vesting period of the share options granted under the adjusted initial grant of the 2019 A Share Incentive Plan; and (c) the exercise of part of the share options granted under the adjusted initial grant of the 2019 A Share Incentive Plan; and (iv) the announcement of the Company dated August 2, 2021 in relation to, among other things, the proposed change of registered capital of the Company.

Mr. Edward Hu approved in writing the conversion of the Bonds into 117,879 H Shares by the relevant bondholder on April 20, 2021. Accordingly, the total issued share capital of the Company changed to 2,450,633,599 Shares, and the registered capital of the Company has changed to RMB2,450,633,599.

Following the implementation of the 2020 Profit Distribution Plan on June 8, 2021, 2 new Shares were issued for every existing 10 Shares held by the Shareholders on June 7, 2021 (being the relevant record date). Accordingly, the total issued share capital of the Company has changed from 2,450,633,599 Shares to 2,940,760,318 Shares, and the registered capital of the Company has changed from RMB2,450,633,599 to RMB2,940,760,318.

Mr. Edward Hu approved in writing the conversion of the Bonds into 58,939 H Shares by the relevant bondholder on June 8, 2021. Accordingly, the total issued share capital of the Company changed to 2,940,819,257 Shares, and the registered capital of the Company has changed to RMB2,940,819,257.

Following the implementation of the 2020 Profit Distribution Plan on June 8, 2021, the number of exercisable share options granted under the adjusted initial grant of the 2019 A Share Incentive Plan for the first vesting period was adjusted to 2,868,385 units. The first vesting period of the share options granted under the adjusted initial grant of the 2019 A Share Incentive Plan shall be from June 9, 2021 to May 25, 2022. The number of share options exercised by the incentive participants at their discretion during the period from June 9, 2021 to July 13, 2021 was 2,008,720 units.

Mr. Edward Hu approved in writing the conversion of the Bonds into 9,898,544 H Shares by the relevant bondholders on June 18, 2021, June 22, 2021, June 29, 2021, July 6, 2021, July 12, 2021, July 19, 2021 and July 30, 2021, respectively. Accordingly, in light of the abovementioned

LETTER FROM THE BOARD

exercise of share options and conversion of the Bonds, the total issued share capital of the Company changed to 2,952,726,521 Shares, and the registered capital of the Company has changed to RMB2,952,726,521.

As a result of the above change of registered capital of the Company, the Board proposes to change the Company's registered capital from RMB2,450,515,720 divided into 2,450,515,720 Shares to RMB2,952,726,521 divided into 2,952,726,521 Shares.

A special resolution is being proposed at the EGM to consider and approve the proposed change of registered capital of the Company.

IX. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the relevant announcements of the Company dated August 2, 2021 in relation to, among other things, the proposed change of registered capital of the Company and the appointment of co-chief executive officer of the Company.

In light of the proposed change in the registered capital of the Company and the appointment of co-chief executive officer of the Company, the Board proposed to make relevant amendments to the Articles of Association.

A special resolution is being proposed at the EGM to consider and approve the proposed amendments to the Articles of Association. The full text of the proposed amendments to the Articles of Association, which were prepared in the Chinese language, is set out in Appendix III to this circular. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

X. NOTICE OF EGM

The Notice of EGM is set out on pages EGM-1 to EGM-8 of this circular.

Pursuant to the Listing Rules, 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.

The Selected Participants, who are also Shareholders, and their respective associates shall abstain from voting on the proposed ordinary resolutions in respect of (i) the proposed adoption of the 2021 H Share Award and Trust Scheme; (ii) the proposed grant of Awards to the Connected Selected Participants under the 2021 Scheme; and (iii) the proposed authorization to the Board

LETTER FROM THE BOARD

and/or the Delegatee to handle matters pertaining to the 2021 Scheme. The Connected Selected Participants, who are also Shareholders, and their respective associates shall abstain from voting on the proposed ordinary resolution in respect of the proposed grant of Awards to the Connected Selected Participants under the 2021 Scheme and its related matters. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the other Shareholders has a material interest in (i) the proposed adoption of the 2021 Scheme; (ii) the proposed grant of Awards to the Connected Selected Participants under the 2021 Scheme; and (iii) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 Scheme and is required to abstain from voting on such resolutions.

The SAI Selected Participants, who are also Shareholders, and their respective associates shall abstain from voting on the proposed ordinary resolutions in respect of (i) the proposed adoption of the 2021 Shareholder Alignment Incentive H Share Scheme; (ii) the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive H Share Scheme; and (iii) the proposed authorization to the Board and/or the SAI Delegatee to handle matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme. The SAI Connected Selected Participants, who are also Shareholders, and their respective associates shall abstain from voting on the proposed ordinary resolution in respect of the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive H Share Scheme and its related matters. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the other Shareholders has a material interest in (i) the proposed adoption of the 2021 Shareholder Alignment Incentive H Share Scheme; (ii) the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive H Share Scheme; and (iii) the proposed authorization to the Board and/or the SAI Delegatee to handle matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme and is required to abstain from voting on such resolutions.

The register of members of H Shares of the Company will be closed from Wednesday, August 25, 2021 to Monday, August 30, 2021 (both days inclusive), during which no transfer of H shares will be effected for determining the entitlements of Shareholders to attend and vote at the EGM. In order to qualify as Shareholders to attend and vote at the EGM, holders of H Shares who are not registered must lodge all transfers of shares accompanied by the relevant share certificates with the Company's H Share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, August 24, 2021.

LETTER FROM THE BOARD

XI. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that (i) the proposed adoption of the 2021 Scheme; (ii) the proposed grant of Awards to the Connected Selected Participants under the 2021 Scheme; (iii) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 Scheme; (iv) the proposed adoption of the 2021 Shareholder Alignment Incentive H Share Scheme; (v) the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive Scheme; (vi) the proposed authorization to the Board and/or the SAI Delegatee to handle matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme; (vii) the proposed change of registered capital of the Company; and (viii) the proposed amendments to the Articles of Association are in the interests of the Company and its Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions in relation to the (i) the proposed adoption of the 2021 Scheme; (ii) the proposed grant of Awards to the Connected Selected Participants under the 2021 Scheme; (iii) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the 2021 Scheme; (iv) the proposed adoption of the 2021 Shareholder Alignment Incentive H Share Scheme; (v) the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive Scheme; (vi) the proposed authorization to the Board and/or the SAI Delegatee to handle matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme; (vii) the proposed change of registered capital of the Company; and (viii) the proposed amendments to the Articles of Association.

XII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the EGM as set out on pages EGM-1 to EGM-8, which form part of this circular.

Yours faithfully,
For and on behalf of the Board
Dr. Ge Li
Chairman

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

The following is the full text of the 2021 Scheme Rules for the purpose of incorporation in this circular. In case of any discrepancies between the Chinese and English versions of this plan, the English version shall prevail.

1. DEFINITIONS AND INTERPRETATION

1.1 In these Scheme Rules, unless the context otherwise requires, each of the following words and expressions shall have the meaning respectively shown opposite to it:

“Actual Selling Price”	the actual price at which the Award Shares are sold (net of brokerage, stamp duty, any taxes, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company pursuant to Rule 14.1, the consideration receivable under the related scheme or offer;
“Adoption Date”	the date on which the Shareholders approved this Scheme;
“Articles”	the articles of association of the Company as amended from time to time;
“associate”	shall have the meaning as set out in the Listing Rules;
“Award”	an award granted by the Board to a Selected Participant, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the Scheme Rules;
“Award Letter”	shall have the meaning as set out in Rule 7.1;
“Award Period”	the period commencing on the Adoption Date, and ending on the Business Day immediately prior to the 10th anniversary of the Adoption Date;

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

“Award Shares”	the H Shares granted to a Selected Participant in an Award;
“Board”	the board of directors of the Company (please also refer to Rule 1.2(f)), from time to time;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Company”	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司);
“Delegatee”	the Management Committee, person(s) or board committee(s) to which the Board has delegated its authority;
“Director(s)”	the director(s) of the Company, from time to time;
“Eligible Employee”	any individual, being a Director, supervisor, senior management, mid-level manager, basic-level manager, backbone member of the scientists, other technicians, who is a full-time PRC or non-PRC employee of any members of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the scope of Eligible Employees;
“employee”	an employee who has entered into a formal employment contract with the relevant member of the Group;

“Grant Date”	the date on which the grant of an Award is made to a Selected Participant, being the date of an Award Letter;
“Group”	the Company and its Subsidiaries from time to time, and the expression <i>member of the Group</i> shall be construed accordingly;
“H Shares”	overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Management Committee”	the management committee of the Scheme to which the Board has delegated its authority to administer the Scheme;
“on-market”	the acquisition of H Shares of the Company through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other applicable laws and regulations;
“PRC”	the People’s Republic of China;
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board;
“Returned Shares”	such Award Shares that are not vested and/or are forfeited in accordance with the terms of the Scheme, or such H Shares being deemed to be Returned Shares under the Scheme Rules;

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

“Scheme”	the H Share Award and Trust Scheme adopted by the Company in accordance with these Scheme Rules on the Adoption Date;
“Scheme Limit”	shall have the meaning set out in Rule 15.1;
“Scheme Rules”	the rules set out herein relating to the Scheme as amended from time to time;
“Selected Participant”	any Eligible Employee who, in accordance with Rule 6, is approved for participation in the Scheme and has been granted any Award;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary” or “Subsidiaries”	any subsidiary (as the term is defined in the Listing Rules) of the Company;
“Taxes”	shall have the meaning as set out in Rule 9.11;
“Trust”	the trust constituted by the Trust Deed to service the Scheme;
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time);

“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Vesting Date”	the date or dates, as determined from time to time by the Board or the Delegatee on which the Award (or part thereof) is to vest in the relevant Selected Participant as set out in the relevant Award Letter pursuant to Rule 7.1, unless a different Vesting Date is deemed to occur in accordance with Rule 14.1;
“Vesting Notice”	shall have the meaning as set out in Rule 9.7; and
“Vesting Period”	shall have the meaning as set out in Rule 9.2.

**For identification purpose only*

1.2 In these Scheme Rules, except where the context otherwise requires:

- (a) references to Rules are to rules of the Scheme Rules;
- (b) references to times of the day are to Hong Kong time;
- (c) if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;
- (d) a reference to “**dollars**” or to “**\$**” shall be construed as a reference to the lawful currency for the time being of Hong Kong;
- (e) a reference, express or implied, to statutes, statutory provisions or the Listing Rules shall be construed as references to those statutes, provisions or rules as respectively amended or re-enacted or as their application is modified from time to time by other provisions (whether before or after the date hereof) and shall include any statutes, provisions or rules of which are re-enacted (whether with or without modification) and shall include any orders, regulations, instruments, subsidiary legislation, other subordinate legislation or practice notes under the relevant statute, provision or rule;

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

- (f) unless otherwise indicated, the Board can make determinations in its sole and absolute discretion and if the Board delegates its authority to administer the Scheme to the Delegatee, such Delegatee shall enjoy the same sole and absolute discretion;
- (g) a reference to “**include**”, “**includes**” and “**including**” shall be deemed to be followed by the words “**without limitation**”;
- (h) words importing the singular include the plural and vice versa, and words importing a gender include every gender;
- (i) headings are included in the Scheme Rules for convenience only and do not affect its interpretation; and
- (j) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. GENERAL INTRODUCTION AND PURPOSE OF THE SCHEME

- 2.1 The Scheme is a share award of H Shares and trust scheme established by the Company to award Eligible Employees, who could be Directors, supervisors, senior management, mid-level managers, basic-level managers, backbone members of the scientists, or other technicians.
- 2.2 A Trust Deed will be entered into between the Company and the Trustee, being Computershare Hong Kong Trustees Limited initially. Pursuant to the Trust Deed, the Trust will be constituted to service the Scheme whereby the Trustee shall assist with the administration of the Scheme and shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire such underlying H Shares of the Scheme through on-market transactions with funds in the amount of not more than HK\$2 billion to be transferred by the Company to the Trust in accordance with Rule 8. Awards granted to the Selected Participants shall be held by the Trustee on trust for the benefit of the Selected Participants, and the Trustee shall, for the purposes of vesting of the Award and upon the instruction of the Board or the Delegatee, release from the Trust the Award Shares to the Selected Participants or sell the number of Award Shares so vested on-market at the prevailing market price and pay the Selected Participants the proceeds in cash arising from such sale in accordance with Rule 9 and relevant provisions under the Trust Deed.

2.3 The purposes of the Scheme are:

- (a) to attract, motivate and retain highly skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to be further incentivized by equity interests in the Company, more directly associated with the equity performance of the Company;
- (b) modernize the Company's remuneration practices and to better align with the interests of the Shareholders while seeking a balanced approach in the operational and executive management oversight; and
- (c) to (i) recognize the contributions of the prudent leadership of the Company including the Directors; (ii) encourage, motivate and retain the leadership of the Company whose collective contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) introduce additional incentive for the leadership of the Company by aligning the interests of the leadership of the Company to that of the Shareholders and the Group as a whole.

3. CONDITIONS

3.1 The Scheme is conditional upon the passing of a resolution by the Shareholders to approve the adoption of the Scheme and to authorise the Board to grant Awards under the Scheme and to procure the transfer of and otherwise deal with the Award Shares in connection with the Scheme.

4. DURATION

4.1 Subject to Rules 9.5 and 20, the Scheme shall be valid and effective for the Award Period (after which no further Awards will be granted), and thereafter for so long as there are any non-vested Award Shares granted hereunder prior to the expiration of the Scheme, in order to give effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Scheme Rules.

5. ADMINISTRATION

5.1 The Scheme shall be subject to the administration of the following administrative bodies:

- (a) the general meeting of the Shareholders, as the institution vested with the supreme authority of the Company, is responsible for the consideration and approval of the adoption of the Scheme. The general meeting of the Shareholders may authorize the Board and/or the Delegatee to deal with all matters related to the Scheme to the extent of its authority;
- (b) the Board is the institution in charge of the administration of the Scheme in accordance with the Scheme Rules and where applicable, the Trust Deed. A decision of the Board or the Delegatee shall be final and binding on all persons affected. The Remuneration and Appraisal Committee shall be responsible for drafting and revising the Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the Scheme, the Board will submit the Scheme to the general meeting of the Shareholders for consideration. The Board and/or the Delegatee may handle all matters related to the Scheme within the authorization by the general meeting of the Shareholders;
- (c) the independent non-executive Directors are the supervisory institution of the Scheme and shall evaluate and communicate their views considering the position of Shareholders on whether the Scheme facilitates the sustainable development of the Company and whether the Scheme impairs the interests of the Company and the Shareholders as a whole. In addition, the independent non-executive Directors will supervise whether the implementation of the Scheme complies with relevant laws, regulations, regulatory documents and the business rules of the Stock Exchange, and is responsible for reviewing the list of the Selected Participants; and
- (d) the Trust will be constituted to service the Scheme whereby the Trustee shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire H Shares through on-market transactions with funds in the amount of not more than HK\$2 billion to be transferred by the Company to the Trust.

5.2 The authority to administer the Scheme may be delegated by the Board to the Delegatee as deemed appropriate in the sole and absolute discretion of the Board, provided that nothing in this Rule 5.2 shall prejudice the Board's power to revoke such delegation at any time or derogate from the discretion rested with the Board as contemplated in Rule 5.1(b).

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

- 5.3 Subject to any restrictions in the Scheme Rules, it is noted that as at the Adoption Date the Board has delegated to the Management Committee the authority to administer the Scheme, including the power to grant an Award under the Scheme.
- 5.4 Without prejudice to the Board's general power of administration, the Board or the Delegatee may from time to time appoint one or more administrators, who may be independent third-party contractors, to assist in the administration of the Scheme, to whom they, in their sole and absolute discretion, may delegate such functions relating to the administration of the Scheme as they may think fit. The duration of office, terms of reference and remuneration (if any) of such administrator(s) shall be determined by the Board in its sole and absolute discretion from time to time.
- 5.5 Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board or the Delegatee may also from time to time appoint one or more Trustees in respect of granting, administration or vesting of any Award Shares.
- 5.6 Subject to the Scheme Rules, the Listing Rules and any applicable laws and regulations, the Board or the Delegatee shall have the power from time to time to:
- (a) construe and interpret the Scheme Rules and the terms of the Awards granted under the Scheme;
 - (b) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Scheme, provided that they are not inconsistent with the Scheme Rules;
 - (c) decide how the vesting of the Awards Shares will be settled pursuant to Rule 9;
 - (d) determine the basis of eligibility of any Eligible Employee for the grant of Awards from time to time on the basis of their contribution to the development and growth of the Group or such other factors deemed appropriate;
 - (e) grant Awards to those Eligible Employees whom it shall select from time to time;
 - (f) determine the terms and conditions of the Awards;
 - (g) establish, assess and administer performance targets in respect of the Scheme;
 - (h) approve the form and content of an Award Letter;

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

- (i) adjust the number of outstanding Award Shares or accelerate the Vesting Dates of any Awards pursuant to Rule 14;
- (j) exercise any authority as may be granted by the Shareholders from time to time;
- (k) engage bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the Scheme; and
- (l) sign, execute, amend and terminate all documents relating to the Scheme, undertake all procedures relevant to the Scheme and take such other steps or actions to give effect to the terms and intent of the Scheme Rules.

5.7 None of the Directors or any Delegatee shall be personally liable by reason of any contract or other instrument executed by him/her, or on his/her behalf or for any mistake of judgment made in good faith, for the purposes of the Scheme, and the Company shall indemnify and hold harmless each member of the Board and any Delegatee in relation to the administration or interpretation of the Scheme, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Scheme unless arising out of such person's own wilful default, fraud or bad faith.

5.8 In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including those imposed by the Listing Rules and all applicable PRC laws, regulations and rules.

6. SELECTION OF SELECTED PARTICIPANT

6.1 The Board or the Delegatee may, from time to time, select any Eligible Employee to be a Selected Participant and, subject to Rule 6.3, grant an Award to such Selected Participant during the Award Period conditional upon fulfilment of terms and conditions of the Awards and performance targets as the Board or the Delegatee determines from time to time.

6.2 The Selected Participants are determined in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Selected Participant to the Group.

No one should be considered as a Selected Participant of the Scheme if he:

- (a) has been deemed as an inappropriate candidate for similar award schemes of share incentive plans of a listed company by any securities regulatory bodies with authority in the most recent 12 months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the most recent 12 months; or
- (c) is prohibited from acting as a director or member of the senior management of a company due to occurrence of circumstances as stipulated in the Company Law of the PRC.

6.3 Notwithstanding the provision in Rule 6.1 and Rule 6.2, no grant of any Award Shares to any Selected Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award under the circumstances below, and any such grant so made or any such direction or recommendation so given shall be null and void to the extent (and only to the extent) that it falls within the circumstances below:

- (a) in any circumstances where the requisite approval from any applicable regulatory authorities has not been granted;
- (b) in any circumstances that any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Scheme, unless the Board determines otherwise;
- (c) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (d) where such grant of Award would result in a breach of the Scheme Limit;
- (e) after the expiry of the Award Period or after the earlier termination of this Scheme in accordance with Rule 20;
- (f) where any Director is in possession of unpublished inside information (as defined under the SFO) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing

Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;

- (g) during the period of 60 days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (h) during the period of 30 days immediately preceding the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

7. AWARD LETTER AND NOTIFICATION OF GRANT OF AWARDS

- 7.1 Subsequent to the obtaining of the Shareholders' approval in connection with the proposed adoption of the 2021 Scheme, the Company will transfer the necessary funds in the amount of HK\$2 billion (being the Scheme Limit) for the Trustee to acquire H Shares through on-market transactions from time to time at prevailing market price as the source of the Award Shares under the 2021 Scheme. The grant of Awards to the Selected Participants shall take effect only if the year-on-year growth of the revenue realized by the Group for the year ending December 31, 2021 (to be disclosed in the relevant annual results announcement of the Company) when compared to that for the year ended December 31, 2020 is 34% or above. If such condition cannot be satisfied, the abovementioned grant of Awards will not take effect and the Trustee shall hold and make use of such acquired H Shares in accordance with the relevant instructions of the Company, which could potentially involve the use of the acquired H Shares for the purpose of serving as the underlying shares of the awards to be granted under the 2022 H Share award and trust scheme of the Company (with terms and mechanism similar to the 2021 Scheme) (if any).
- 7.2 The Company shall issue a letter to each Selected Participant in such form as the Board or the Delegatee may from time to time determine, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award and/or number of Award Shares underlying the Award (with the basis on which the number of Award Shares underlying the Award is arrived at), the vesting criteria and conditions, and the Vesting Date and such other details, terms and conditions as they may consider necessary and in accordance with this Scheme (an "**Award Letter**").
- 7.3 As soon as practicable after the grant of any Award to a Selected Participant, the Company shall provide a fully executed copy of the Award Letter to the Trustee.

8. ACQUISITION OF H SHARES BY THE TRUSTEE

- 8.1 Subject to Rule 8.4, the Company shall as soon as reasonably practicable, for the purposes of satisfying the grant of Awards, transfer to the Trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price. Subject to Rule 14, the Company shall instruct the Trustee whether or not to apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares, as specified by the Company, are not sufficient to satisfy the Awards granted, the Company shall, subject to Rule 8.3 as soon as reasonably practicable, for purposes of satisfying the Awards granted, transfer to the Trust the necessary funds and instruct the Trustee to acquire further H Shares through on-market transactions at the prevailing market price.
- 8.2 Where the Trustee has received instructions from the Company to acquire H Shares through on-market transactions, the Trustee shall acquire such number of H Shares as instructed by the Company on-market at the prevailing market price as soon as reasonably practicable after receiving the necessary funds from the Company.
- 8.3 The Trustee shall only be obliged to transfer Award Shares to Selected Participants on vesting to the extent that Award Shares are comprised in the Trust.
- 8.4 The Company shall not instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price, where (i) such action (as applicable) is prohibited under the Listing Rules, other applicable PRC laws, regulations and rules, the SFO or any other applicable laws from time to time; or (ii) during such periods as stated in Rules 6.3(g) and (h). Where such a prohibition causes the prescribed timing imposed by the Scheme Rules or the Trust Deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

9. VESTING OF AWARD

- 9.1 The Board or the Delegatee may from time to time while the Scheme is in force and subject to all applicable laws, rules and regulations, determine such vesting criteria and conditions or periods for the Award to be vested hereunder.
- 9.2 Unless otherwise specified in the Award Letter approved by the Board or the Delegatee, the vesting periods (each a “**Vesting Period**”) of the Awards granted under the Scheme are as follows.

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

(A) For Awards to be granted to Selected Participants who are Eligible Employees as at the Adoption Date:

	Vesting Periods	Proportion of Vesting
First Vesting Period	Within the year immediately following the first anniversary of the Grant Date	25%
Second Vesting Period	Within the year immediately following the second anniversary of the Grant Date	25%
Third Vesting Period	Within the year immediately following the third anniversary of the Grant Date	25%
Fourth Vesting Period	Within the year immediately following the fourth anniversary of the Grant Date	25%

(B) For Awards to be granted to Selected Participants who (i) shall become Eligible Employees subsequent to the Adoption Date; and (ii) shall have been given the entitlement to be granted Awards pursuant to the relevant offer letters to be issued by the Company in connection with their employment within the Group:

	Vesting Periods	Proportion of Vesting
First Vesting Period	Within the year immediately following the first anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group	0%
Second Vesting Period	Within the year immediately following the second anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group	25%

	Vesting Periods	Proportion of Vesting
Third Vesting Period	Within the year immediately following the third anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group	25%
Fourth Vesting Period	Within the year immediately following the fourth anniversary of the commencement date of the employment of the Selected Participant with the relevant member of the Group	50%

9.3 Vesting of the Award granted under the Scheme is subject to conditions of the individual performance indicators of the Selected Participants as set out in this Rule 9.3, and any other applicable vesting conditions as set out in the Award Letter.

The individual performance indicators of the Selected Participants are as follows:

According to the applicable performance management rules adopted by the Company, the Board or the Delegatee shall carry out annual comprehensive appraisal on the Selected Participants and determine the actual vesting amount of the Awards granted under the Scheme accordingly. The actual vesting amount of the Award granted to a Selected Participant for the respective Vesting Periods shall be equal to the standard coefficient x the planned vesting amount for the respective Vesting Periods. The coefficient for individual performance appraisal results of grade B (or its equivalent appraisal result such as “meet expectations”) or above is 100% whereas the coefficient for individual performance appraisal results below grade B is 0.

If the Selected Participant fails to fulfil the individual performance indicators above, all the Award Shares underlying the relevant Awards which may otherwise be vested during the respective Vesting Periods shall not be vested and shall be held by the Trustee as Returned Shares for application towards future Awards in accordance with the 2021 Scheme rules for the purpose of the 2021 Scheme.

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

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

- 9.5 For the avoidance of doubt, the Vesting Periods of the Awards granted under any subsequent grant of the scheme or the Awards to be satisfied by the application of any Returned Shares shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.
- 9.6 For the purposes of vesting of the Award, the Board or the Delegatee may either:
- (a) direct and procure the Trustee to release from the Trust the Award Shares to the Selected Participants by transferring the number of Award Shares to the Selected Participants in such manner as determined by them from time to time; or
 - (b) to the extent that, at the determination of the Board or the Delegatee, it is not practicable for the Selected Participant to receive the Award in H Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in H Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, the Board or the Delegatee will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares as set out in the Vesting Notice.
- 9.7 Except in the circumstances as set out in Rule 9.11, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board or the Delegatee shall send to the relevant Selected Participant a vesting notice (the "**Vesting Notice**"). The Board or the Delegatee shall forward a copy of the Vesting Notice to the Trustee and instruct the Trustee the extent to which the Award Shares held in the Trust shall be transferred and released from the Trust to the Selected Participant in the manner as determined by the Board or the Delegatee, or be sold as soon as practicable from the Vesting Date.
- 9.8 Except in the circumstances as set out in Rule 9.11, subject to the receipt of the Vesting Notice and the instructions from the Board or the Delegatee, the Trustee shall transfer and release the relevant Award Shares to the relevant Selected Participant in the manner as determined by the Board or the Delegatee or sell the relevant Award Shares within any time stipulated in Rule 9.7 above and pay the Actual Selling Price to the Selected Participant within a reasonable time period in satisfaction of the Award.

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

- 9.9 Any stamp duty or other direct costs and expenses arising on vesting and transfer of the Award Shares to or for the benefit of the Selected Participants shall be borne by the Company. Any duty or other direct costs and expenses arising on the sale of the Award Shares due to the vesting shall be borne by the Selected Participant.
- 9.10 All costs and expenses in relation to all dealings with the Award Shares after vesting and transfer of the Award Shares to the Selected Participant (as the case may be) shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any such costs and expenses thereafter.
- 9.11 Other than the stamp duty to be borne by the Company in accordance with Rule 9.9, all other taxes (including personal income taxes, professional taxes, salary taxes and similar taxes, as applicable), duties, social security contributions, impositions, charges and other levies arising out of or in connection with the Selected Participant's participation in the Scheme or in relation to the Award Shares or cash amount of equivalent value of the Award Shares (the "**Taxes**") shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any Taxes. The Selected Participant will indemnify the Trustee and all members of the Group against any liability each of them may have to pay or account for such Taxes, including any withholding liability in connection with any Taxes. To give effect to this, the Trustee or any member of the Group may, notwithstanding anything else in these Scheme Rules (but subject to applicable law):
- (a) reduce or withhold the number of the Selected Participant's Award Shares underlying the Award (the number of Award Shares underlying the Award that may be reduced or withheld shall be limited to the number of Award Shares that have a fair market value on the date of withholding that, in the reasonable opinion of the Company is sufficient to cover any such liability);
 - (b) sell, on the Selected Participant's behalf, such number of H Shares to which the Selected Participant becomes entitled under the Scheme and retain the proceeds and/or pay them to the relevant authorities or government agency;
 - (c) deduct or withhold, without notice to the Selected Participant, the amount of any such liability from any payment to the Selected Participant made under the Scheme or from any payments due from a member of the Group to the Selected Participant, including from the salary payable to the Selected Participant by any member of the Group; and/or
 - (d) require the Selected Participant to remit to any member of the Group, in the form of cash or a certified or bank cashier's check, an amount sufficient to satisfy any Taxes or other amounts required by any governmental authority to be withheld and paid over to

such authority by any member of the Group on account of the Selected Participant or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

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

10. CHANGES OF CIRCUMSTANCES PERTAINING TO THE SELECTED PARTICIPANTS

10.1 If a Selected Participant changes his/her job position in the Group, the outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion. However, if a Selected Participant has a change in job position due to any of the following reasons:

- (a) he/she is not qualified for his/her job;
- (b) violates laws, violates professional ethics, reveals confidential information of the Company;
- (c) fails to discharge his/her duties or has committed wilful misconduct, materially violates the policies of the Group;
- (d) causing damages to the interest or reputation of the Group; or
- (e) the Group terminates his/her employment contract for any of the above reasons,

any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

10.2 If a Selected Participant ceases to be an Eligible Employee by reason of disqualification from participating in the Scheme due to any of the reasons set forth in Rule 6.2 under which no one should be considered as a Selected Participant, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

- 10.3 If a Selected Participant ceases to be an Eligible Employee by reason of leaving the Group due to resignation or redundancy, expiration or termination of labor contract by the Group, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.4 If a Selected Participant ceases to be an Eligible Employee by reason of termination of the Selected Participant's employment or contractual engagement with the Group or resignation due to incapacity resulting from work injury, any outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.5 If a Selected Participant ceases to be an Eligible Employee by reason of termination of the Selected Participant's employment or contractual engagement with the Group or resignation due to incapacity not resulting from work injury, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.6 Subject to Rules 10.12 and 12.1(f), if a Selected Participant ceases to be an Eligible Employee by reason of death of the Selected Participant due to work injury, any outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion. The individual performance appraisal results of such Selected Participant will no longer be included as vesting conditions.
- 10.7 If a Selected Participant ceases to be an Eligible Employee by reason of death of the Selected Participant not due to work injury, on the date of the occurrence of such event, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.8 If a Selected Participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his or her creditors generally, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.9 If a Selected Participant fails, during the course of his employment, to devote whole of his time and attention to the business of the Group or to use his best endeavours to develop the business and interests of the Group (as determined by the Board or the Delegatee in its sole and absolute discretion), any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

- 10.10 If a Selected Participant is in breach of his contract of employment of the Group or any other obligation to the Group (including without limitation the restrictive covenants as set out in Rule 13), any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.11 If a Selected Participant ceases to be an Eligible Employee for reasons other than those set out in Rules 10.1 to 10.10, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole absolute discretion.
- 10.12 In the event that an Award or any part thereof to a Selected Participant vests by reason of the death of such Selected Participant, the Trustee shall hold such number of Awards Shares as are equal to the vested Award Shares or the Actual Selling Price (hereinafter referred to as “**Benefits**”) on trust and to transfer the same to the legal personal representatives of the Selected Participant within two years of the death of the Selected Participant (or such longer period as the Trustee and the Company shall agree from time to time) or, if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall be held by the Trustee as Returned Shares or funds of the Trust for the purposes of the Scheme. Notwithstanding the foregoing, the Benefits held upon the trusts hereof shall until transfer is made in accordance herewith be retained and may be invested and otherwise dealt with by the Trustee in every way as if they had remained part of the Trust.
- 10.13 The Company shall, from time to time, inform the Trustee in writing, the date in which such Selected Participant ceased to be an Eligible Employee and any amendments to the terms and conditions of the Award in respect to such Selected Participant (including the number of Award Shares entitled).

11. TRANSFERABILITY AND OTHER RIGHTS TO AWARD SHARES

- 11.1 Any Award granted hereunder but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.
- 11.2 Any actual or purported breach of Rule 11.1 shall entitle the Company to cancel any outstanding Award or part thereof granted to such Selected Participant without any compensation or replacement award as stated in Rule 19.1. For this purpose, a determination

from the legal department of the Company or such other person(s) delegated this function by the Board, to the effect that the Selected Participant has or has not breached any of the foregoing shall be final and conclusive as to such Selected Participant.

12. INTEREST IN THE ASSETS OF THE TRUST

12.1 For the avoidance of doubt:

- (a) a Selected Participant shall have only a contingent interest in the Award subject to the vesting of such Award in accordance with Rules 9 and 14;
- (b) no instructions may be given by a Selected Participant to the Trustee in respect of the Award or any other property of the Trust and the Trustee shall not follow instructions given by a Selected Participant to the Trustee in respect of the Award or any other property of the Trust;
- (c) neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested);
- (d) a Selected Participant shall have no right to any dividend underlying the non-vested Award Shares or any of the Returned Shares or any dividend, right to any cash or non-cash income, distribution, sale proceeds of non-cash and non-scrip distributions underlying the Returned Shares, all of which shall be retained by the Trustee for the benefit of the Scheme, including but not limited to the payment of costs in connection with the operations of the Scheme such as the fees of professional parties engaged by the Company for the purpose of this Scheme from time to time;
- (e) a Selected Participant shall have no rights in the balance of the fractional shares arising out of consolidation of H Shares (if any) and such H Shares shall be deemed as Returned Shares for the purposes of the Scheme;
- (f) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Selected Participant is made within the period prescribed in Rule 10.12 and the legal personal representatives of the Selected Participant shall have no claims against the Company or the Trustee; and

- (g) in the event a Selected Participant ceases to be an Eligible Employee on or prior to the relevant Vesting Date and the Award in respect of the relevant Vesting Date shall lapse or be forfeited pursuant to the Scheme, such Award shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company or the Trustee, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

13. RESTRICTIVE COVENANTS

13.1 By accepting any Award granted pursuant to the Scheme, a Selected Participant shall be deemed to have made the restrictive covenants set forth in this Rule 13 to and for the benefit of the Group.

13.2 The Selected Participant hereby undertakes to the Group that he will not at any time whilst an employee, director, shareholder or otherwise interested in the Group (save in so far as is reasonably necessary to fulfil his duties to the Group) or at any time thereafter, directly or indirectly use or disclose or communicate to any person any information concerning the affairs, business methods, processes, systems, inventions, plans or research and development of the Group or those of its customers, clients or suppliers and which may be reasonably regarded as being confidential to the Group or to such persons (other than information which he is required to be disclosed by law or which is for the relevant time being in the public domain other than by reason of wrongful disclosure of the same by him) and will use his best endeavours to prevent the publication or disclosure of any such information by any third party.

13.3 The Selected Participant undertakes to the Group that he will not, except with the prior written approval of the Company, be directly or indirectly concerned with or engaged or interested in any other business which is in any respect in competition with or similar to the business of the Group during his employment with the Group, save that this restriction shall not apply to any holding of H Shares or other securities in the Company.

13.4 The Selected Participant undertakes to the Group that:

- (a) for so long as he is employed by the Company or any other member within the Group he will devote his full time and attention to the business of the Group and will use his best endeavours to develop the business and interests of the Group and will not be concerned with any other (competitive or other) business; and

- (b) upon his ceasing (for any reason) to be employed by the Group he will not for a period of two (2) years from the date he ceases to be so employed, whether on his own account or on behalf of any other person, firm or company:
- i. solicit (in connection with any business of a type then carried on by the Group) interfere with or endeavour to entice away from any member within the Group any person, firm or company who at any time during the period of one year immediately preceding such cessation, was to his knowledge a material customer, client, supplier, agent, distributor, or an employee or consultant (by whatever title called) of a member within the Group;
 - ii. seek to interfere with the continuance of the supply of goods or services to any member within the Group or the terms of any such supply; or
 - iii. carry on, engage in or be concerned or interested either as principal or agent or as a shareholder, partner or employee of any other person in any business or activity which involves the offer, sale or supply of products or services to customers in the PRC or any other territory in which the Group offers such sale or supply for the relevant time being, competes with the business in which any member within the Group is or was engaged in the twelve months prior to the date he ceases to be employed by the Group; or
 - iv. use or allow the use by any third party of any name, logo or other intellectual property rights used by any member within the Group or any name or logo likely to be confused therewith otherwise than in the conduct of the business of the Group; and
 - v. deal in the H Shares which would violate (i) any applicable laws, regulations and rules in any relevant jurisdictions including, without limitation, the SFO, other Hong Kong securities laws, and the U.S. Securities Act of 1933, as amended from time to time, and (ii) any internal policy of the Company in connection with dealing in the H Shares.

13.5 The Selected Participant undertakes to the Group that he shall not, during either the course of his employment by the Group or for a period of two (2) years from the date he ceases to be employed by the Group, make, publish, or otherwise transmit any disparaging or defamatory statements, whether written or oral, regarding the Group or its employees, products, operations, procedures, policies, business or services.

14. TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME, ETC.***Change in control***

14.1 If there is an event of change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, the Company no longer exists after merger with another company, or division of the Company, the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated. If the Vesting Dates of any Awards are accelerated, the procedures as set out in Rule 9.7 shall apply except that the Vesting Notice will be sent to such Selected Participant affected by this Rule 14.1 based on the proposed Vesting Date as soon as practicable once the proposed Vesting Date is known. The Trustee shall transfer the Award Shares or pay the Actual Selling Price in cash, as the case may be, to the Selected Participant in accordance with the Vesting Notice.

For the purpose of Rule 14.1, “control” shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time.

Open offer and rights issue

14.2 In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new H Shares. In the event of a rights issue, the Trustee shall not take any step to exercise any nil-paid rights and shall sell such nil-paid rights in respect of any H Shares which are held by the Trustee (if there is an open market for such rights). The aggregate proceeds of such sale may be applied by the Trustee to purchase H Shares for the purposes of satisfying any further Awards to be from time to time made by the Company under the Scheme and to cover the reasonable costs and expenses of the Trustee in the performance of its duties under the Trust Deed.

Bonus warrants

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

Scrip Dividend

14.4 In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive the scrip Shares and such H Shares will be held as Returned Shares.

Capitalization Issue, Consolidation, Sub-division, Bonus Issue and Other Distribution

14.5 In the event the Company undertakes a capitalization issue, sub-division, consolidation or reduction of the H Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for the Selected Participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the Award Shares of a Selected Participant shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.

14.6 In the event of an issue of H Shares by the Company credited as fully paid to the holders of the H Shares by way of capitalisation of profits or reserves (including share premium account), the H Shares attributable to any Award Shares held by the Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the Trustee as if they were Award Shares purchased by the Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

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

14.8 In the event of other non-cash and non-scrip distributions made by the Company not otherwise referred to in the Scheme Rules in respect of the H Shares held upon Trust, the Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as cash income of an H Share held upon the Trust.

Voluntary winding-up

14.9 If an effective resolution is passed during the Award Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated and whether the Selected Participant will be entitled to receive out of the assets available in liquidation on an equal basis with the Shareholders such sum as they would have received in respect of the Awards.

Compromise or arrangement

14.10 If a compromise or arrangement between the Company and its Shareholders or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its Shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement and such shareholders' approval is obtained, the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated.

15. SCHEME LIMIT

15.1 The maximum size of the Scheme shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price pursuant to Rule 8.1 with funds in the amount of not more than HK\$2 billion (the "**Scheme Limit**"). The Company shall not make any further grant of Award which will result in the aggregate number of H Shares underlying all grants made pursuant to the Scheme (excluding Award Shares that have been forfeited in accordance with the Scheme) to exceed the Scheme Limit without Shareholders' approval.

16. RETURNED SHARES

16.1 The Trustee shall hold Returned Shares to be applied towards future Awards in accordance with the provisions hereof for the purpose of the Scheme. When H Shares have been deemed to be Returned Shares under the Scheme Rules, the Trustee shall notify the Company accordingly.

17. INTERPRETATION

17.1 Any decision to be made under the Scheme, including matters of interpretation with respect to the Scheme Rules, shall be made by the Board or the Delegatee. The decision by the Board shall be final and binding.

18. ALTERATION OF THE SCHEME

18.1 Subject to the Scheme Limit, the Scheme may be altered in any respect by a resolution of the Board or the Delegatee provided that no such alteration shall operate to affect materially and adversely any subsisting rights of any Selected Participant unless otherwise provided for in these Scheme Rules, except:

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

18.2 Where the Board or the Delegatee alters the Scheme, the independent non-executive Directors shall express independent opinion on whether the altered Scheme facilitates the sustainable development of the Company and whether the altered Scheme impairs the interests of the Company and the Shareholders as a whole.

18.3 For the avoidance of doubt, the change in the subsisting rights of a Selected Participant in Rule 18.1 refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant and the determination of whether any proposed alteration is material and adverse by the Board or the Delegatee shall be conclusive.

18.4 For any such meeting of Selected Participants referred to in Rule 18.1, all the provisions of the Articles as to general meetings of the Company shall apply *mutatis mutandis* as though the H Shares then held by the Trustee on behalf of Selected Participants were a separate class of shares forming part of the share capital of the Company except that:

- (a) not less than 7 days' notice of such meeting shall be given;
- (b) a quorum at any such meeting shall be two Selected Participants present in person or by proxy;

- (c) every Selected Participant present in person or by proxy at any such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Award Share awarded to him or her and held by the Trustee (but, for the avoidance of doubt, excluding for this purpose any Returned Shares);
- (d) any Selected Participant present in person or by proxy may demand a poll; and
- (e) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, being not less than 7 nor more than 14 days thereafter, and to such place as may be appointed by the chairman of the meeting (as appointed by the Board). At any adjourned meeting those Selected Participants who are then present in person or by proxy shall form a quorum provided that Rule 18.4(b) shall be complied with in the event of any such adjournment. At least 7 days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Selected Participants who are then present in person or by proxy shall form a quorum provided that Rule 18.4(b) shall be complied with.

19. CANCELLATION OF AWARDS

19.1 The Board or the Delegatee may in its sole and absolute discretion cancel any Award that has not vested or been forfeited, provided that:

- (a) the Company or any member of the Group pay to the Selected Participant an amount equal to the fair value of the Award at the date of the cancellation as determined by the Board, after consultation with the auditors or an independent financial adviser appointed by the Board;
- (b) the Company or the relevant member of the Group provides to the Selected Participant a replacement award (or a grant or option under any other restricted share unit scheme, share option scheme or share-related incentive scheme) of equivalent value to the Awards to be cancelled; or
- (c) the Board makes any arrangement as the Selected Participant may agree in order to compensate him/her for the cancellation of the Awards.

20. TERMINATION

20.1 Subject to Rule 4, the Scheme shall terminate on the earlier of:

- (a) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Scheme; and
- (b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder; provided further that for the avoidance of doubt, the change in the subsisting rights of a Selected Participant in this Rule 20.1(b) refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant.

20.2 On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made under the Scheme, the Trustee shall sell all the H Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse, forfeiture or cancellation (as the case may be) of such last outstanding Award (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale referred to in this Rule 20.2 and other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Company. For the avoidance of doubt, the Trustee shall not transfer any H Shares to the Company nor may the Company otherwise hold any H Shares whatsoever (other than the proceeds in the sale of such H Shares pursuant to this Rule 20.2).

21. MISCELLANEOUS

21.1 The Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Employee, and the rights and obligations of any Eligible Employee under the terms of his/her office or employment shall not be affected by his/her participation in the Scheme or any right which he/she may have to participate in it and the Scheme shall afford such Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

21.2 The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Rule 21.3, expenses incurred in the purchase of H Shares by the Trustee and stamp duty and normal registration fee (i.e. not being fee chargeable by the share registrar of any express service of registration) in respect of the transfer of H Shares to Selected Participants on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any Tax or expenses of such other nature payable on the part of any Eligible Employee in respect of any

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

sale, purchase, vesting or transfer of H Shares (or cash amount of equivalent value being paid), other than for any withholding tax liability of the Company or any member of the Group under applicable laws.

- 21.3 Any notice or other communication between the Company and any Eligible Employee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in Hong Kong or the PRC or such other address as notified to the Eligible Employee from time to time and in the case of an Eligible Employee, his/her address as notified to the Company from time to time or by hand delivery. In addition, any notice (including the Vesting Notice) or other communication from the Company to any Eligible Employee or Selected Participant may be given by any electronic means through the Trustee, as the Board considers appropriate.
- 21.4 Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post. Any notice or other communication served by electronic means shall be deemed to have been received on the day following that on which it was sent.
- 21.5 The Company shall not be responsible for any failure by any Eligible Employee to obtain any consent or approval required for such Eligible Employee to participate in the Scheme as a Selected Participant or for any Tax, expenses, fees or any other liability to which an Eligible Employee may become subject as a result of participation in the Scheme.
- 21.6 Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such in the event of any provision or provisions being or becoming unenforceable in whole or in part. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these Scheme Rules, and any such deletion shall not affect the enforceability of the Scheme Rules as remain not so deleted.
- 21.7 The Scheme is not subject to the provisions of Chapter 17 of the Listing Rules.
- 21.8 Save as specifically provided herein, the Scheme shall not confer on any person any legal or equitable rights (other than those constituting and attaching to the Award Shares themselves) against the Group directly or indirectly or give rise to any cause of action at law or in equity against the Group. No person shall, under any circumstances, hold the Board or the Delegatee and/or the Company liable for any costs, losses, expenses and/or damages whatsoever arising from or in connection with the Scheme or the administration thereof.

APPENDIX I RULES OF THE 2021 H SHARE AWARD AND TRUST SCHEME

21.9 In the event that an Award lapses in accordance with the Scheme Rules, no Selected Participants shall be entitled to any compensation for any loss or any right or benefit or prospective right or benefit under the Scheme which he or she might otherwise have enjoyed.

21.10 The Scheme shall operate subject to the Articles and to any restrictions under any applicable laws, rules and regulations.

21.11 By participating in the Scheme, the Selected Participant consents to the holding, processing, storage and use of personal data or information concerning him or her by any member of the Group, the Trustee or other third party service provider, in Hong Kong or elsewhere, for the purpose of the administration, management or operation of the Scheme. Such consent permits, but is not limited to, the following:

- (a) the administration and maintenance of records of the Selected Participant;
- (b) the provision of data or information to members of the Group, the Trustee, registrars, brokers or third party administrators or managers of the Scheme, in Hong Kong or elsewhere;
- (c) the provision of data or information to future purchasers or merger partners of the Company, the Selected Participant's employing company, or the business in which the Selected Participant works;
- (d) the transfer of data or information about the Selected Participant to a country or territory outside the Selected Participant's home country which may not provide the same statutory protection for the information as his home country; and
- (e) in the case where an announcement is required to be made or a circular is required to be despatched pursuant to the Listing Rules or other applicable laws, rules and regulations for the purposes of granting an Award, the disclosure of the identity of such Selected Participant, the number of Award Shares and the terms of the Award granted and/or to be granted and all other information as required under the Listing Rules or other applicable laws, rules and regulations.

The Selected Participant is entitled, on payment of a reasonable fee, to a copy of the personal data held about him or her, and if such personal data is inaccurate, the Selected Participant has the right to have it corrected.

22. DISPUTE

22.1 The Board shall determine any question of interpretation and settle any dispute arising under or in connection with this Scheme. In such matters, the Board's decision shall be final.

23. GOVERNING LAW

23.1 The Scheme shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region of the PRC.

The following is the full text of the Rules of the 2021 Shareholder Alignment Incentive H Share Scheme for the purpose of incorporation in this circular. In case of any discrepancies between the Chinese and English versions of this plan, the English version shall prevail.

1. DEFINITIONS AND INTERPRETATION

1.1 In these Scheme Rules, unless the context otherwise requires, each of the following words and expressions shall have the meaning respectively shown opposite to it:

“Actual Selling Price”	the actual price at which the Award Shares are sold (net of brokerage, stamp duty, any taxes, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company pursuant to Rule 14.1, the consideration receivable under the related scheme or offer;
“Adoption Date”	the date on which the Shareholders approved this Scheme;
“Articles”	the articles of association of the Company as amended from time to time;
“associate”	shall have the meaning as set out in the Listing Rules;
“Award”	an award granted by the Board to a Selected Participant under any of the Award Pools which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the Scheme Rules;
“Award Letter”	shall have the meaning as set out in Rule 7.1;
“Award Period”	the period commencing on the Adoption Date, and ending on the Business Day immediately prior to the 10th anniversary of the Adoption Date;

“Award Pools”	the four (4) award pools under the Scheme with monetary values of HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively, which may be released upon the fulfilment of relevant release conditions for the grant of Awards to the Selected Participants under these award pools;
“Award Shares”	the H Shares granted to a Selected Participant in an Award granted under any of the Award Pools;
“Board”	the board of directors of the Company (please also refer to Rule 1.2(f)), from time to time;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Company”	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司);
“Delegatee”	the Management Committee or person(s) or board committee(s) to which the Board has delegated its authority;
“Director(s)”	the director(s) of the Company, from time to time;

“Eligible Employee”	any individual, being an executive Director, a supervisor who is an employee of the Company, senior management, and personnel at the grade of director or above that made high performance contributions and are critical company middle to senior management personnel, who is a full-time PRC or non-PRC employee of any members of the Group, and whose performance appraisal results for the most recent two consecutive years are A- or above for any one year and B (excluding B-) or above for the other year; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the scope of Eligible Employees;
“employee”	an employee who has entered into a formal employment contract with the relevant member of the Group;
“Grant Date”	the date on which the grant of an Award under any of the Award Pools is made to a Selected Participant, being the date of an Award Letter;
“Group”	the Company and its Subsidiaries from time to time, and the expression <i>member of the Group</i> shall be construed accordingly;
“H Shares”	overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Management Committee”	the management committee of the Scheme, to which the Board has delegated its authority to administer the Scheme;
“on-market”	the acquisition of H Shares of the Company through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other applicable laws and regulations;
“PRC”	the People’s Republic of China
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board;
“Returned Shares”	such Award Shares that are not vested and/or are forfeited in accordance with the terms of the Scheme Rules, or such H Shares being deemed to be Returned Shares under the Scheme Rules;
“Scheme”	the 2021 Shareholder Alignment Incentive H Share Scheme adopted by the Company in accordance with these Scheme Rules on the Adoption Date;
“Scheme Limits”	shall have the meaning set out in Rule 15.1;
“Scheme Rules”	the rules set out herein relating to the Scheme as amended from time to time;
“Selected Participant”	any Eligible Employee who, in accordance with Rule 6, is approved for participation in the Scheme and has been granted any Award under any of the Award Pools in accordance with the Scheme Rules;

“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary” or “Subsidiaries”	any subsidiary (as the term is defined in the Listing Rules) of the Company;
“Taxes”	shall have the meaning as set out in Rule 9.11;
“Trust”	the trust constituted by the Trust Deed to service the Scheme;
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time);
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Vesting Date”	the date or dates, as determined from time to time by the Board or the Delegatee on which the Award (or part thereof) is to vest in the relevant Selected Participant as set out in the relevant Award Letter pursuant to Rule 7.1, unless a different Vesting Date is deemed to occur in accordance with Rule 14.1;
“Vesting Notice”	shall have the meaning as set out in Rule 9.7; and
“Vesting Period”	shall have the meaning as set out in Rule 9.2.

* *For identification purpose only*

1.2 In these Scheme Rules, except where the context otherwise requires:

- (a) references to Rules are to rules of the Scheme Rules;
- (b) references to times of the day are to Hong Kong time;
- (c) if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;
- (d) a reference to “dollars” or to “\$” shall be construed as a reference to the lawful currency for the time being of Hong Kong;
- (e) a reference, express or implied, to statutes, statutory provisions or the Listing Rules shall be construed as references to those statutes, provisions or rules as respectively amended or re-enacted or as their application is modified from time to time by other provisions (whether before or after the date hereof) and shall include any statutes, provisions or rules of which are re-enacted (whether with or without modification) and shall include any orders, regulations, instruments, subsidiary legislation, other subordinate legislation or practice notes under the relevant statute, provision or rule;
- (f) unless otherwise indicated, the Board can make determinations in its sole and absolute discretion and if the Board delegates its authority to administer the Scheme to the Delegatee, such Delegatee shall enjoy the same sole and absolute discretion;
- (g) a reference to “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”;
- (h) words importing the singular include the plural and vice versa, and words importing a gender include every gender;
- (i) headings are included in the Scheme Rules for convenience only and do not affect its interpretation; and
- (j) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. GENERAL INTRODUCTION AND PURPOSE OF THE SCHEME

- 2.1 The Scheme is a share award of H Shares established by the Company to award Eligible Employees, who could be executive Directors, supervisors being employees of the Company, senior management, or personnel at the grade of director or above that made high performance contributions and are critical company middle to senior management personnel, who is a full-time PRC or non-PRC employee of any members of the Group, and whose performance appraisal results for the most recent two consecutive years are A- or above for any one year and B (excluding B-) or above for the other year.
- 2.2 A Trust Deed will be entered into between the Company and the Trustee, being Computershare Hong Kong Trustees Limited initially. Pursuant to the Trust Deed, the Trust will be constituted to service the Scheme whereby the Trustee shall assist with the administration of the Scheme and shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire such maximum number of H Shares of the Scheme through on-market transactions from time to time at prevailing market price with funds to be provided by the Company in the amount of the monetary value of each of the four (4) Award Pools, being HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively. Awards granted to the Selected Participants shall be held by the Trustee on trust for the benefit of the Selected Participants, and the Trustee shall, for the purposes of vesting of the Award and upon the instruction of the Board or the Delegatee, release from the Trust the Award Shares to the Selected Participants or sell the number of Award Shares so vested on-market at the prevailing market price and pay the Selected Participants the proceeds in cash arising from such sale in accordance with Rule 9 and relevant provisions under the Trust Deed.
- 2.3 The purposes of the Scheme are:
- (a) to retain, reward and incentivize the Selected Participants comprising employees who have made and are expected to continue to make significant and particular contributions to the Group's business development and growth, with incentives highly correlated to and directly driven by the overall business performance and stock price of the H Shares of the Company;
 - (b) to further stimulate the growth of the Company by directly aligning the interests of the Selected Participants with those of the Shareholders, and encourage seizing strategic opportunities involving new technologies and new business development; and

- (c) to bolster the cohesiveness and camaraderie among the Selected Participants which have a common objective in achieving specified performance goals of the Group collectively and unlocking the intrinsic value of the Group as appraised by the general investor base and the market.

3. CONDITIONS

- 3.1 The Scheme is conditional upon the passing of a resolution by the Shareholders to approve the adoption of the Scheme and to authorise the Board to grant Awards under the Scheme and to procure the transfer of and otherwise deal with the Award Shares in connection with the Scheme.

4. DURATION

- 4.1 Subject to Rules 9.5 and 20, the Scheme shall be valid and effective for the Award Period (after which no further Awards will be granted), and thereafter for so long as there are any non-vested Award Shares granted hereunder prior to the expiration of the Scheme, in order to give effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Scheme Rules.

5. ADMINISTRATION

- 5.1 The Scheme shall be subject to the administration of the following administrative bodies:
 - (a) the general meeting of the Shareholders, as the institution vested with the supreme authority of the Company, is responsible for the consideration and approval of the adoption of the Scheme. The general meeting of the Shareholders may authorize the Board and/or the Delegatee to deal with all matters related to the Scheme to the extent of its authority;
 - (b) the Board is the institution in charge of the administration of the Scheme in accordance with the Scheme Rules and where applicable, the Trust Deed. A decision of the Board or the Delegatee shall be final and binding on all persons affected. The Remuneration and Appraisal Committee shall be responsible for drafting and revising the Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the Scheme, the Board will submit the Scheme to the general meeting of the Shareholders for consideration. The Board and/or the Delegatee may handle all matters related to the Scheme within the authorization by the general meeting of the Shareholders;

- (c) the independent non-executive Directors are the supervisory institution of the Scheme and shall evaluate and communicate their views considering the position of Shareholders on whether the Scheme facilitates the sustainable development of the Company and whether the Scheme impairs the interests of the Company and the Shareholders as a whole. In addition, the independent non-executive Directors will supervise whether the implementation of the Scheme complies with relevant laws, regulations, regulatory documents and the business rules of the Stock Exchange, and is responsible for reviewing the list of the Selected Participants; and
- (d) the Trust will be constituted to service the Scheme whereby the Trustee shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire H Shares through on-market transactions with funds to be provided by the Company in the amount of the monetary value of each of the four (4) Award Pools, being HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively.
- 5.2 The authority to administer the Scheme may be delegated by the Board to the Delegatee as deemed appropriate in the sole and absolute discretion of the Board, provided that nothing in this Rule 5.2 shall prejudice the Board's power to revoke such delegation at any time or derogate from the discretion rested with the Board as contemplated in Rule 5.1(b).
- 5.3 Subject to any restrictions in the Scheme Rules, it is noted that as at the Adoption Date the Board has delegated to the Delegatee the authority to administer the Scheme, including the power to grant an Award under the Scheme.
- 5.4 Without prejudice to the Board's general power of administration, the Board or the Delegatee may from time to time appoint one or more administrators, who may be independent third-party contractors, to assist in the administration of the Scheme, to whom they, in their sole and absolute discretion, may delegate such functions relating to the administration of the Scheme as they may think fit. The duration of office, terms of reference and remuneration (if any) of such administrator(s) shall be determined by the Board in its sole and absolute discretion from time to time.
- 5.5 Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board or the Delegatee may also from time to time appoint one or more Trustees in respect of granting, administration or vesting of any Award Shares.

5.6 Subject to the Scheme Rules, the Listing Rules and any applicable laws and regulations, the Board or the Delegatee shall have the power from time to time to:

- (a) construe and interpret the Scheme Rules and the terms of the Awards granted under the Scheme;
- (b) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Scheme, provided that they are not inconsistent with the Scheme Rules;
- (c) decide how the vesting of the Awards Shares will be settled pursuant to Rule 9;
- (d) determine the basis of eligibility of any Eligible Employee for the grant of Awards from time to time on the basis of their contribution to the development and growth of the Group or such other factors deemed appropriate;
- (e) grant Awards to those Eligible Employees whom it shall select from time to time;
- (f) determine the terms and conditions of the Awards;
- (g) establish, assess and administer performance targets in respect of the Scheme;
- (h) approve the form and content of an Award Letter;
- (i) adjust the number of outstanding Award Shares or accelerate the Vesting Dates of any Awards pursuant to Rule 14;
- (j) exercise any authority as may be granted by the Shareholders from time to time;
- (k) engage bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the Scheme; and
- (l) sign, execute, amend and terminate all documents relating to the Scheme, undertake all procedures relevant to the Scheme and take such other steps or actions to give effect to the terms and intent of the Scheme Rules.

- 5.7 None of the Directors or any Delegatee shall be personally liable by reason of any contract or other instrument executed by him/her, or on his/her behalf or for any mistake of judgment made in good faith, for the purposes of the Scheme, and the Company shall indemnify and hold harmless each member of the Board and any Delegatee in relation to the administration or interpretation of the Scheme, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Scheme unless arising out of such person's own wilful default, fraud or bad faith.
- 5.8 In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including those imposed by the Listing Rules and all applicable PRC laws, regulations and rules.

6. SELECTION OF SELECTED PARTICIPANT, CONDITIONS OF RELEASE OF THE AWARD POOLS

- 6.1 The Selected Participants are determined in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Selected Participant to the Group.

No one should be considered as a Selected Participant of the Scheme if he:

- (a) has been deemed as an inappropriate candidate for similar award schemes of share incentive plans of a listed company by any securities regulatory bodies with authority in the most recent 12 months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the most recent 12 months; or
- (c) is prohibited from acting as a director or member of the senior management of a company due to occurrence of circumstances as stipulated in the Company Law of the PRC.

- 6.2 Notwithstanding the provision in Rule 6.1, no grant of any Award Shares to any Selected Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award under the circumstances below, and any such grant so made or any such direction or recommendation so given shall be null and void to the extent (and only to the extent) that it falls within the circumstances below:
- (a) in any circumstances where the requisite approval from any applicable regulatory authorities has not been granted;
 - (b) in any circumstances that any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Scheme, unless the Board determines otherwise;
 - (c) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
 - (d) where such grant of Award would result in a breach of the Scheme Limits for the particular Award Pool;
 - (e) after the expiry of the Award Period or after the earlier termination of this Scheme in accordance with Rule 20;
 - (f) where any Director is in possession of unpublished inside information (as defined under the SFO) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
 - (g) during the period of 60 days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
 - (h) during the period of 30 days immediately preceding the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

6.3 Only in the event that (i) the relevant Award Pool has been released upon the fulfilment of the conditions in connection with the target closing price of the H Shares of the Company at the corresponding milestone as further particularized below; (ii) the fulfilment of the terms and conditions of the Awards and performance targets as the Board or the Delegatee determines from time to time (if any); and (iii) the Scheme having been approved by the Shareholders, may the Board or the Delegatee grant Awards to Selected Participants during the Award Period:

Milestone	Release conditions	Award Pool to be released
First milestone	The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets being above HK\$170 for any non-consecutive 45 Business Days or above during any 12-month period which falls under the aggregate duration of five years commencing on the date on which the adoption of the Scheme was approved by the Board (the " Milestone Test Period ")	First Award Pool with a monetary value of HK\$1 billion
Second milestone	The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets being above HK\$187 for any non-consecutive 45 Business Days or above during any 12-month period which falls under the Milestone Test Period	Second Award Pool with a monetary value of HK\$1.5 billion
Third milestone	The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets being above HK\$204 for any non-consecutive 45 Business Days or above during any 12-month period which falls under the Milestone Test Period	Third Award Pool with a monetary value of HK\$2 billion
Fourth milestone	The closing price of the H Shares as stated in the Stock Exchange's daily quotations sheets being above HK\$238 for any non-consecutive 45 Business Days or above during any 12-month period which falls under the Milestone Test Period	Fourth Award Pool with a monetary value of HK\$3 billion

6.4 The target closing price of the H Shares of the Company as stated in Rule 6.3 is subject to adjustment in the event the Company undertakes a capitalization issue, issue of bonus shares, sub-division of shares, rights issue, or consolidation of the H Shares, or any non-cash distribution or other events by reason of which the Board considers an adjustment to the closing price of the H Shares as stated in the abovementioned conditions of grant for each relevant milestone to be fair and reasonable. Set out below are the formulas pursuant to which the target closing price of the H Shares of the Company as stated in Rule 6.3 may be adjusted:

(i) *Capitalization of reserve, issue of bonus shares and sub-division of shares*

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

Where: P_0 represents the target closing price before the adjustment; n represents the ratio of increase per share resulting from the issue of shares by capitalization of reserve, bonus shares issue and sub-division of shares to each share; P represents the adjusted target closing price.

(ii) *Rights issue*

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

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

(iii) *Consolidation of shares*

$$P = P_0 \div n$$

Where: P_0 represents the target closing price before the adjustment; n represents the ratio of consolidation of shares; P represents the adjusted target closing price.

- 6.5 The release of Award Pools can take place during any point of time during the Milestone Test Period. Over the course of any 12-month period within such five-year duration, the relevant amount of Award Pools shall be released as and when the corresponding target closing price of the H Shares of the Company as set out in the abovementioned conditions of release at the corresponding milestone(s) has been reached. In the event that no milestone can be reached during the first 12-month period which falls under the Milestone Test Period, the Award Pools will not be released, and further assessments as to whether any milestone can be reached will be made during the other 12-month periods which fall under the Milestone Test Period, until all the four (4) milestones are reached before the expiry of the Milestone Test Period or the aggregate five-year duration of the Milestone Test Period expires. In the event that the target closing price of the H Shares of the Company has been reached and it is higher than more than one of the four target closing prices, each of the Award Pools which corresponds to the relevant milestone that has been reached will be released concurrently. If none of the milestones can be reached during the aggregate five-year duration, no grant of Awards will be made at all.
- 6.6 The actual number of Award Shares underlying the Awards granted under each of the Award Pools shall be fixed and further notified at the time of the grant based on the number of Award Shares that the Trustee will acquire through on-market transactions from time to time at prevailing market price and apportion to the corresponding value of the relevant Award based on the volume-weighted average price at which the Trustee will have acquired such Award Shares pursuant to Rule 8.1 utilizing the funds in the monetary value of the particular Award Pool provided by the Company.

7. AWARD LETTER AND NOTIFICATION OF GRANT OF AWARDS

- 7.1 The Company shall issue a letter to each Selected Participant in such form as the Board or the Delegatee may from time to time determine, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award and/or number of Award Shares underlying the Award granted under any of the Award Pools (with the basis on which the number of Award Shares underlying the Award is arrived at), the vesting criteria and conditions, and the Vesting Date and such other details, terms and conditions as they may consider necessary and in accordance with this Scheme (an “**Award Letter**”).
- 7.2 As soon as practicable after the grant of any Award to a Selected Participant, the Company shall provide a fully executed copy of the Award Letter to the Trustee.

8. ACQUISITION OF H SHARES BY THE TRUSTEE

- 8.1 Subject to Rule 8.4, the Company shall as soon as reasonably practicable, after the release of the Award Pool(s) and for the purposes of satisfying the grant of Awards, transfer to the Trust the necessary funds (being the monetary value of the relevant Award Pool) and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price. Subject to Rule 14, the Company shall instruct the Trustee whether or not to apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares, as specified by the Company, are not sufficient to satisfy the Awards granted, the Company shall, subject to Rule 8.3 as soon as reasonably practicable, for purposes of satisfying the Awards granted, transfer to the Trust the necessary funds and instruct the Trustee to acquire further H Shares through on-market transactions at the prevailing market price.
- 8.2 Where the Trustee has received instructions from the Company to acquire H Shares through on-market transactions, the Trustee shall acquire such number of H Shares as instructed by the Company on-market at the prevailing market price as soon as reasonably practicable after receiving the necessary funds from the Company.
- 8.3 The Trustee shall only be obliged to transfer Award Shares to Selected Participants on vesting to the extent that Award Shares are comprised in the Trust.
- 8.4 The Company shall not instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price, where (i) such action (as applicable) is prohibited under the Listing Rules, other applicable PRC laws, regulations and rules, the SFO or any other applicable laws from time to time; or (ii) during such periods as stated in Rules 6.2(g) and (h). Where such a prohibition causes the prescribed timing imposed by the Scheme Rules or the Trust Deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

9. VESTING OF AWARD

- 9.1 The Board or the Delegatee may from time to time while the Scheme is in force and subject to all applicable laws, rules and regulations, determine such vesting criteria and conditions or periods for the Award to be granted under each of the Award Pools.

9.2 Unless otherwise specified in the Award Letter approved by the Board or the Delegatee, the vesting periods (each a “**Vesting Period**”) of the Awards granted under the Scheme are as follows.

Vesting Periods		Proportion of Vesting
First Vesting Period	Within the year immediately following the first anniversary of the Grant Date	20%
Second Vesting Period	Within the year immediately following the second anniversary of the Grant Date	20%
Third Vesting Period	Within the year immediately following the third anniversary of the Grant Date	20%
Fourth Vesting Period	Within the year immediately following the fourth anniversary of the Grant Date	20%
Fifth Vesting Period	Within the year immediately following the fifth anniversary of the Grant Date	20%

9.3 Vesting of the Award granted under each of the Award Pools of the Scheme is subject to conditions of (i) the performance indicator of closing prices of the H Shares of the Company during each Vesting Period; and (ii) the individual performance indicators of the Selected Participants as set out in this Rule 9.3, and any other applicable vesting conditions as set out in the Award Letter (the “**Vesting Conditions**”).

The H Share price performance indicator is as follows:

The average closing price of the H Shares as stated in the Stock Exchange’s daily quotations sheets having first reached a level of being no less than 80% of the target closing price of the H Shares for the milestone which corresponds to the particular Award Pool under which the Awards were granted for any consecutive 45 Business Days during each Vesting Period.

The individual performance indicators of the Selected Participants are as follows:

According to the applicable performance management rules adopted by the Company, the Board or the Delegatee shall carry out annual comprehensive appraisal on the Selected Participants and determine the actual vesting amount of the Awards granted under the Scheme accordingly. The actual vesting amount of the Award granted to a Selected Participant for the respective Vesting Periods shall be equal to the standard coefficient \times the planned vesting amount for the respective Vesting Periods. The coefficient for individual performance appraisal results of grade B (or its equivalent appraisal result such as “meet expectations”) or above is 100% whereas the coefficient for individual performance appraisal results below grade B is 0.

If any of the Vesting Conditions cannot be fulfilled at a Vesting Period, the proportion of the Awards granted under the particular Award Pool which is supposed to be vested during that particular Vesting Period shall be carried forward and be vested together with the proportion of the Awards granted under the particular Award Pool which is supposed to be vested at the subsequent Vesting Period subject to the fulfillment of the Vesting Conditions at such subsequent Vesting Period. Such carrying forward of unvested Awards can take place until there is no longer a subsequent Vesting Period. If the Selected Participant fails to fulfill any of the vesting conditions at each of the Vesting Periods, all the Award Shares underlying the relevant Awards granted under the particular Award Pool which may otherwise be vested during the respective Vesting Periods shall not be vested and shall be held by the Trustee as Returned Shares. The Trustee shall, in accordance with the instructions of the Board or the Delegatee, relevant laws and regulations, and subject to the fulfilment of any necessary internal approval procedures of the Company, make use of such Returned Shares for purposes which include but are not limited to the application towards future Awards or the awards to be made under other H Share award schemes which may be adopted by the Company in the future (if any).

- 9.4 If the Vesting Date is not a Business Day, the Vesting Date shall, subject to any trading halt or suspension in the H Shares, be the Business Day immediately thereafter.
- 9.5 For the avoidance of doubt, the Vesting Periods of the Awards granted under any subsequent grant of the Scheme pursuant to any of the Award Pools or the Awards to be satisfied by the application of any Returned Shares shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.

- 9.6 For the purposes of vesting of the Award granted under each of the Award Pools, the Board or the Delegatee may either:
- (a) direct and procure the Trustee to release from the Trust the Award Shares to the Selected Participants by transferring the number of Award Shares to the Selected Participants in such manner as determined by them from time to time; or
 - (b) to the extent that, at the determination of the Board or the Delegatee, it is not practicable for the Selected Participant to receive the Award in H Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in H Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, the Board or the Delegatee will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares as set out in the Vesting Notice.
- 9.7 Except in the circumstances as set out in Rule 9.11, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board or the Delegatee shall send to the relevant Selected Participant a vesting notice (the "**Vesting Notice**"). The Board or the Delegatee shall forward a copy of the Vesting Notice to the Trustee and instruct the Trustee the extent to which the Award Shares held in the Trust shall be transferred and released from the Trust to the Selected Participant in the manner as determined by the Board or the Delegatee, or be sold as soon as practicable from the Vesting Date.
- 9.8 Except in the circumstances as set out in Rule 9.11, subject to the receipt of the Vesting Notice and the instructions from the Board or the Delegatee, the Trustee shall transfer and release the relevant Award Shares to the relevant Selected Participant in the manner as determined by the Board or the Delegatee or sell the relevant Award Shares within any time stipulated in Rule 9.7 above and pay the Actual Selling Price to the Selected Participant within a reasonable time period in satisfaction of the Award.
- 9.9 Any stamp duty or other direct costs and expenses arising on vesting and transfer of the Award Shares to or for the benefit of the Selected Participants shall be borne by the Company. Any duty or other direct costs and expenses arising on the sale of the Award Shares due to the vesting shall be borne by the Selected Participant.

- 9.10 All costs and expenses in relation to all dealings with the Award Shares after vesting and transfer of the Award Shares to the Selected Participant (as the case may be) shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any such costs and expenses thereafter.
- 9.11 Other than the stamp duty to be borne by the Company in accordance with Rule 9.9, all other taxes (including personal income taxes, professional taxes, salary taxes and similar taxes, as applicable), duties, social security contributions, impositions, charges and other levies arising out of or in connection with the Selected Participant's participation in the Scheme or in relation to the Award Shares or cash amount of equivalent value of the Award Shares (the "Taxes") shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any Taxes. The Selected Participant will indemnify the Trustee and all members of the Group against any liability each of them may have to pay or account for such Taxes, including any withholding liability in connection with any Taxes. To give effect to this, the Trustee or any member of the Group may, notwithstanding anything else in these Scheme Rules (but subject to applicable law):
- (a) reduce or withhold the number of the Selected Participant's Award Shares underlying the Award (the number of Award Shares underlying the Award that may be reduced or withheld shall be limited to the number of Award Shares that have a fair market value on the date of withholding that, in the reasonable opinion of the Company is sufficient to cover any such liability);
 - (b) sell, on the Selected Participant's behalf, such number of H Shares to which the Selected Participant becomes entitled under the Scheme and retain the proceeds and/or pay them to the relevant authorities or government agency;
 - (c) deduct or withhold, without notice to the Selected Participant, the amount of any such liability from any payment to the Selected Participant made under the Scheme or from any payments due from a member of the Group to the Selected Participant, including from the salary payable to the Selected Participant by any member of the Group; and/or
 - (d) require the Selected Participant to remit to any member of the Group, in the form of cash or a certified or bank cashier's check, an amount sufficient to satisfy any Taxes or other amounts required by any governmental authority to be withheld and paid over to such authority by any member of the Group on account of the Selected Participant or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

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

10. CHANGES OF CIRCUMSTANCES PERTAINING TO THE SELECTED PARTICIPANTS

10.1 If a Selected Participant changes his/her job position in the Group, the outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion. However, if a Selected Participant has a change in job position due to any of the following reasons:

- (a) he/she is not qualified for his/her job;
- (b) violates laws, violates professional ethics, reveals confidential information of the Company;
- (c) fails to discharge his/her duties or has committed wilful misconduct, materially violates the policies of the Group;
- (d) causing damages to the interest or reputation of the Group; or
- (e) the Group terminates his/her employment contract for any of the above reasons,

any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

10.2 If a Selected Participant ceases to be an Eligible Employee by reason of disqualification from participating in the Scheme due to any of the reasons set forth in Rule 6.1 under which no one should be considered as a Selected Participant, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

10.3 If a Selected Participant ceases to be an Eligible Employee by reason of leaving the Group due to resignation or redundancy, expiration or termination of labor contract by the Group, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

- 10.4 If a Selected Participant ceases to be an Eligible Employee by reason of termination of the Selected Participant's employment or contractual engagement with the Group or resignation due to incapacity resulting from work injury, any outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.5 If a Selected Participant ceases to be an Eligible Employee by reason of termination of the Selected Participant's employment or contractual engagement with the Group or resignation due to incapacity not resulting from work injury, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.6 Subject to Rules 10.12 and 12.1(f), if a Selected Participant ceases to be an Eligible Employee by reason of death of the Selected Participant due to work injury, any outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion. The individual performance appraisal results of such Selected Participant will no longer be included as Vesting Conditions.
- 10.7 If a Selected Participant ceases to be an Eligible Employee by reason of death of the Selected Participant not due to work injury, on the date of the occurrence of such event, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.8 If a Selected Participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his or her creditors generally, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.9 If a Selected Participant fails, during the course of his employment, to devote whole of his time and attention to the business of the Group or to use his best endeavours to develop the business and interests of the Group (as determined by the Board or the Delegatee in its sole and absolute discretion), any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

- 10.10 If a Selected Participant is in breach of his contract of employment of the Group or any other obligation to the Group (including without limitation the restrictive covenants as set out in Rule 13), any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.11 If a Selected Participant ceases to be an Eligible Employee for reasons other than those set out in Rules 10.1 to 10.10, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole absolute discretion.
- 10.12 In the event that an Award or any part thereof to a Selected Participant vests by reason of the death of such Selected Participant, the Trustee shall hold such number of Awards Shares as are equal to the vested Award Shares or the Actual Selling Price (hereinafter referred to as “Benefits”) on trust and to transfer the same to the legal personal representatives of the Selected Participant within two years of the death of the Selected Participant (or such longer period as the Trustee and the Company shall agree from time to time) or, if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall be held by the Trustee as Returned Shares or funds of the Trust for the purposes of the Scheme. Notwithstanding the foregoing, the Benefits held upon the trusts hereof shall until transfer is made in accordance herewith be retained and may be invested and otherwise dealt with by the Trustee in every way as if they had remained part of the Trust.
- 10.13 The Company shall, from time to time, inform the Trustee in writing, the date in which such Selected Participant ceased to be an Eligible Employee and any amendments to the terms and conditions of the Award in respect to such Selected Participant (including the number of Award Shares entitled).

11. TRANSFERABILITY AND OTHER RIGHTS TO AWARD SHARES

- 11.1 Any Award granted under each of the Award Pools of the Scheme but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award granted under each of the Award Pools, or enter into any agreement to do so.
- 11.2 Any actual or purported breach of Rule 11.1 shall entitle the Company to cancel any outstanding Award or part thereof granted to such Selected Participant without any compensation or replacement award as stated in Rule 19.1. For this purpose, a determination

from the legal department of the Company or such other person(s) delegated this function by the Board, to the effect that the Selected Participant has or has not breached any of the foregoing shall be final and conclusive as to such Selected Participant.

12. INTEREST IN THE ASSETS OF THE TRUST

12.1 For the avoidance of doubt:

- (a) a Selected Participant shall have only a contingent interest in the Award subject to the vesting of such Award in accordance with Rules 9 and 14;
- (b) no instructions may be given by a Selected Participant to the Trustee in respect of the Award granted under each of the Award Pools or any other property of the Trust and the Trustee shall not follow instructions given by a Selected Participant to the Trustee in respect of the Award granted under each of the Award Pools or any other property of the Trust;
- (c) neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested);
- (d) a Selected Participant shall have no right to any dividend underlying the non-vested Award Shares or any of the Returned Shares or any dividend, right to any cash or non-cash income, distribution, sale proceeds of non-cash and non-scrip distributions underlying the Returned Shares, all of which shall be retained by the Trustee for the benefit of the Scheme, including but not limited to the payment of costs in connection with the operations of the Scheme such as the fees of professional parties engaged by the Company for the purpose of this Scheme from time to time;
- (e) a Selected Participant shall have no rights in the balance of the fractional shares arising out of consolidation of H Shares (if any) and such H Shares shall be deemed as Returned Shares for the purposes of the Scheme;
- (f) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Selected Participant is made within the period prescribed in Rule 10.12 and the legal personal representatives of the Selected Participant shall have no claims against the Company or the Trustee; and

- (g) in the event a Selected Participant ceases to be an Eligible Employee on or prior to the relevant Vesting Date and the Award in respect of the relevant Vesting Date shall lapse or be forfeited pursuant to the Scheme, such Award shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company or the Trustee, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

13. RESTRICTIVE COVENANTS

13.1 By accepting any Award granted pursuant to the Scheme, a Selected Participant shall be deemed to have made the restrictive covenants set forth in this Rule 13 to and for the benefit of the Group.

13.2 The Selected Participant hereby undertakes to the Group that he will not at any time whilst an employee, director, shareholder or otherwise interested in the Group (save in so far as is reasonably necessary to fulfil his duties to the Group) or at any time thereafter, directly or indirectly use or disclose or communicate to any person any information concerning the affairs, business methods, processes, systems, inventions, plans or research and development of the Group or those of its customers, clients or suppliers and which may be reasonably regarded as being confidential to the Group or to such persons (other than information which he is required to be disclosed by law or which is for the relevant time being in the public domain other than by reason of wrongful disclosure of the same by him) and will use his best endeavours to prevent the publication or disclosure of any such information by any third party.

13.3 The Selected Participant undertakes to the Group that he will not, except with the prior written approval of the Company, be directly or indirectly concerned with or engaged or interested in any other business which is in any respect in competition with or similar to the business of the Group during his employment with the Group, save that this restriction shall not apply to any holding of H Shares or other securities in the Company.

13.4 The Selected Participant undertakes to the Group that:

- (a) for so long as he is employed by the Company or any other member within the Group he will devote his full time and attention to the business of the Group and will use his best endeavours to develop the business and interests of the Group and will not be concerned with any other (competitive or other) business; and

- (b) upon his ceasing (for any reason) to be employed by the Group he will not for a period of two (2) years from the date he ceases to be so employed, whether on his own account or on behalf of any other person, firm or company:
- i. solicit (in connection with any business of a type then carried on by the Group) interfere with or endeavour to entice away from any member within the Group any person, firm or company who at any time during the period of one year immediately preceding such cessation, was to his knowledge a material customer, client, supplier, agent, distributor, or an employee or consultant (by whatever title called) of a member within the Group;
 - ii. seek to interfere with the continuance of the supply of goods or services to any member within the Group or the terms of any such supply; or
 - iii. carry on, engage in or be concerned or interested either as principal or agent or as a shareholder, partner or employee of any other person in any business or activity which involves the offer, sale or supply of products or services to customers in the PRC or any other territory in which the Group offers such sale or supply for the relevant time being, competes with the business in which any member within the Group is or was engaged in the twelve months prior to the date he ceases to be employed by the Group; or
 - iv. use or allow the use by any third party of any name, logo or other intellectual property rights used by any member within the Group or any name or logo likely to be confused therewith otherwise than in the conduct of the business of the Group; and
 - v. deal in the H Shares which would violate (i) any applicable laws, regulations and rules in any relevant jurisdictions including, without limitation, the SFO, other Hong Kong securities laws, and the U.S. Securities Act of 1933, as amended from time to time, and (ii) any internal policy of the Company in connection with dealing in the H Shares.

13.5 The Selected Participant undertakes to the Group that he shall not, during either the course of his employment by the Group or for a period of two (2) years from the date he ceases to be employed by the Group, make, publish, or otherwise transmit any disparaging or defamatory statements, whether written or oral, regarding the Group or its employees, products, operations, procedures, policies, business or services.

14. TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME, ETC.**Change in control**

14.1 If there is an event of change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, the Company no longer exists after merger with another company, or division of the Company, the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any unvested Awards granted under each of the Award Pools will be accelerated. If the Vesting Dates of any unvested Awards granted under each of the Award Pools are accelerated, the procedures as set out in Rule 9.7 shall apply except that the Vesting Notice will be sent to such Selected Participant affected by this Rule 14.1 based on the proposed Vesting Date as soon as practicable once the proposed Vesting Date is known. The Trustee shall transfer the Award Shares or pay the Actual Selling Price in cash, as the case may be, to the Selected Participant in accordance with the Vesting Notice.

For the purpose of Rule 14.1, “*control*” shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time.

Open offer and rights issue

14.2 In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new H Shares. In the event of a rights issue, the Trustee shall not take any step to exercise any nil-paid rights and shall sell such nil-paid rights in respect of any H Shares which are held by the Trustee (if there is an open market for such rights). The aggregate proceeds of such sale may be applied by the Trustee to purchase H Shares for the purposes of satisfying any further Awards to be from time to time made by the Company under the Scheme and to cover the reasonable costs and expenses of the Trustee in the performance of its duties under the Trust Deed.

Bonus warrants

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

Scrip Dividend

14.4 In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive the scrip Shares and such H Shares will be held as Returned Shares.

Capitalization Issue, Consolidation, Sub-division, Bonus Issue and Other Distribution

14.5 In the event the Company undertakes a capitalization issue, sub-division, consolidation or reduction of the H Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for the Selected Participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the Award Shares of a Selected Participant shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.

14.6 In the event of an issue of H Shares by the Company credited as fully paid to the holders of the H Shares by way of capitalisation of profits or reserves (including share premium account), the H Shares attributable to any Award Shares held by the Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the Trustee as if they were Award Shares purchased by the Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

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

14.8 In the event of other non-cash and non-scrip distributions made by the Company not otherwise referred to in the Scheme Rules in respect of the H Shares held upon Trust, the Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as cash income of an H Share held upon the Trust.

Voluntary winding-up

14.9 If an effective resolution is passed during the Award Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated and whether the Selected Participant will be entitled to receive out of the assets available in liquidation on an equal basis with the Shareholders such sum as they would have received in respect of the Awards.

Compromise or arrangement

14.10 If a compromise or arrangement between the Company and its Shareholders or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its Shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement and such shareholders' approval is obtained, the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated.

15. SCHEME LIMITS

15.1 The maximum size of each of the Award Pools under the Scheme shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price pursuant to Rule 8.1 with funds to be provided by the Company in the amount of the monetary value of each of the four (4) Award Pools, being HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively (the “**Scheme Limits**”). The aggregate amount of the four (4) Scheme Limits is HK\$7.5 billion. The Company shall not make any further grant of Award which will result in the aggregate number of H Shares underlying all grants made pursuant to the Scheme (excluding Award Shares that have been forfeited in accordance with the Scheme) under each of the Award Pools to exceed their corresponding Scheme Limits without Shareholders' approval. The Scheme Limits shall not be subject to any refreshment.

16. RETURNED SHARES

16.1 The Trustee shall hold Returned Shares to be applied towards future Awards in accordance with the provisions hereof for the purpose of the Scheme. When H Shares have been deemed to be Returned Shares under the Scheme Rules, the Trustee shall notify the Company accordingly.

17. INTERPRETATION

17.1 Any decision to be made under the Scheme, including matters of interpretation with respect to the Scheme Rules, shall be made by the Board or the Delegatee. The decision by the Board shall be final and binding.

18. ALTERATION OF THE SCHEME

18.1 Save for the Scheme Limits and the target closing price of the H Shares of the Company as stated in the conditions of release of each Award Pool, the Scheme may be altered in any respect by a resolution of the Board or the Delegatee provided that no such alteration shall operate to affect materially and adversely any subsisting rights of any Selected Participant unless otherwise provided for in these Scheme Rules, except:

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

18.2 Where the Board or the Delegatee alters the Scheme, the independent non-executive Directors shall express independent opinion on whether the altered Scheme facilitates the sustainable development of the Company and whether the altered Scheme impairs the interests of the Company and the Shareholders as a whole.

18.3 For the avoidance of doubt, the change in the subsisting rights of a Selected Participant in Rule 18.1 refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant and the determination of whether any proposed alteration is material and adverse by the Board or the Delegatee shall be conclusive.

18.4 For any such meeting of Selected Participants referred to in Rule 18.1, all the provisions of the Articles as to general meetings of the Company shall apply mutatis mutandis as though the H Shares then held by the Trustee on behalf of Selected Participants were a separate class of shares forming part of the share capital of the Company except that:

- (a) not less than 7 days' notice of such meeting shall be given;

- (b) a quorum at any such meeting shall be two Selected Participants present in person or by proxy;
- (c) every Selected Participant present in person or by proxy at any such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Award Share awarded to him or her and held by the Trustee (but, for the avoidance of doubt, excluding for this purpose any Returned Shares);
- (d) any Selected Participant present in person or by proxy may demand a poll; and
- (e) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, being not less than 7 nor more than 14 days thereafter, and to such place as may be appointed by the chairman of the meeting (as appointed by the Board). At any adjourned meeting those Selected Participants who are then present in person or by proxy shall form a quorum provided that Rule 18.4(b) shall be complied with in the event of any such adjournment. At least 7 days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Selected Participants who are then present in person or by proxy shall form a quorum provided that Rule 18.4(b) shall be complied with.

19. Cancellation of Awards

19.1 The Board or the Delegatee may in its sole and absolute discretion cancel any Award that has not vested or been forfeited, provided that:

- (a) the Company or any member of the Group pay to the Selected Participant an amount equal to the fair value of the Award at the date of the cancellation as determined by the Board, after consultation with the auditors or an independent financial adviser appointed by the Board;
- (b) the Company or the relevant member of the Group provides to the Selected Participant a replacement award (or a grant or option under any other restricted share unit scheme, share option scheme or share-related incentive scheme) of equivalent value to the Awards to be cancelled; or
- (c) the Board makes any arrangement as the Selected Participant may agree in order to compensate him/her for the cancellation of the Awards.

20. TERMINATION

20.1 Subject to Rule 4, the Scheme shall terminate on the earlier of:

- (a) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Scheme; and
- (b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder; provided further that for the avoidance of doubt, the change in the subsisting rights of a Selected Participant in this Rule 20.1(b) refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant.

20.2 On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made under the Scheme, the Trustee shall sell all the H Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse, forfeiture or cancellation (as the case may be) of such last outstanding Award (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale referred to in this Rule 20.2 and other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Company. For the avoidance of doubt, the Trustee shall not transfer any H Shares to the Company nor may the Company otherwise hold any H Shares whatsoever (other than the proceeds in the sale of such H Shares pursuant to this Rule 20.2).

21. MISCELLANEOUS

21.1 The Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Employee, and the rights and obligations of any Eligible Employee under the terms of his/her office or employment shall not be affected by his/her participation in the Scheme or any right which he/she may have to participate in it and the Scheme shall afford such Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

21.2 The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Rule 21.3, expenses incurred in the purchase of H Shares by the Trustee and stamp duty and normal

registration fee (i.e. not being fee chargeable by the share registrar of any express service of registration) in respect of the transfer of H Shares to Selected Participants on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any Taxes or expenses of such other nature payable on the part of any Eligible Employee in respect of any sale, purchase, vesting or transfer of H Shares (or cash amount of equivalent value being paid), other than for any withholding tax liability of the Company or any member of the Group under applicable laws.

- 21.3 Any notice or other communication between the Company and any Eligible Employee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in Hong Kong or the PRC or such other address as notified to the Eligible Employee from time to time and in the case of an Eligible Employee, his/her address as notified to the Company from time to time or by hand delivery. In addition, any notice (including the Vesting Notice) or other communication from the Company to any Eligible Employee or Selected Participant may be given by any electronic means through the Trustee, as the Board considers appropriate.
- 21.4 Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post. Any notice or other communication served by electronic means shall be deemed to have been received on the day following that on which it was sent.
- 21.5 The Company shall not be responsible for any failure by any Eligible Employee to obtain any consent or approval required for such Eligible Employee to participate in the Scheme as a Selected Participant or for any Taxes, expenses, fees or any other liability to which an Eligible Employee may become subject as a result of participation in the Scheme.
- 21.6 Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such in the event of any provision or provisions being or becoming unenforceable in whole or in part. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these Scheme Rules, and any such deletion shall not affect the enforceability of the Scheme Rules as remain not so deleted.
- 21.7 The Scheme is not subject to the provisions of Chapter 17 of the Listing Rules.
- 21.8 Save as specifically provided herein, the Scheme shall not confer on any person any legal or equitable rights (other than those constituting and attaching to the Award Shares themselves) against the Group directly or indirectly or give rise to any cause of action at law or in equity

against the Group. No person shall, under any circumstances, hold the Board or the Delegatee and/or the Company liable for any costs, losses, expenses and/or damages whatsoever arising from or in connection with the Scheme or the administration thereof.

21.9 In the event that an Award lapses in accordance with the Scheme Rules, no Selected Participants shall be entitled to any compensation for any loss or any right or benefit or prospective right or benefit under the Scheme which he or she might otherwise have enjoyed.

21.10 The Scheme shall operate subject to the Articles and to any restrictions under any applicable laws, rules and regulations.

21.11 By participating in the Scheme, the Selected Participant consents to the holding, processing, storage and use of personal data or information concerning him or her by any member of the Group, the Trustee or other third party service provider, in Hong Kong or elsewhere, for the purpose of the administration, management or operation of the Scheme. Such consent permits, but is not limited to, the following:

- (a) the administration and maintenance of records of the Selected Participant;
- (b) the provision of data or information to members of the Group, the Trustee, registrars, brokers or third party administrators or managers of the Scheme, in Hong Kong or elsewhere;
- (c) the provision of data or information to future purchasers or merger partners of the Company, the Selected Participant's employing company, or the business in which the Selected Participant works;
- (d) the transfer of data or information about the Selected Participant to a country or territory outside the Selected Participant's home country which may not provide the same statutory protection for the information as his home country; and
- (e) in the case where an announcement is required to be made or a circular is required to be despatched pursuant to the Listing Rules or other applicable laws, rules and regulations for the purposes of granting an Award, the disclosure of the identity of such Selected Participant, the number of Award Shares and the terms of the Award granted and/or to be granted and all other information as required under the Listing Rules or other applicable laws, rules and regulations.

The Selected Participant is entitled, on payment of a reasonable fee, to a copy of the personal data held about him or her, and if such personal data is inaccurate, the Selected Participant has the right to have it corrected.

22. Dispute

22.1 The Board shall determine any question of interpretation and settle any dispute arising under or in connection with this Scheme. In such matters, the Board's decision shall be final.

23. GOVERNING LAW

23.1 The Scheme shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region of the PRC.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company proposes to amend the Articles of Association as follows:

Original Articles	Amended Articles
<p>Article 6 The registered capital of the Company is RMB2,450,515,720.</p>	<p>Article 6 The registered capital of the Company is RMB<u>2,450,515,720</u> <u>2,952,726,521</u>.</p>
<p>Article 23…… The shareholding of the Company is: 2,450,515,720 ordinary shares, including 2,134,858,437 shares held by shareholders of domestically listed domestic shares; 315,657,283 shares held by H-share shareholders.</p>	<p>Article 23…… The shareholding of the Company is: <u>2,450,515,720</u><u>2,952,726,521</u> ordinary shares, including <u>2,134,858,437</u> <u>2,563,838,844</u> shares held by shareholders of domestically listed domestic shares; <u>315,657,283</u><u>388,887,677</u> shares held by H-share shareholders.</p>
<p>Article 183 The Company shall have one manager (president and CEO), who shall be appointed or dismissed by the Board. The Company may have a joint CEO, several vice presidents and one chief financial officer. The joint CEO, vice presidents and chief financial officer shall be nominated by the manager (president and CEO) and appointed or dismissed by the Board.</p> <p>……</p>	<p>Article 183 The Company shall have one manager (president and CEO), who shall be appointed or dismissed by the Board. The Company may have a <u>one or more</u> joint CEOs, several<u>one or more</u> vice presidents and one chief financial officer. The joint CEO, vice presidents and chief financial officer shall be nominated by the manager (president and CEO) and appointed or dismissed by the Board.</p> <p>……</p>

NOTICE OF EGM



WUXI APPTEC CO., LTD.* 無錫藥明康德新藥開發股份有限公司

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

(Stock Code: 2359)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting (the “EGM”) of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司) (the “Company”) will be held at Sheraton Shanghai Waigaoqiao Hotel, 28 Jilong Road, Pilot Free Trade Zone, Shanghai, China on Monday, August 30, 2021 at 2:00 p.m. (or at any adjournment thereof) to consider and, if thought fit, pass the following resolutions. Unless otherwise defined, capitalised terms and used in this notice shall have the same meanings as those defined in the circular of the Company dated August 10, 2021 (the “Circular”).

ORDINARY RESOLUTIONS

1. To consider and approve the proposed adoption of the 2021 H Share Award and Trust Scheme.
2. To consider and approve the proposed grant of Awards to the Connected Selected Participants under the 2021 H Share Award and Trust Scheme.
3. To consider and authorize the Board and/or the Delegatee to handle matters pertaining to the 2021 H Share Award and Trust Scheme with full authority, including:
 - (i) to determine the terms and conditions of the grant of Awards, approve the form and content of the Award Letter, select Eligible Employees to become Selected Participants, and grant Awards to Selected Participants from time to time;
 - (ii) to determine the Grant Date and Vesting Date of Award Shares;
 - (iii) to administer, amend and adjust the 2021 Scheme, including but not limited to adjusting the Scheme Limit, adjusting the number of outstanding Award Shares or accelerate the Vesting Dates of any Awards (if such amendments require the approval of the

NOTICE OF EGM

Shareholders' meeting and/or relevant regulatory authorities pursuant to the relevant laws, regulations or requirements of the relevant regulatory authorities, the Board shall obtain the corresponding authorization for such amendments);

- (iv) to establish the Management Committee for the purpose of the 2021 Scheme and other H Share award related matters;
- (v) to decide on the selection, engagement and change of bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the 2021 Scheme;
- (vi) to sign, execute, amend and terminate all agreements and other relevant documents in connection with the 2021 Scheme, fulfill all relevant procedures in relation to the 2021 Scheme, and adopt other methods to implement the terms of the 2021 Scheme;
- (vii) to determine and adjust the standards and conditions of the vesting of the Awards as well as the Vesting Periods, evaluate and manage the performance indicators, and to determine whether Awards granted to the Selected Participants can be vested, and to delegate such authorization to the Management Committee;
- (viii) to determine the execution, amendment and termination of the 2021 Scheme, including the forfeiture of Awards and continued vesting of Award Shares upon the changes in circumstances pertaining to the Selected Participants;
- (ix) to construe and interpret the 2021 Scheme Rules and to resolve any issues and disputes arising from or in connection with the 2021 Scheme;
- (x) to exercise any other authorizations in relation to matters necessary to the implementation of the 2021 Scheme granted by the Shareholders' meeting from time to time;
- (xi) (i) to enter into the Trust Deed on behalf of the Company with the Trustee, pursuant to which the Trustee will provide trust services for the 2021 Scheme; (ii) to enter into the plan management agreement on behalf of the Company with Computershare Hong Kong Investor Services Limited, pursuant to which Computershare Hong Kong Investor Services Limited will provide plan management services in respect of the 2021 Scheme; and (iii) to set up a cash securities account under the name of the Company so as to facilitate the provision of trading services and trading platform for the Selected Participants of the 2021 Scheme by Computershare Hong Kong Investor Services Limited;

NOTICE OF EGM

(xii) to, during the validity period of such authorization, delegate its authority to administer the 2021 Scheme to the Management Committee formed by individuals including the Chairman and Chief Executive Officer Dr. Ge Li, the Vice Chairman and Global Chief Investment Officer Mr. Edward Hu, the co-Chief Executive Officer Dr. Steve Qing Yang, the vice president Dr. Minzhang Chen, the vice president Dr. Ning Zhao, and the persons-in-charge of the human resources department, the finance department and the legal department, to individually or collectively handle all matters in relation to the 2021 Scheme, including but not limited to:

- (a) matters in relation to the 2021 Scheme as set out in paragraphs (i) to (xi) above;
- (b) on behalf of the Company, execute all documents in relation to the operations of and other matters of the 2021 Scheme, or providing instructions to the Trustee in relation to its operations, the execution of relevant documents in relation to the setting up of the accounts, operations of the accounts, and the setting up and operations of the cash securities account with Computershare Hong Kong Investor Services Limited under the name of the Company, the release of Award Shares for the purpose of the vesting of the Awards, or the sale of Award Shares on-market at the prevailing market price and pay the proceeds arising from such sale to Selected Participants, or directing and procuring the Trustee to release the Award Shares to the Selected Participants by transferring the Award Shares to the Selected Participants as determined by them from time to time, and confirming, allowing and approving all matters precedent arising from or in relation to the Trust Deed and the plan management agreement; and
- (c) on behalf of the Company, approve, execute, refine, deliver, negotiate, agree on and agree to all such agreements, contracts, documents, regulations, matters and things (as the case may be) as it deems reasonable, necessary, desirable, appropriate or expedient, in order to implement and/or implement all transactions conducted accordingly, and make any reasonable alterations, amendments, changes, modifications and/or supplements as it deems necessary, desirable, appropriate or expedient. If there is a requirement to affix a company seal on any such agreement, contract or document, it has the right to sign the agreement, contract or document and affix the company seal in accordance with the Articles of Association in that case.

The aforementioned authorization to the Board and/or the Delegatee shall be valid for the Award Period.

NOTICE OF EGM

4. To consider and approve the proposed adoption of the 2021 Shareholder Alignment Incentive H Share Scheme.
5. To consider and approve the proposed grant of SAI Awards to the SAI Connected Selected Participants under the 2021 Shareholder Alignment Incentive H Share Scheme.
6. To consider and authorize the Board and/or the SAI Delegatee to handle matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme with full authority, including:
 - (i) to determine the terms and conditions of the grant of SAI Awards and the release of the SAI Award Pools, approve the form and content of the SAI Award Letter, select SAI Eligible Employees to become SAI Selected Participants, and grant SAI Awards under any of the SAI Award Pools to SAI Selected Participants from time to time;
 - (ii) to determine the monetary value of the SAI Award Pools, the number of SAI Award Shares, the SAI Grant Date and the Vesting Date of SAI Award Shares;
 - (iii) to administer, amend and adjust the 2021 Shareholder Alignment Incentive H Share Scheme, including but not limited to adjusting the number of outstanding SAI Award Shares or accelerate the SAI Vesting Dates of any SAI Awards granted under any of the SAI Award Pools (if such amendments require the approval of the Shareholders' meeting and/or relevant regulatory authorities pursuant to the relevant laws, regulations or requirements of the relevant regulatory authorities, the Board shall obtain the corresponding authorization for such amendments);
 - (iv) to establish the SAI Management Committee for the purpose of the 2021 Shareholder Alignment Incentive H Share Scheme and other H Share award related matters;
 - (v) to decide on the selection, engagement and change of bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the 2021 Shareholder Alignment Incentive H Share Scheme;
 - (vi) to sign, execute, amend and terminate all agreements and other relevant documents in connection with the 2021 Shareholder Alignment Incentive H Share Scheme, fulfill all relevant procedures in relation to the 2021 Shareholder Alignment Incentive H Share Scheme, and adopt other methods to implement the terms of the 2021 Shareholder Alignment Incentive H Share Scheme;

NOTICE OF EGM

- (vii) to determine and adjust the standards and conditions of the vesting of the SAI Awards granted under any of the SAI Award Pools as well as the SAI Vesting Periods, evaluate and manage the performance indicators, and to determine whether SAI Awards granted under any of the SAI Award Pools to the SAI Selected Participants can be vested, and to delegate such authorization to the SAI Management Committee;
- (viii) to determine the execution, amendment and termination of the 2021 Shareholder Alignment Incentive H Share Scheme, including the forfeiture of SAI Awards granted under any of the SAI Award Pools and continued vesting of SAI Award Shares upon the changes in circumstances pertaining to the SAI Selected Participants;
- (ix) to construe and interpret the 2021 Shareholder Alignment Incentive H Share Scheme Rules and to resolve any issues and disputes arising from or in connection with the 2021 Shareholder Alignment Incentive H Share Scheme;
- (x) to exercise any other authorizations in relation to matters necessary to the implementation of the 2021 Shareholder Alignment Incentive H Share Scheme granted by the Shareholders' meeting from time to time;
- (xi)
 - (a) to enter into the SAI Trust Deed on behalf of the Company with the SAI Trustee, pursuant to which the SAI Trustee will provide trust services for the 2021 Shareholder Alignment Incentive H Share Scheme;
 - (b) to enter into the plan management agreement on behalf of the Company with Computershare Hong Kong Investor Services Limited, pursuant to which Computershare Hong Kong Investor Services Limited will provide plan management services in respect of the 2021 Shareholder Alignment Incentive H Share Scheme; and
 - (c) to set up a cash securities account under the name of the Company so as to facilitate the provision of trading services and trading platform for the SAI Selected Participants of the 2021 Shareholder Alignment Incentive H Share Scheme by Computershare Hong Kong Investor Services Limited;

NOTICE OF EGM

(xii) to, during the validity period of such authorization, delegate its authority to administer the 2021 Shareholder Alignment Incentive H Share Scheme to the SAI Management Committee formed by individuals including the Chairman and Chief Executive Officer Dr. Ge Li, the Vice Chairman and Global Chief Investment Officer Mr. Edward Hu, the co-Chief Executive Officer Dr. Steve Qing Yang, the vice president Dr. Minzhang Chen, the vice president Dr. Ning Zhao and the persons-in-charge of the human resources department, the finance department and the legal department, to individually handle all matters in relation to the 2021 Shareholder Alignment Incentive H Share Scheme with full authority, including but not limited to:

- (a) matters in relation to the 2021 Shareholder Alignment Incentive H Share Scheme as set out in paragraphs (i) to (xi) above;
- (b) on behalf of the Company, execute all documents in relation to the operations of and other matters of the 2021 Shareholder Alignment Incentive H Share Scheme, or providing instructions to the SAI Trustee in relation to its operations, the execution of relevant documents in relation to the setting up of the accounts, operations of the accounts, and the setting up and operations of the cash securities account with Computershare Hong Kong Investor Services Limited under the name of the Company, the release of SAI Award Shares for the purpose of the vesting of the SAI Awards granted under any of the SAI Award Pools, or the sale of SAI Award Shares on-market at the prevailing market price and pay the proceeds arising from such sale to SAI Selected Participants, or directing and procuring the SAI Trustee to release the SAI Award Shares to the SAI Selected Participants by transferring the SAI Award Shares to the SAI Selected Participants as determined by them from time to time, and confirming, allowing and approving all preceding matters arising from or in relation to the SAI Trust Deed and the plan management agreement; and
- (c) on behalf of the Company, approve, execute, refine, deliver, negotiate, agree on and agree to all such agreements, contracts, documents, regulations, matters and things (as the case may be) as it deems reasonable, necessary, desirable, appropriate or expedient, in order to implement and/or implement all transactions conducted accordingly, and make any reasonable alterations, amendments, changes, modifications and/or supplements as it deems necessary, desirable, appropriate or expedient. If there is a requirement to affix a company seal on any such agreement, contract or document, it has the right to sign the agreement, contract or document and affix the company seal in accordance with the Articles of Association in that case.

NOTICE OF EGM

The aforementioned authorization to the Board and/or the SAI Delegatee shall be valid for the SAI Award Period.

SPECIAL RESOLUTIONS

7. To consider and approve the proposed change of registered capital of the Company.
8. To consider and approve the proposed amendments to the Articles of Association, details of which are set out in the Circular:

“**THAT:**

- (a) the proposed amendments to the Articles of Association be and are hereby approved and confirmed; and
- (b) the Board be and is hereby authorised to further authorise the chairman of the Board or other persons as further authorized by him to handle relevant filing and registration procedures with competent authorities in relation to the proposed amendments to the Articles of Association.”

Details of the above resolutions proposed at the EGM are contained in the Circular, which is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wuxiapptec.com.cn).

By order of the Board
WuXi AppTec Co., Ltd. *
Dr. Ge Li
Chairman

Hong Kong, August 10, 2021

As of the date of this notice, the Board comprises Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang and Dr. Ning Zhao as executive Directors, Mr. Xiaomeng Tong and Dr. Yibing Wu as non-executive Directors and Dr. Jiangnan Cai, Ms. Yan Liu, Mr. Dai Feng, Dr. Hetong Lou and Mr. Xiaotong Zhang as independent non-executive Directors.

* For identification purpose only

NOTICE OF EGM

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant Form of Proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the Form of Proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 24 hours before the time appointed for the meeting or the adjourned meeting (as the case may be) (i.e. not later than 2:00 p.m. on Sunday, August 29, 2021 (Hong Kong time)). Completion and return of the Form of Proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Wednesday, August 25, 2021 to Monday, August 30, 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 H Share Registrar in Hong Kong, 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, August 24, 2021.
5. References to time and dates in this notice are to Hong Kong time and dates.