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If you are in doubt about this circular, you should consult your stockbroker, other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jiangsu Hengrui Pharmaceuticals Co., Ltd.**, you should at once hand this circular together with the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Jiangsu Hengrui Pharmaceuticals Co., Ltd.

江蘇恒瑞醫藥股份有限公司

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

(Stock code: 1276)

**(1) PROPOSED ADOPTION OF
THE 2025 A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME
(2) PROPOSED ADOPTION OF
THE ADMINISTRATIVE MEASURES FOR
THE 2025 A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME
(3) PROPOSED AUTHORIZATION TO
THE BOARD TO DEAL WITH MATTERS RELATING TO
THE 2025 A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME
(4) PROPOSED APPOINTMENT OF INTERNATIONAL AUDITOR
AND
NOTICE OF THE 2025 FIRST EXTRAORDINARY SHAREHOLDERS'
MEETING**

A notice convening the Shareholders' Meeting of Jiangsu Hengrui Pharmaceuticals Co., Ltd. to be held on Tuesday, September 16, 2025 at 2:30 p.m. at No. 1288, Haik Road, Pudong New Area, Shanghai, PRC is set out in this circular. A form of proxy for use at the Shareholders' Meeting is also enclosed and published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.hengrui.com).

Shareholders who intend to appoint a proxy to attend the Shareholders' Meeting shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the Shareholders' Meeting (i.e. not later than 2:30 p.m. on Monday, September 15, 2025) or any adjournment thereof (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 Shareholders' Meeting if they so wish.

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

August 26, 2025

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DEFINITIONS

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

“A Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each and listed on the Shanghai Stock Exchange and traded in RMB
“Administrative Measures”	the Administrative Measures for the 2025 A Share Employee Stock Ownership Scheme of the Company
“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Company”	Jiangsu Hengrui Pharmaceuticals Co., Ltd. (江蘇恒瑞醫藥股份有限公司), a joint stock company with limited liability established in the PRC on April 28, 1997, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1276) and the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 600276)
“Company Law”	the Company Law of the PRC, as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Duration Period”	the period commencing from the date when the draft Employee Stock Ownership Scheme is considered and approved at the Shareholders’ meeting of the Company and the Company announces the transfer of the last tranche of the Underlying Shares to the Employee Stock Ownership Scheme, until the date when all the Shares of the Company held by the Employee Stock Ownership Scheme are fully sold or transferred to the Holders under the Employee Stock Ownership Scheme and the assets of the Employee Stock Ownership Scheme are liquidated and distributed in accordance with the provisions of the Employee Stock Ownership Scheme

DEFINITIONS

“Employee Stock Ownership Scheme”, “Stock Ownership Scheme” or “the Scheme”	the 2025 A Share Employee Stock Ownership Scheme of the Company
“Group”	the Company and its subsidiaries
“Guiding Opinions”	the Guiding Opinions on the Implementation of Employee Stock Ownership Scheme by Listed Companies on a Pilot Basis (《關於上市公司實施員工持股計劃試點的指導意見》)
“H Share(s)”	overseas-listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each which are subscribed for and traded in Hong Kong Dollars and listed on the Main Board of the Hong Kong Stock Exchange
“Holder(s)”, “Target Holder(s)” or “Participant(s)”	employees of the Company who participate in the subscription of Shares under the Employee Stock Ownership Scheme
“Holders’ Meeting(s)”	the Holders’ meeting(s) of the Employee Stock Ownership Scheme
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Lock-up Period”	the period during which the conditions for the Holders to vest their rights under the Employee Stock Ownership Scheme has not been met, and the granted units cannot be transferred or disposed of, commencing from the date when the draft Employee Stock Ownership Scheme is considered and approved at the Shareholders’ meeting of the Company and the Company announces the transfer of the corresponding tranche of Underlying Shares to the Employee Stock Ownership Scheme

DEFINITIONS

“Management Committee”	the management committee of the Employee Stock Ownership Scheme
“Notice of Shareholders’ Meeting”	the notice of the Shareholders’ Meeting dated August 26, 2025
“PRC” or “China”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the PRC, as amended from time to time
“Self-regulation Guidance No. 1”	the Self-regulatory Guideline No. 1 for Companies Listed on the Shanghai Stock Exchange – Standardised Operation
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Shareholders’ Meeting”	the 2025 first extraordinary shareholders’ meeting of the Company to be held at 2:30 p.m. on Tuesday, September 16, 2025
“Supervisor(s)”	the supervisor(s) of the Company
“Underlying Share(s)”	A Shares legally acquired and held under the Employee Stock Ownership Scheme
“%”	per cent.

In this circular, unless the context otherwise requires, any reference to the singular includes the plural and vice versa and any reference to a gender includes a reference to the other gender and the neuter. Further, certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain paragraphs and tables in this circular may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD



Jiangsu Hengrui Pharmaceuticals Co., Ltd.

江蘇恒瑞醫藥股份有限公司

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

(Stock code: 1276)

Executive Directors:

Mr. Sun Piaoyang
Mr. Dai Hongbin
Ms. Feng Ji
Mr. Zhang Lianshan
Mr. Jiang Frank Ningjun
Mr. Sun Jieping

Non-Executive Director:

Ms. Guo Congzhao

Independent Non-executive Directors:

Mr. Dong Jiahong
Mr. Zeng Qingsheng
Mr. Sun Jinyun
Mr. Chow Kyan Mervyn

*Registered Office
in the PRC:*

No. 38 Huanghe Road
Economic and Technological
Development Zone
Lianyungang City
Jiangsu Province
PRC

*Principal Place of Business
in Hong Kong:*

Room 1920, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

August 26, 2025

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED ADOPTION OF
THE 2025 A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME
(2) PROPOSED ADOPTION OF
THE ADMINISTRATIVE MEASURES FOR
THE 2025 A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME
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(4) PROPOSED APPOINTMENT OF INTERNATIONAL AUDITOR
AND
NOTICE OF THE 2025 FIRST EXTRAORDINARY SHAREHOLDERS'
MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated August 26, 2025 in relation to, among other things, (a) the proposed adoption of the Stock Ownership Scheme; (b) the proposed adoption of the Administrative Measures; (c) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Scheme; and (d) the proposed appointment of international auditor.

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The purpose of this circular is to provide you with the notice of the Shareholders' Meeting and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the Shareholders' Meeting.

II. DETAILS OF THE ORDINARY RESOLUTIONS

(1) Proposed Adoption of the 2025 A Share Employee Stock Ownership Scheme

1. Principal Terms of the Stock Ownership Scheme

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

A. Purpose of the Scheme

The Company implemented the Scheme to establish and improve the mechanism for sharing benefits between the Company, its Shareholders and its employees, motivate the enthusiasm and creativity of employees, enhance employee cohesion and the Company's competitiveness, which in return will promote the long-term, sustainable and healthy development of the Company.

B. Participants and Criteria for Determination of Participation in the Scheme

1. Legal Basis for Determining Holders of the Scheme

The Participants of the Scheme are determined in accordance with the relevant laws, such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guiding Opinions, the Self-disciplinary Supervisory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 – Standardised Operation, administrative regulations, rules, normative documents and relevant provisions of the articles of association of the Company.

2. Basis for Determination of Target Holders

The Target Holders under the Employee Stock Ownership Scheme shall be employees of the Company, who shall participate in the Employee Stock Ownership Scheme on a legal, compliant, and voluntary basis at their own risks. All Target Holders must be employed by, receive remuneration from, and have signed an employment contract with or be otherwise employed by the Company or its subsidiaries. The Target Holders under the Employee Stock Ownership Scheme shall fall within one of the following criteria:

1. Directors (excluding independent Directors), Supervisors or senior management of the Company;

LETTER FROM THE BOARD

2. Core management personnel or key employees of the Company or its subsidiaries;
3. Other employees that the Board considers necessary to be incentivised.

3. Information on the Holders under the Employee Stock Ownership Scheme

The total number of employees participating in the Employee Stock Ownership Scheme is expected to be less than 1,316 (excluding reserved units), of which the total number of Directors (excluding independent Directors), Supervisors, and senior management of the Company shall not exceed 9 (excluding reserved units). The specific number of Participants and final subscription amounts will be determined based on the actual subscription status by employees.

The information on the Target Holders under the Employee Stock Ownership Scheme and their units held is as follows:

Holders	Maximum number of units to be subscribed and held <i>(ten thousand)</i>	Proportion to the total number of units of the Employee Stock Ownership Scheme <i>(%)</i>
Directors (excluding independent Directors), Supervisors, senior management of the Company (a total of 9 persons): Dai Hongbin, Feng Ji, Zhang Lianshan, Jiang Frank Ningjun, Sun Jieping, Lau Kin Chun, Liu Xiaohan, Xiong Guoqiang, Xu Yu	72.2	5.16
Core management personnel and key employees of the Company	1,312.8	93.77
Reserved shares	15	1.07
Total	1,400	100

Note: The maximum number of subscribers and shares subscribed by each category of Holders does not include reserved units.

Where a Holder fails to pay the subscription funds in full on time, he/she will automatically lose the corresponding subscription rights, and his/her proposed subscription shares may be subscribed by other eligible Target Holders or adjusted to the Company's reserved units. The Management Committee is authorised by the Board to adjust the list of Target Holders and their subscription units.

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The final number and the list of Participants and their number of shares subscribed under the Scheme shall be subject to the actual payment of the employees.

C. Size, Source of Funds, Source of Shares and Purchase Price of the Employee Stock Ownership Scheme

1. Size of the Employee Stock Ownership Scheme

Under the Employee Stock Ownership Scheme, the Company shall repurchase no more than 14 million A Shares (including reserved units), representing 0.21% of the total share capital of the Company as at the date of the announcement of the draft Employee Stock Ownership Scheme. The final number of Underlying Shares held under the Employee Stock Ownership Scheme shall be subject to the actual implementation of the Scheme. The Company will promptly fulfil its information disclosure obligations in accordance with the relevant regulations.

During the period from the announcement date of the Board resolution to review the draft Scheme to the completion date of the transfer of repurchased shares under the Scheme, should there be any issuance of rights or dividends, such as conversion of capital reserves into share capital, gift of shares, or payment of dividends, the number and price of the Underlying Shares shall be adjusted accordingly.

After the implementation of the Scheme, the total number of shares held by all valid employee stock ownership schemes of the Company shall not exceed 10% of the total share capital of the Company in aggregate, and the number of underlying shares corresponding to all such schemes held by any individual holder shall not exceed 1% of the total share capital of the Company. The total number of shares held under the such schemes does not include shares acquired by the employee prior to the initial public offering and listing of the Company, the shares purchased by the employees themselves through the secondary market and the shares acquired through equity incentives.

2. Sources of Funds for the Scheme

The source of funds for the Scheme shall be legitimate remuneration of employees, self-financing and other means permitted by laws and regulations. The Company does not provide any financial assistance such as advance payment, guarantee, loan, etc. to the Participants. No arrangement has been made by third parties to provide any rewards, funding, subsidies or catch-all payments to the Participants under the Scheme.

The Holders of the Scheme shall pay the subscription funds in full and on time for their subscription units. The Company shall notify all Participants uniformly of the payment schedule of the Scheme. Where the Holder fails to pay the subscription funds in full on time, the corresponding subscription rights shall automatically lapse.

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3. Sources of Shares for the Scheme

The source of shares for the Scheme is the repurchased A Shares of the Company in the designated securities repurchase account of the Company. After the establishment of this Employee Stock Ownership Scheme, it is intended that the Company may repurchase the Underlying Shares held in the Company's designated securities repurchase account by way of non-trading transfers.

4. Employee Stock Ownership Scheme Purchase Price and Pricing Basis

After the establishment of this Employee Stock Ownership Scheme, it is intended that the Company may repurchase the Underlying Shares held in the Company's designated securities repurchase account by way of non-trading transfers at a purchase price of RMB30.95 per share, which shall be no less than the par value of the Shares of the Company and no less than the higher of the following:

1. 50% of the average trading price of A Shares of the Company on the trading day before the announcement of the draft Scheme;
2. 50% of the average trading price of A Shares of the Company on the 120 trading days before the announcement of the draft Scheme.

During the period from the announcement date of the Board resolution to review the draft Scheme to the completion date of the transfer of repurchased shares under the Scheme, should there be any issuance of rights or dividends, such as conversion of capital reserves into share capital, gift of shares, or payment of dividends, the number and price of the aforementioned purchase price shall be adjusted accordingly.

To establish and improve the long-term incentive mechanism of the Company, enhance the mechanism for sharing interests and risks between employees and all Shareholders, fully motivate the enthusiasm and creativity of employees, attract and retain outstanding management talents and key business personnel, further enhance employee cohesion and our competitiveness, which in return will promote the long-term, sustainable, and healthy development of the Company, the purchase price under the Employee Stock Ownership Scheme involves a partial discount compared to the current market price. This helps to encourage employees to participate in the Employee Stock Ownership Scheme, which in turn improves the participation and coverage of employee stock ownership. As such, employees' interests would be deeply intertwined with corporate interests, thereby fully realising the incentive effect.

In summary, on the basis of legality and compliance, having considered comprehensive factors such as the industry in which the Company operates, the current competition landscape for talents, cost of incentives, and the willingness of the core team to participate, the purchase price has been finally determined. At the same time, to combine incentives with restrictions, the Company has set a three-year performance target

LETTER FROM THE BOARD

and a Lock-up Period, effectively aligning the interests of the incentive recipients with those of the Company and its Shareholders, thereby promoting the Company's long-term development. Therefore, the Employee Stock Ownership Scheme fully reflects the basic principle of "self-responsibility for profits and losses, self-assumption of risks" in the Guiding Opinions, and the pricing method of the transfer price is reasonable.

D. Duration Period, Lock-Up Period and Appraisal Criteria of the Scheme

1. Duration Period of the Scheme

The Duration Period of the Scheme shall be 60 months, commencing from the date when the Scheme is considered and approved at the Shareholders' meeting of the Company and the Company announces the transfer of the last tranche of the Underlying Shares to the Scheme. When the Duration Period expires and is not further extended, the Scheme shall terminate automatically. Early termination or extension may be granted upon approval by the Board. Early termination may be granted if all Shares under the Employee Stock Ownership Scheme are sold or transferred during the Duration Period.

Within two months prior to the expiration of the Duration Period of the Scheme, in case that there remains unsold or untransferred shares of the Company held by the Scheme, the Duration Period of the Scheme may be extended with the consent of more than two-thirds of the Holders who attend the Holders' Meeting and the approval of the Board.

Where the shares in the Company held under the Scheme cannot be fully disposed of before the expiration of the Duration Period due to the suspension of trading of Shares or a relatively short window period, the Duration Period of the Scheme may be extended with the consent of more than two-thirds of the Holders who attend the Holders' Meeting and the approval of the Board.

2. Lock-up Period of the Scheme

The Lock-up Period of the Underlying Shares obtained via the Scheme shall start from the date on which the Company announces the transfer of the corresponding tranche of Underlying Shares to the Scheme, in three phases over a period of 12 months, 24 months and 36 months. The proportion of Underlying Shares unlocked in each phase shall be 40%, 30% and 30%. Details are as follows:

Phase 1 of Unlock: 12 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 40% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

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Phase 2 of Unlock: 24 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 30% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

Phase 3 of Unlock: 36 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 30% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

The Underlying Shares of the Scheme derived from the payment of dividends or conversion of capital reserves into share capital of the listed company shall also comply with the above lock-up arrangement.

The trading restrictions on the Scheme shall be implemented in accordance with the latest revised relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange.

E. Management Model of the Scheme

The Scheme adopts a self-management model. The internal entity with the highest management authority of the Scheme is the Holders' Meeting, which is composed of all Holders of the Scheme. The Management Committee of the Scheme is elected through the Holders' Meeting and is authorised to oversee the daily management of the Scheme. The Management Committee exercises of Shareholders' rights on behalf of the Holders or authorises the management institutions to exercise Shareholders' rights, safeguard the legitimate rights and interests of the Holders of the Scheme and ensure the security of assets of the Scheme.

The "Administrative Measures for the 2025 A Share Employee Stock Ownership Scheme" of the Company clearly defines the responsibilities of the Management Committee and implements comprehensive risk prevention and isolation measures. The Board is responsible for formulating and revising the draft Scheme and handling other matters related to the Scheme within the scope of authorisation of the Shareholders' meeting. Depending on the implementation of this Employee Stock Ownership Scheme, qualified professional organisations may be engaged to provide consulting, management, and other services for the Scheme.

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F. Distribution of Rights and Interests During the Duration Period

1. The Holders of the Employee Stock Ownership Scheme shall be entitled to the asset-related rights and interests of the Shares held by the Employee Stock Ownership Scheme in proportion to their actual capital contribution. Holders shall enjoy Shareholder rights through the corresponding Shares obtained via the Employee Stock Ownership Scheme (including dividend rights, rights issue rights, conversion of capital reserve to share capital and other asset-related rights and interests).
2. Within the Duration Period of the Employee Stock Ownership Scheme, unless otherwise specified by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the Holders, without authorisation, shall not unilaterally withdraw from, transfer, or use as collateral, pledge, guarantee, for debt repayment or other similar disposals, the units held by them under the Employee Stock Ownership Scheme.
3. The Holders shall not require any distributions of the rights and interests of the Employee Stock Ownership Scheme within the Lock-up Period.
4. In the event of conversion of capital reserve into share capital and distribution of bonus shares by the Company within the Lock-up Period, the new Shares obtained under the Employee Stock Ownership Scheme as a result of holding the Company's Shares shall be locked up, and shall not be disposed of in the secondary market or transferred by other means. The unlocking period of such Shares shall be the same as that of the corresponding Shares.
5. Upon the expiry of the Lock-up Period of the Employee Stock Ownership Scheme and within the Duration Period, the Management Committee, based on the authorisation of the Holders' Meeting, shall sell the corresponding Underlying Shares or transfer them to the Holders of units under the current Employee Stock Ownership Scheme in due course within the Duration Period after the unlocking date of the Employee Stock Ownership Scheme.
6. Within the Duration Period of the Employee Stock Ownership Scheme, when the Underlying Shares held by the Employee Stock Ownership Scheme are disposed of for cash or other distributable income is obtained, the Employee Stock Ownership Scheme may make distributions in each fiscal year. The Management Committee shall, after legally deducting relevant taxes, fees and payable amounts of the Scheme, distribute the earnings in proportion to the units held by the Holders to the total units of the Scheme.

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7. Within the Duration Period, when the Company distributes cash dividends or pays dividends, the cash dividends obtained by the Employee Stock Ownership Scheme from holding the Company's Shares shall be recorded as monetary assets of the Employee Stock Ownership Scheme and shall not be distributed temporarily. Upon expiration of the Lock-up Period of the Employee Stock Ownership Scheme, the cash dividends shall be distributed in proportion to the units held by the Holders after deducting corresponding expenses according to law.
8. In the event of other unspecified matters, the disposal method of the units held by the Holders under the Employee Stock Ownership Scheme shall be determined by the Management Committee.

G. Changes and Termination of the Scheme

1. Alteration of the Scheme

During the Duration Period of the Scheme, any alteration to the Scheme shall be subject to the consent of more than two-thirds of the Holders who attend the holders' meeting and shall be submitted to the Board for consideration and approval before implementation.

2. Termination of the Scheme

1. The Scheme shall terminate automatically upon expiration of the Duration Period.
2. After the expiration of the Lock-up Period, the Scheme may be terminated in advance upon completion of the relevant procedures when all the Underlying Shares held by the Scheme are sold or transferred.

Details of the Stock Ownership Scheme are set out in Appendix I to this circular. The Stock Ownership Scheme was prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the Stock Ownership Scheme, the Chinese version shall prevail.

2. *Approval of the Stock Ownership Scheme by the Board and the Shareholders at the Shareholders' Meeting*

The resolution in relation to the adoption of the Stock Ownership Scheme was considered and approved at the meeting of the Board held on August 20, 2025. On the same date, the Board has also resolved to propose the Stock Ownership Scheme to be approved by the Shareholders at the Shareholders' Meeting. An ordinary resolution will be proposed at the Shareholders' Meeting to consider and, if thought fit, approve the adoption of the Stock Ownership Scheme.

LETTER FROM THE BOARD

As Participants of the Employee Stock Ownership Scheme, Mr. Dai Hongbin, Ms. Feng Ji, Mr. Zhang Lianshan, Mr. Jiang Frank Ningjun and Mr. Sun Jieping have a material interest in the Employee Stock Ownership Scheme and have abstained from voting on the Board resolution approving the Stock Ownership Scheme.

Save as aforesaid, no Directors have abstained from voting on the relevant Board resolution due to their participation in the Stock Ownership Scheme. No Directors have a material interest in the Stock Ownership Scheme.

3. Purpose and Reasons for and Benefits of the Adoption of the Stock Ownership Scheme

The purpose of the Stock Ownership Scheme is to enhance the cohesion of employees and the competitiveness of the Company, and mobilize the enthusiasm and creativity of employees by holding the Shares, establishing and improving the benefit sharing mechanism for employees and Shareholders, and improving corporate governance, and ultimately to promote the long-term, sustainable and healthy development of the Company. The Stock Ownership Scheme is formulated in accordance with the relevant rules and regulations and the Articles of Association.

The Company is of the view that the adoption and implementation of the Stock Ownership Scheme is beneficial to the Company and its Shareholders as a whole, and the terms and conditions of the Stock Ownership Scheme are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given the nature of the business of the Company and the highly competitive industry in which it operates, it is extremely important for the Company to recruit and retain talents, and the Company's long-term development plan will highly depend on the loyalty and contribution of the participants. The Stock Ownership Scheme is considered a critical component of the Company's employee appraisal system and effectively aligns the employee's achievements at the individual level with the Company's overall performance. The Company is of the view that the adoption of the Stock Ownership Scheme will help the Company to achieve the aforesaid goals.

4. Hong Kong Listing Rules Implications

The Employee Stock Ownership Scheme does not involve the grant by the Company (or any of its subsidiaries) of new A Shares or options for new A Shares, or the issuance of A Shares. As the Employee Stock Ownership Scheme involves existing Shares, it shall be subject to Rule 17.12 under Chapter 17 of the Hong Kong Listing Rules.

The Target Holders involve certain Directors, Supervisors and chief executive of the Company. Any grant to Directors, Supervisors and chief executive of the Company pursuant to the Employee Stock Ownership Scheme will constitute (at the time of grant) a connected transaction under Chapter 14A of the Hong Kong Listing Rules. As all of the applicable percentage ratios (as defined in the Hong Kong Listing Rules) on an individual basis are less than 0.1%, such connected transactions will be fully exempt from Shareholders' approval, annual review and all disclosure requirements. Save for the above fully exempt connected

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transactions, the participation of other Holders in the Employee Stock Ownership Scheme does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules. In case of reallocation of any granted Shares to any connected persons of the Company and such reallocation constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules, the Company will comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules.

(2) Proposed Adoption of the Administrative Measures for the 2025 A Share Employee Stock Ownership Scheme

To ensure the smooth implementation of the Stock Ownership Scheme, the Administrative Measures have been formulated in accordance with the provisions of the relevant laws, regulations and regulatory documents, including the Company Law, the Securities Law, the Guiding Opinions, the Self-regulation Guidance No. 1, the Hong Kong Listing Rules, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Articles of Association and the Stock Ownership Scheme.

The full text of Administrative Measures is set out in Appendix II to this circular. The Administrative Measures were prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the Administrative Measures, the Chinese version shall prevail.

An ordinary resolution will be proposed at the Shareholders' Meeting to consider and, if thought fit, approve the proposed adoption of the Administrative Measures.

(3) Proposed Authorization to the Board to deal with matters relating to the 2025 A Share Employee Stock Ownership Scheme

To ensure the smooth implementation of the Stock Ownership Scheme, it is proposed at the Shareholders' Meeting that the Board shall be authorized to handle all matters relating to the Stock Ownership Scheme, including but not limited to the following:

- (a) To authorise the board to be responsible for the implementation of the Scheme;
- (b) To authorise the board to handle the amendments to and termination of the Employee Stock Ownership Scheme;
- (c) To authorise the board to make decisions on the extension of the Duration Period and early termination of the Scheme;
- (d) To authorise the board to amend and interpret the Draft Scheme and the Administrative Measures of Employee Stock Ownership Scheme;

LETTER FROM THE BOARD

- (e) To authorise the board to decide on matters related to the Employee Stock Ownership Scheme participating in the Company's rights issues and other refinancing matters within the Duration Period;
- (f) To authorise the board to change the criteria for determining the Participants of the Employee Stock Ownership Scheme;
- (g) To authorise the board to determine and change the management methods and means of the Employee Stock Ownership Scheme;
- (h) To authorise the board to handle all procedures relating to the securities and capital accounts involved in the Employee Stock Ownership Scheme, as well as the lock-up, unlocking and distribution of transferred Shares;
- (i) To authorise the board to formulate and sign contracts and agreements related to the Employee Stock Ownership Scheme;
- (j) The board is authorised to make corresponding adjustments to the Employee Stock Ownership Scheme in accordance with the new laws, regulations and policies upon any change thereof within the Duration Period after the approval of the Scheme by the shareholders' meeting;
- (k) To propose to the shareholders' meeting to authorise the board to deal with any matters related to announcements, circulars, etc. required to be disclosed on the website of SSE (www.sse.com.cn) or the website of SEHK (<https://www.hkexnews.hk>), and to deal with any compliance matters related to the Scheme with the SSE or SEHK;
- (l) To authorise the board of directors to handle other necessary matters required by the Scheme, except for the rights that shall be exercised by the shareholders' meeting as stipulated in the relevant laws, regulations, normative documents and articles of association.

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

An ordinary resolution will be proposed at the Shareholders' Meeting to consider and, if thought fit, approve the proposed authorization to the Board to deal with matters relating to the Stock Ownership Scheme.

LETTER FROM THE BOARD

(4) Proposed Appointment of International Auditor

Reference is made to the announcement of the Company dated August 20, 2025 in relation to, among others, the proposed appointment of international auditor of the Company by the Board.

At the 18th meeting of the 9th session of the Board convened on August 20, 2025, the Board, with the recommendation of the Audit Committee, proposed for Shareholders to appoint Ernst & Young (“EY”) as the international auditor of the Company for the year 2025, responsible for auditing the 2025 financial statements of the Company prepared in accordance with International Financial Reporting Standards, for a term of one year. The Board requests shareholders confer authorization upon the management to adjust and finalize the audit fee. This determination will be based on prevailing market conditions, the specific scope of audit services rendered, the overall workload involved, and the fee structure standards set forth by the accounting firm.

EY is a professional services firm specialising in audit, advisory, tax, and strategy and transactions. In addition to auditing experience in various fields, EY is qualified to audit financial statements of listed companies prepared in accordance with International Financial Reporting Standards, and complies with the relevant requirements of the Hong Kong Stock Exchange. EY served as the reporting accountant for the initial public offering of overseas-listed foreign shares (H Shares) of the Company and its listing on the Main Board of the Hong Kong Stock Exchange.

In proposing the appointment of EY as the international auditor of the Company, the Company has considered:

1. EY acted as the international auditor and reporting accountant of the Company’s initial public offering of its H Shares on the Hong Kong Stock Exchange and provided professional services that effectively assist the listing of the Company’s H Shares on the Main Board of the Hong Kong Stock Exchange; and
2. to ensure the continuity of annual auditing work of the Company.

The basic information of the EY is as follows:

I Agency Details

1. General Information

EY is a partnership established under the laws of Hong Kong, wholly owned by its partners, providing professional services including audit, tax, and advisory services since 1976. It provides audit services to numerous listed companies in Hong Kong across sectors including banking, insurance, and securities. As a member of the EY global network since inception, EY operates as an independent legal entity, distinct from Ernst & Young Hua Ming LLP.

LETTER FROM THE BOARD

2. *Investor Protection Capability*

Since October 1, 2019, EY has been registered as a public interest entity auditor under the *Hong Kong Accounting and Financial Reporting Council Ordinance*. Additionally, it has been approved by the Ministry of Finance of the People's Republic of China to obtain a license to perform audit operations in Chinese mainland on temporary basis, and is registered with the U.S. Public Company Accounting Oversight Board (PCAOB) and the Japanese Financial Services Authority (FSA) to conduct related audit engagements. EY purchases occupational insurance annually in accordance with relevant laws and regulations.

3. *Integrity and Compliance Record*

An annual inspection of EY as a public interest entity auditor have been conducted by the Hong Kong Accounting and Financial Reporting Council (AFRC) since 2020, prior to which the Hong Kong Institute of Certified Public Accountants (HKICPA) conducted similar independent inspection. No material findings impacting EY's audit engagements have been identified in the past three years.

III. THE SHAREHOLDERS' MEETING

The Shareholders' Meeting will be held on Tuesday, September 16, 2025 at 2:30 p.m. at No. 1288, Haik Road, Pudong New Area, Shanghai, PRC.

The Notice of Shareholders' Meeting is set out on pages N-1 to N-2 of this circular and has been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.hengrui.com).

IV. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The register of members of H Shares will be closed from Thursday, September 11, 2025 to Tuesday, September 16, 2025, both days inclusive, during which period no transfer of H Shares shall be registered, in order to determine the holders of the H Shares who are entitled to attend and vote at the forthcoming Shareholders' Meeting to be held on Tuesday, September 16, 2025. The record date will be Tuesday, September 16, 2025.

To be eligible to attend and vote at the Shareholders' Meeting, all properly completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, September 10, 2025 for registration.

LETTER FROM THE BOARD

V. PROXY ARRANGEMENT

The form of proxy of the Shareholders' Meeting is enclosed and published on the websites of the Hong Kong Stock Exchange and the Company.

If you intend to appoint a proxy to attend the Shareholders' Meeting, you are required to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 24 hours before the time fixed for holding the Shareholders' Meeting (i.e. not later than 2:30 p.m. on Monday, September 15, 2025) or any adjourned meeting(s) thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Shareholders' Meeting or at any other adjourned meeting(s) should you so wish.

VI. VOTING BY POLL

Any vote of Shareholders at the Shareholders' Meeting must be taken by poll except where the chairman of the Shareholders' Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company shall publish the poll results announcement in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules. Accordingly, the chairman of the Shareholders' Meeting will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the Shareholders' Meeting.

As at the date of this circular, Mr. Dai Hongbin, Mr. Zhang Lianshan, Mr. Sun Jieping and Ms. Liu Xiaohan, being both Participants and Shareholders of the Company, shall abstain from voting on Resolutions 1, 2 and 3 at the extraordinary Shareholders' meeting. In addition, other relevant Shareholders interested in the Employee Stock Ownership Scheme who actually hold Shares in the Company on the date of the extraordinary Shareholders' meeting shall also abstain from voting on the aforementioned resolutions.

As at the date of this circular, save as disclosed above, to the best knowledge, information and belief of the Directors, no Shareholder is required to abstain from voting on the proposed resolutions at the extraordinary Shareholders' meeting.

VII. RECOMMENDATION

The Board considers that all the resolutions proposed at the Shareholders' Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of these proposed resolutions.

LETTER FROM THE BOARD

VIII. RESPONSIBILITY STATEMENT

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

By order of the Board
Jiangsu Hengrui Pharmaceuticals Co., Ltd.
Mr. Sun Piaoyang
Chairman

**JIANGSU HENGRUI PHARMACEUTICALS CO., LTD.
2025 A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME
(DRAFT)**

August, 2025

STATEMENT

The Company and all directors warrant that the Scheme and its summary do not contain any false records, misleading statements or material omissions, and shall bear joint and several legal liabilities for the truthfulness, accuracy and completeness thereof.

SPECIAL NOTICE

The abbreviations of the terms used in this section shall be consistent with the “Definitions” section.

1. The 2025 A share Employee Stock Ownership Scheme of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (江蘇恒瑞醫藥股份有限公司) (Draft) and its summary are formulated by the Company in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guiding Opinions on the Implementation of Schemes by Listed Companies on a Pilot Basis, the Self-disciplinary Supervisory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 – Standardised Operation and other relevant laws, administrative regulations, rules and normative documents and the provisions of the Articles of Association of the Jiangsu Hengrui Pharmaceuticals Co., Ltd..
2. The Scheme follows the principles of compliance with the law, voluntary participation at their own risk, with no employees being forced to participate in the Scheme by way of apportionment or forced distribution, etc..
3. The Participants of the Scheme are the directors (excluding independent directors), supervisors, senior management personnel, core management personnel and key employees of the Company and its subsidiaries, and other employees that the Company’s board of directors believes should be incentivized. The total number of employees participating in the Employee Stock Ownership Scheme shall be less than 1,316 (excluding reserved units), of which the total number of directors (excluding independent directors), supervisors and senior management personnel of the Company shall not exceed 9 (excluding reserved units). The specific number of Participants and final subscription amounts will be determined based on the actual subscription status by the employees.
4. The source of funds for the Scheme shall be legitimate remuneration of employees, self-financing and other means permitted by laws and regulations. The Company does not provide any financial assistance such as advance payment, guarantee, loan, etc. to the Participants. No arrangement has been made by third parties to provide any rewards, funding, subsidies or catch-all payments to the Participants under the Scheme.
5. The source of the Underlying Shares for the Scheme shall be A shares that have been repurchased in the Company’s designated securities repurchase account. The Company shall repurchase no more than 14 million A shares (including reserved units), representing 0.21% of the total share capital of the Company as at the date of announcement of the Draft Scheme. The final number of Underlying Shares held under the shall be subject to the actual implementation of the Scheme. The Company will promptly fulfill its information disclosure obligations in accordance with

regulations. After the establishment of this Employee Stock Ownership Scheme, it is intended that the Company may repurchase the Underlying Shares held in the Company's designated securities repurchase account by way of non-trading transfers at a purchase price of RMB30.95 per share, which shall be no less than the par value of the A Shares of the Company and no less than the higher of the following:

- (1) 50% of the average trading price of A shares in the Company on the trading day before the announcement of the Draft Scheme;
- (2) 50% of the average trading price of A shares in the Company on the 120 trading days before the announcement of the Draft Scheme.

Should there be any issuance of rights or dividends, such as conversion of capital reserves into share capital, gift of shares, or payment of dividends, the number and price of the aforementioned purchase price shall be adjusted accordingly.

After the implementation of the Scheme, the total number of shares held by all valid employee stock ownership schemes of the Company shall not exceed 10% of the total share capital of the Company in aggregate, and the number of Underlying Shares corresponding to the shares of the Scheme held by any individual holder shall not exceed 1% of the total share capital of the Company. The total number of shares held by the Scheme does not include shares acquired by the employees prior to the initial public offering and listing of the Company, the shares purchased by the employees themselves through the secondary market and the shares acquired through equity incentives.

6. The Scheme adopts a self-management model. The internal entity with the highest management authority of the Scheme is the Holders' Meeting, which is composed of all Holders of the Scheme. The Management Committee of the is elected through the Holders' Meeting and is authorized to oversee the daily management of the Scheme. The Management Committee exercises of shareholders' rights on behalf of the Holders or authorizes management institutions to exercise shareholder's rights, safeguard the legitimate rights and interests of the Holders, and ensure the security of assets of the Scheme. Depending on the implementation of this Employee Stock Ownership Scheme, qualified professional institutions may be engaged to provide consulting, management, and other services for the Scheme.
7. The Duration Period of the Scheme shall be 60 months, commencing from the date when the Draft Scheme is considered and approved in the shareholders' meeting of the Company and the Company announces the transfer of the last tranche of Underlying Shares to the Scheme. The Lock-up Period of the Underlying Shares obtained via the Scheme shall start from the date on which the Company announces the transfer of the corresponding tranche of Underlying Shares to the Scheme, in three phases over a period of 12 months, 24 months and 36 months. The proportion of Underlying Shares unlocked in each phase shall be 40%, 30% and 30%.

8. Prior to the implementation of the Scheme, the Company will seek the opinions of its employees through the Workers' Congress. After the Draft Scheme is proposed, considered and approved by the board of directors, the Scheme will be submitted to the shareholders' meeting for consideration. A notice of shareholders' meeting approving the same will be issued by the Company. The Scheme shall be implemented only after consideration and approval by the shareholders' meeting of the Company. The Company's shareholders' meeting on which the Scheme is considered shall adopt a combination of on-site voting and online voting. The Company will provide an online voting platform to its shareholders through the trading system and the Internet voting system of the SSE, and shareholders of the Company may exercise their voting rights through the said systems within the timeframe for online voting.
9. The financial and accounting treatment of the Company's implementation of the Scheme and its taxation shall be carried out in accordance with the provisions of the relevant financial system, accounting standards and taxation system, and the relevant taxes and fees to be paid by employees as a result of the implementation of the Scheme shall be borne by the employees themselves.
10. The implementation of the Scheme will not result in any change of control of the Company, and will not cause the shareholdings structure of the Company to fail to meet the listing requirements.

RISK WARNING

The abbreviations of the terms used in this section shall have the same meanings as defined in the section headed “Definitions”.

1. The 2025 A share Employee Stock Ownership Scheme is subject to the approval of the shareholders’ meeting of the Company before implementation, and there is uncertainty as to whether the Scheme will be approved by the shareholders’ meeting of the Company.
2. After being established, Scheme adopts a self-management model. The specific participants, specific source of funds, amount of capital contributed and implementation plan involved in the Scheme are preliminary results, and there is uncertainty as to whether the implementation can be completed.
3. The Scheme shall follow the principles of compliance with the law, voluntary participation at their own risk. If the actual amount subscribed by employees is low, there is a risk that the Scheme cannot be established; if there is an undersubscription by employees, the scale of the Scheme has a risk of being lower than the projected scale.
4. The Company’s stock price is influenced by multiple complex factors, including but not limited to the Company’s operating performance, macroeconomic cycles, international/domestic political and economic situation, and, as well as investor sentiment. Accordingly, dealing in shares is an investment activity subject to certain risks, and investors should be fully prepared for such market uncertainties.

The Company will subsequently disclose the relevant progress in accordance with the provisions, and investors are advised to make decisions with caution and pay attention to investment risks.

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DEFINITIONS

In this Draft Scheme, unless the context otherwise requires, the following abbreviations shall have the following meanings:

“Hengrui Pharma” or “Company”	Jiangsu Hengrui Pharmaceuticals Co., Ltd.
“Employee Stock Ownership Scheme” or “Scheme”	the 2025 A Share Employee Stock Ownership Scheme of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (《江蘇恒瑞醫藥股份有限公司2025年A股員工持股計劃》)
“Draft” or “Draft Scheme”	the 2025 A Share Employee Stock Ownership Scheme of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (draft) (《江蘇恒瑞醫藥股份有限公司2025年A股員工持股計劃》)(草案)
“Administrative Measures of the Employee Stock Ownership Scheme”	the Administrative Measures of the 2025 A Share Employee Stock Ownership Scheme of Jiangsu Hengrui Pharmaceuticals Co., Ltd.
“Holder(s)”, “Target Holders” “Participants”	employees of the Company who participate in the subscription of Shares under the Employee Stock Ownership Scheme
“Holders’ meeting”	Meeting of the Holders of the Employee Stock Ownership Scheme
“Management Committee”	Management Committee of the Employee Stock Ownership Scheme
“Duration Period”	the period commencing from the date when the draft Employee Stock Ownership Scheme is considered and approved at the Shareholders’ meeting of the Company and the Company announces the transfer of the last tranche of the Underlying Shares to the Employee Stock Ownership Scheme, until the date when all the Shares of the Company held by the Employee Stock Ownership Scheme are fully sold or transferred to the Holders under the Employee Stock Ownership Scheme and the assets of the Employee Stock Ownership Scheme are liquidated and distributed in accordance with the provisions of the Employee Stock Ownership Scheme

“Lock-up Period”	the period during which the conditions for the Holders to vest their rights under the Employee Stock Ownership Scheme has not been met, and the granted units cannot be transferred or disposed of, commencing from the date when the draft Employee Stock Ownership Scheme is considered and approved at the Shareholders’ meeting of the Company and the Company announces the transfer of the corresponding tranche of Underlying Shares to the Employee Stock Ownership Scheme
“Underlying Shares”	Jiangsu Hengrui Pharmaceuticals Co., Ltd.’s A shares legally acquired and held under this Employee Stock Ownership Scheme
“CSRC”	China Securities Regulatory Commission
“SSE”	Shanghai Stock Exchange
“SEHK”	The Stock Exchange of Hong Kong Limited
the “Company Law”	the Company Law of the People’s Republic of China
the “Securities Law”	the Securities Law of the People’s Republic of China
the “Articles of Association”	the Articles of Association of Jiangsu Hengrui Pharmaceuticals Co., Ltd.
the “Guiding Opinions”	the Guiding Opinions on the Implementation of Employee Stock Ownership Scheme by Listed Companies on a Pilot Basis (《關於上市公司實施員工持股計劃試點的指導意見》)
the “Operations Standards”	the Self-disciplinary Supervisory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 – Standardised Operation
“IND”	Investigational New Drug Application
“NDA”	New Drug Application
“RMB”	Renminbi

I PURPOSE OF THE SCHEME

The Scheme is formulated by the Company in accordance with the requirements under the Company Law, the Securities Law, the Guiding Opinions, the Operations Standards and other relevant laws, administrative regulations, rules, normative documents and the Articles of Association.

The Company implemented the Scheme to establish and improve the mechanism for sharing benefits between the Company, its Shareholders and its employees, motivate the enthusiasm and creativity of employees, enhance employee cohesion and the Company's competitiveness, which in return will promote the long-term, sustainable and healthy development of the Company.

II BASIC PRINCIPLES GOVERNING THE SCHEME**(I) The principle of compliance with laws and regulations**

The Company will implement the Scheme in strict compliance with the relevant laws and administrative regulations, which require the Company to disclose true, accurate, and complete information in a timely manner. No one shall make use of the Scheme to engage in insider trading or manipulation of the securities market, among other securities fraud.

(II) The principle of voluntary participation

The implementation of the Scheme is subject to the discretionary decisions of the Company and the voluntary participation by the employees, and the Company shall not compel the employees to participate in the Scheme by way of apportionment, forced distribution, etc.

(III) The principle of self-assumption of risks

Participants of the Scheme shall be responsible for their own profits and losses at their own risks, and have equal rights and interests with other investors.

**III PARTICIPANTS AND CRITERIA FOR DETERMINATION OF PARTICIPATION
IN THE SCHEME****(I) Legal Basis for Determining Holders of the Scheme**

The Participants of the Scheme are determined in accordance with the relevant laws, such as the Company Law, the Securities Law, the Guiding Opinions, the Operations Standards, administrative regulations, rules, normative documents and relevant provisions of the articles of association of the Company.

(II) Basis for Determination of Target Holders

The Target Holders under the Employee Stock Ownership Scheme shall be employees of the Company, who shall participate in the Employee Stock Ownership Scheme on a legal, compliant, and voluntary basis at their own risks. All Target Holders must be employed by, receive remuneration from, and have signed an employment contract with or be otherwise employed by the Company or its subsidiaries. The Target Holders under the Employee Stock Ownership Scheme shall fall within one of the following criteria:

1. Directors (excluding independent directors) and supervisors and senior management of the Company;
2. Core management personnel or key employees of the Company or its subsidiaries;
3. Other employees that the board considers necessary to be incentivised.

In the event of any of the following circumstances, employees shall not be eligible to be the Holders of the Employee Stock Ownership Scheme:

- (1) being publicly condemned or declared as inappropriate candidates by the stock exchanges within the most recent 3 years;
- (2) being imposed with administrative penalties by the CSRC due to material breach of laws and regulations within the most recent 3 years;
- (3) causing severe impairment to the Company's interests, reputation and image due to leakage of national or corporate secrets, corruption, theft, misappropriation, bribe accepting, bribe offering, negligence of duty, malfeasance or other acts in violation of national laws and regulations, or violating public order, professional morals and ethics within the most recent 3 years;
- (4) being deemed ineligible for the Holders of the Employee Stock Ownership Scheme by the board; or
- (5) any other circumstances as stipulated in relevant laws, regulations or normative documents that such employees shall not become the Holders of the Employee Stock Ownership Scheme.

(III) Information on the Holders under the Employee Stock Ownership Scheme

The total number of employees participating in the Employee Stock Ownership Scheme is expected to be less than 1,316 (excluding reserved units), of which the total number of directors (excluding independent directors), supervisors, and senior management of the Company shall not exceed 9 (excluding reserved units). The specific number of Participants and final subscription amounts will be determined based on the actual subscription status by employees.

The information on the Target Holders under the Employee Stock Ownership Scheme and their units held is as follows:

Holders	Maximum number of units to be subscribed and held (ten thousand)		Proportion to the total number of units of the Employee Stock Ownership Scheme (%)	
Directors (excluding independent directors), supervisors, senior management of the Company (a total of 9 persons): Dai Hongbin, Feng Ji, Zhang Lianshan, Jiang Frank Ningjun, Sun Jieping, Lau Kin Chun, Liu Xiaohan, Xiong Guoqiang, Xu Yu	72.2	5.16	72.2	5.16
Core management personnel and key employees of the Company	1,312.8	93.77	1,312.8	93.77
Reserved shares	15	1.07	15	1.07
Total	1,400	100	1,400	100

Note: The maximum number of subscribers and shares subscribed by each category of Holders does not include reserved units.

Where a Holder fails to pay the subscription funds in full on time, he/she will automatically lose the corresponding subscription rights, and his/her proposed subscription shares may be subscribed by other eligible Target Holders or adjusted to the Company's reserved units. The Management Committee is authorized by the board of the Company to adjust the list of Target Holders and their subscription units.

The final number and the list of Participants and their number of shared subscribed under the Scheme shall be subject to the actual payment of the employees.

In response to the development plan of the Company, the Employee Stock Ownership Scheme has reserved a portion of Shares for the Company to introduce suitable talents and incentivise other employees who need to be incentivised in the future. The reserved units are temporarily advanced by Ms. Yao Jing (姚靜) from the Company's Human Resources Department, who waives her voting rights related to the Holders. The disposal of the reserved units shall be determined by the Management Committee of the Employee Stock Ownership Scheme in a manner permitted by laws and regulations. Before the expiry of the Duration Period, the Management Committee of the Employee Stock Ownership Scheme may decide to sell the reserved units that are not fully allocated, return the advanced subscription amount to the nominee, and the remaining proceeds after deducting corresponding interest and other expenses shall revert to the Company.

(IV) Verification of Eligible Participants

Remuneration and Assessment Committee of the board shall verify the list of Holders. The Company shall engage a law firm to provide an opinion on whether the Scheme and the relevant matters are compliant with relevant laws and regulations, and the legal opinion shall be announced prior to the convening of the shareholders' meeting in relation to the consideration of the Scheme.

IV SIZE, SOURCE OF FUNDS, SOURCE OF SHARES AND PURCHASE PRICE OF THE EMPLOYEE STOCK OWNERSHIP SCHEME

(I) Size of the Employee Stock Ownership Scheme

Under the Employee Stock Ownership Scheme, the Company shall repurchase no more than 14 million A Shares (including reserved units), representing 0.21% of the total share capital of the Company as at the date of the announcement of the draft Employee Stock Ownership Scheme. The final number of Underlying Shares held under the Employee Stock Ownership Scheme shall be subject to the actual implementation of the Scheme. The Company will promptly fulfil its information disclosure obligations in accordance with the relevant regulations.

During the period from the announcement date of the Board resolution to review the draft Scheme to the completion date of the transfer of repurchased shares under the Scheme, should there be any issuance of rights or dividends, such as conversion of capital reserves into share capital, gift of shares, or payment of dividends, the number and price of the Underlying Shares shall be adjusted accordingly.

After the implementation of the Scheme, the total number of shares held by all valid employee stock ownership schemes of the Company shall not exceed 10% of the total share capital of the Company in aggregate, and the number of Underlying Shares corresponding to the Scheme shares held by any individual holder shall not exceed 1% of the total share capital of the Company. The total number of shares held under the Scheme does not include shares acquired by the employees prior to the initial public offering and listing of the Company, the shares purchased by the employees themselves through the secondary market and the shares acquired through equity incentives.

(II) Sources of Funds for the Scheme

The source of funds for the Scheme shall be legitimate remuneration of employees, self-financing and other means permitted by laws and regulations. The Company does not provide any financial assistance such as advance payment, guarantee, loan, etc. to the Participants. No arrangement has been made by third parties to provide any rewards, funding, subsidies or catch-all payments to the Participants under the Scheme.

The Holders of the Scheme shall pay the subscription funds in full and on time for their subscription units. The Company shall notify all Participants uniformly of the payment schedule of the Scheme. Where the Holder fails to pay the subscription funds in full on time, the corresponding subscription rights shall automatically lapse.

(III) Sources of Shares for the Scheme

The source of shares for the Scheme is the repurchased A Shares of the Company in the designated securities repurchase account of the Company. After the establishment of this Employee Stock Ownership Scheme, it is intended that the Company may repurchase the Underlying Shares held in the Company's designated securities repurchase account by way of non-trading transfers.

(IV) Employee Stock Ownership Scheme Purchase Price and Pricing Basis

After the establishment of this Employee Stock Ownership Scheme, it is intended that the Company may repurchase the Underlying Shares held in the Company's designated securities repurchase account by way of non-trading transfers at a purchase price of RMB30.95 per share, which shall be no less than the par value of the Shares of the Company and no less than the higher of the following:

- (1) 50% of the average trading price of A Shares of the Company on the trading day before the announcement of the draft Scheme;
- (2) 50% of the average trading price of A Shares of the Company on the 120 trading days before the announcement of the draft Scheme.

Should there be any issuance of rights or dividends, such as conversion of capital reserves into share capital, gift of shares, or payment of dividends, the number and price of the aforementioned purchase price shall be adjusted accordingly.

To establish and improve the long-term incentive mechanism of the Company, enhance the mechanism for sharing interests and risks between employees and all Shareholders, fully motivate the enthusiasm and creativity of employees, attract and retain outstanding management talents and key business personnel, further enhance employee cohesion and our competitiveness, which in return will promote the long-term, sustainable, and healthy development of the Company, the purchase price under the Employee Stock Ownership Scheme involves a partial discount compared to the current market price. This helps to encourage employees to participate in the Employee Stock Ownership Scheme, which in turn improves the participation and coverage of employee stock ownership. As such, employees' interests would be deeply intertwined with corporate interests, thereby fully realising the incentive effect.

In summary, on the basis of legality and compliance, having considered comprehensive factors such as the industry in which the Company operates, the current competition landscape for talents, cost of incentives, and the willingness of the core team to participate, the purchase price has been finally determined. At the same time, to combine incentives with restrictions, the Company has set a three-year performance target and a Lock-up Period, effectively aligning the interests of the incentive recipients with those of the Company and its Shareholders, thereby promoting the Company's long-term development. Therefore, the Employee Stock Ownership Scheme fully reflects the basic principle of "self-responsibility for profits and losses, self-assumption of risks" in the Guiding Opinions, and the pricing method of the transfer price is reasonable.

V DURATION PERIOD, LOCK-UP PERIOD AND APPRAISAL CRITERIA OF THE SCHEME

(I) Duration Period of the Scheme

1. The Duration Period of the Scheme shall be 60 months, commencing from the date when the Scheme is considered and approved at the Shareholders' meeting of the Company and the Company announces the transfer of the last tranche of the Underlying Shares to the Scheme. When the Duration Period expires and is not further extended, the Scheme shall terminate automatically. Early termination or extension may be granted upon approval by the board. Early termination may be granted if all Shares under the Employee Stock Ownership Scheme are sold or transferred during the Duration Period.

2. Within two months prior to the expiration of the Duration Period of the Scheme, in case that there remains unsold or untransferred shares of the Company held by the Scheme, the Duration Period of the Scheme may be extended with the consent of more than two-thirds of the Holders who attend the Holders' Meeting and the approval of the board of the Company.
3. Where the shares in the Company held under the Scheme cannot be fully disposed of before the expiration of the Duration Period due to the suspension of trading of Shares or a relatively short window period, the Duration Period of the Scheme may be extended with the consent of more than two-thirds of the Holders who attend the Holders' Meeting and the approval of the board of the Company.

(II) Lock-up Period of the Scheme

1. Lock-up Period and Release Schedule

The Lock-up Period of the Underlying Shares obtained via the Scheme shall start from the date on which the Company announces the transfer of the corresponding tranche of Underlying Shares to the Scheme, in three phases over a period of 12 months, 24 months and 36 months. The proportion of Underlying Shares unlocked in each phase shall be 40%, 30% and 30%. Details are as follows:

Phase 1 of Unlock: 12 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 40% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

Phase 2 of Unlock: 24 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 30% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

Phase 3 of Unlock: 36 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 30% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

The Underlying Shares of the Scheme derived from the payment of dividends or conversion of capital reserves into share capital of the listed company shall also comply with the above lock-up arrangement.

2. Trading Restrictions of the Underlying Shares

The Scheme shall strictly abide by market trading rules and the regulations of the CSRC and SSE on stock trading. No dealings in shares in the Company is allowed during the following periods:

- (1) within 15 days before the announcement of the Company's annual report and interim report;
- (2) within 5 days before the announcement of the Company's quarterly report, performance forecast and brief performance report;
- (3) from the date of a major event that may have a significant impact on the trading price of securities and its derivatives of the Company or during the decision-making process, until the date of disclosure of the same in accordance with the law;
- (4) other periods specified by the CSRC and the SSE.

The trading restrictions on the Scheme shall be implemented in accordance with the latest revised relevant regulations of CSRC and SSE.

(III) The Appraisal Indicators of the Scheme

The appraisal indicators of the Scheme are divided into performance appraisal indicators for the Company and individual performance appraisal indicators. The final number of the equity interests of the Underlying Shares unlocked for each Holder in each unlocking tranche shall be determined based on the results of the Company's performance appraisal and individual performance appraisal.

1. Performance appraisal indicators for the Company

The performance appraisal targets for the Company under the Employee Stock Ownership Scheme during the appraisal year are as follows:

The Company-level performance appraisal indicators include three items: revenue from sales of innovative drugs, number of IND approvals for NMEs, and number of NDA applications declared and accepted for innovative drugs (including new indications). Based on the completion of the indicators, three unlocking proportions are set: 100%, 90%, and 0%. For unlocking, the Company's performance is compared with the three indicators on a one-by-one basis, and the current unlocking proportion is determined by the lowest unlocking proportion corresponding to any of the three indicators.

① *First Tranche Unlocking*

Unlocking Proportion	100%	90%	0%
2025			
Innovative drug income (RMB100 million)	≥ 153	Not applicable	< 153
Number of IND approvals for NMEs	≥ 17	≥ 15	< 15
Number of NDA applications for innovative drugs declared and accepted (including new indications)	≥ 7	≥ 5	< 5

② *Second Tranche Unlocking*

Unlocking Proportion	100%	90%	0%
Cumulative from 2025-2026			
Innovative drug income (RMB100 million)	≥ 345	Not applicable	< 345
Number of IND approvals for NMEs	≥ 35	≥ 31	< 31
Number of NDA applications for innovative drugs declared and accepted (including new indications)	≥ 15	≥ 10	< 10

③ *Third Tranche Unlocking*

Unlocking Proportion	100%	90%	0%
Cumulative from 2025-2027			
Innovative drug income (RMB100 million)	≥ 585	Not applicable	< 585
Number of IND approvals for NMEs	≥ 54	≥ 48	< 48
Number of NDA applications for innovative drugs declared and accepted (including new indications)	≥ 20	≥ 15	< 15

Equity interests of the Underlying Shares that cannot be unlocked due to non-fulfillment or partial fulfillment of the performance appraisal indicators of the Company within the particular unlocking period shall be surrendered to the Management Committee, and the amount will be returned to the Holders after disposal at an opportune time at the lower value between the subscription amount and the proceeds after the sales, and the remaining proceeds shall revert to the Company.

2. Individual Performance Appraisal Indicators

Based on the Company's performance appraisal indicators, the final number of the equity interests of the Underlying Shares that can be unlocked by Holders for each unlocking period is determined by individual performance appraisal results. The number of the equity interests of the Underlying Shares to be unlocked by an individual in the current period = Target Unlocking Quantity × Unlocking Proportion. Details are as follows:

Directors, supervisors, senior management and non-marketing system appraisal indicators:

Appraisal result	A+/A/B	C/D
Unlocking proportion	100%	0%

Marketing system appraisal indicators:

Appraisal result Types of employee	A+/A/B	C/D
Sales and marketing related employees	100%	0%
Other employees	Pursuant to the Performance Evaluation Agreement executed between the Company and the employee	

The individual performance appraisal results shall be based on the performance appraisal documents signed between the Company and the employees, and shall be finally ratified by the Management Committee. For any portion that cannot be unlocked due to individual performance appraisal results, the Management Committee has the right to decide to claw back, and the price in respect of the clawback shall be calculated based on the lower of the subscription amount and the disposal proceeds corresponding to the Holder. The units clawed back may be allocated by the Management Committee to other eligible employees or disposed of in other ways determined by the Management Committee.

VI PARTICIPATION IN SCHEME IN THE EVENT OF CORPORATE FINANCING

During the Duration Period of the Scheme, if the Company raises funds by way of share allotment, issuance of additional shares, convertible bonds, etc., the Management Committee shall submit to the Holders' Meeting and the board for consideration of whether to participate and the specific participation plan.

VII MANAGEMENT MODEL OF THE SCHEME

The Scheme adopts a self-management model. The internal entity with the highest management authority of the Scheme is the Holders' Meeting, which is composed of all Holders of the Scheme. The Management Committee is elected through the Holders' Meeting and is authorised to oversee the daily management of the Scheme. The Management Committee exercises of Shareholders' rights on behalf of the Holders or authorises the management institutions to exercise Shareholders' rights, safeguard the legitimate rights and interests of the Holders of the Scheme and ensure the security of assets of the Scheme.

The "Administrative Measures of the Employee Stock Ownership Scheme" of the Company clearly defines the responsibilities of the Management Committee and implements comprehensive risk prevention and isolation measures. The board is responsible for formulating and revising the draft Scheme and handling other matters related to the Scheme within the scope of authorisation of the Shareholders' meeting. Depending on the implementation of this Employee Stock Ownership Scheme, qualified professional organisations may be engaged to provide consulting, management, and other services for the Scheme.

(I) Holders

The employees of the Company shall become the Holders of the Scheme upon subscribing for units of the Employee Stock Ownership Scheme. Each unit of the Employee Stock Ownership Scheme shall have equal entitlement to rights and interests.

1. The rights of Holders are as follows:

- (1) To be entitled to the rights and interests in proportion to the units of the Employee Stock Ownership Scheme held under their names;
- (2) To receive profit distribution and/or dividends (if any) attributable to the Employee Stock Ownership Scheme in proportion to the units held under their names during the period from the date of purchase to the date of disposal of the Shares;
- (3) To attend the Holders' Meetings in accordance with laws and be entitled to various rights specified in the Administrative Measures of the Employee Stock Ownership Scheme;
- (4) To enjoy other rights stipulated by relevant laws and regulations or by the Scheme.

2. The obligations of Holders are as follows:

- (1) Within the Duration Period of the Employee Stock Ownership Scheme, unless otherwise specified by the Employee Stock Ownership Scheme or the Administrative Measures of the Employee Stock Ownership Scheme, the Holders shall not transfer units held by them under the Scheme, create security over such units or for debt repayment, and shall not unilaterally request any distributions of assets related to the Employee Stock Ownership Scheme;
- (2) The Holders shall comply with the plan of the Employee Stock Ownership Scheme, fulfil all undertakings made for participating in the Employee Stock Ownership Scheme, and pay the subscription amount for units of the Employee Stock Ownership Scheme within the agreed period;
- (3) The Holders shall bear the risks of the Employee Stock Ownership Scheme in proportion to the units of the Employee Stock Ownership Scheme subscribed;
- (4) The Holders shall bear the statutory taxes and fees for share transactions, such as dealing in shares or transfer of shares, when the Employee Stock Ownership Scheme satisfies the unlocking conditions, and the taxes incurred pursuant to the national and other relevant laws and regulations for participating in the Employee Stock Ownership Scheme and after the Employee Stock Ownership Scheme meets the unlocking conditions, or upon the disposal or transfer of the Shares in proportion to the units of the Scheme held under their names;
- (5) Compliance with resolutions of the Holders' Meeting and resolutions of the Management Committee in force;
- (6) To assume other obligations under relevant laws, administrative regulations, normative documents and the Administrative Measures of the Employee Stock Ownership Scheme.

(II) Holders' Meeting

- 1.** The highest internal management authority of the Scheme is the Holders' Meeting. All Holders shall have the right to participate in Holders' meetings. The Holders may attend and vote at the Holders' Meeting in person or appoint a proxy to attend and vote on their behalf. Holders and their proxies shall bear their own travelling, accommodation and food expenses for attending the Holders' Meeting.
- 2.** The following matters require a Holders' Meeting to be convened for deliberation:
 - (1) election and removal of members of the Management Committee;

- (2) changes, termination, and extension of the Duration Period of the Scheme, and submission to the board for review and approval;
 - (3) during the Duration Period of the Scheme, when the Company raises funds by placement of shares, issuance of additional shares, convertible bonds, etc., the Management Committee should submit it to the Holders' Meeting to consider whether to participate and the source of funds;
 - (4) to authorize the Management Committee to carry out the daily management of the Scheme;
 - (5) to authorise the Management Committee to exercise shareholders' rights;
 - (6) to authorise the Management Committee to manage the allocation of benefits under the Employee Stock Ownership Scheme and to decide on matters related to the sale, distribution, transfer of the Underlying Shares upon expiration of the Lock-up Period of the Employee Stock Ownership Scheme;
 - (7) to authorise the Management Committee to be responsible for the liquidation and property distribution of the Scheme;
 - (8) consideration and amendment of the Administrative Measures of the Employee Stock Ownership Scheme and submission of the same to the board of directors for review and approval;
 - (9) to consider other matters that need to be put forward at the Holders' Meeting.
3. The first Holders' Meeting shall be summoned and chaired by the Secretary to the board of the Company or other authorized person, and the subsequent Holders' Meetings shall be summoned by the Management Committee and chaired by the chairperson of the Management Committee. Where the chairperson of the Management Committee is unable to perform his/her duties, he/she shall designate a member of the Management Committee to preside over the meeting.
4. To convene a Holders' Meeting, the Management Committee shall give three days' notice of the meeting to all Holders by hand, mail, fax, e-mail or by other means. The meeting notice shall include at least the following particulars:
- (1) Time and venue of the meeting;
 - (2) The manner by which the meeting is to be held;
 - (3) Proposed matters to be considered at the meeting;

- (4) The convenor and chairperson of the meeting, and the proposer(s) of the extraordinary meeting(s) and their written proposal;
- (5) Meeting materials necessary for voting at the meeting;
- (6) The requirement that the Holder should attend the meeting in person or delegate another Holder to attend the meeting on their behalf;
- (7) Contact person and contact information;
- (8) Date on which the notification is made.

A Holders' Meeting may be convened by verbal notice on an ad hoc basis. The verbal notice shall include at least the contents of (1) and (2) above and a statement that the meeting of the holders needs to be convened as soon as possible due to the urgency of the situation.

5. *Voting procedures at Holders' Meetings*

- (1) After each proposal has been fully discussed, the chairperson shall, in due course, call for a vote of the Holders present at the meeting. The chairperson may also decide to call for a vote of the participating Holders after all the proposals have been discussed at the meeting, and the vote shall be taken by means of a written paper;
- (2) Holders shall have the right to vote in accordance with the units they hold, with each units having one vote;
- (3) The Holders may opt to vote "in favour", "against" and "abstention". Holders present at the meeting shall choose one of the above, and any holder who fails to make a choice or chooses two or more of the above at the same time shall be deemed to have abstained from voting. Holders who leave the meeting venue during the course of the meeting without making a vote. If a Holder votes after the chairperson of the meeting has announced the voting results after the expiry of the time limit set for voting, their votes shall not be counted;
- (4) The chairperson of the meeting shall announce the results of the on-site vote count on the spot. Each proposal will be deemed to have been passed if it is voted in favour by more than 50% (exclusive) of the equity interests held by Holders with voting rights attending the Holders' Meeting, formulating a valid resolution of the Holders' Meeting (except where the Scheme stipulate that the approval of more than two-thirds (inclusive) of the units held by Holders attending the Holders' Meeting is required);

- (5) Resolutions of the Holders' Meeting that need to be submitted to the board or the shareholders' meeting of the Company for consideration shall be submitted to the board or the shareholders' meeting of the Company for consideration in accordance with the provisions of the Articles of Association;
 - (6) Minutes of the Holders' Meeting shall be duly documented by any persons assigned by the chairperson of the meeting.
- 6. Holders who individually or collectively hold more than 15% of the units of the Scheme may submit to the Holders' Meeting ad hoc proposals, which must be submitted to the Management Committee three days prior to the Holders' Meeting.
- 7. Holders who individually or collectively hold more than 30% of the units of the Scheme and more than two-thirds of the members of the Management Committee may propose to convene a Holders' Meeting.

(III) Management Committee

- 1. A Management Committee shall be established under the Scheme and is responsible to oversee the daily management of the Scheme exercise shareholders' rights on behalf of them. The Management Committee of the Scheme is elected through the Holders' Meeting.
- 2. The Management Committee consists of three members and shall have a chairperson of the Management Committee. The chairperson of the Management Committee shall be elected by the Management Committee by a majority of all members and shall be re-elected upon the change of the members of the Management Committee. The members of the Management Committee shall have a term that aligns with the duration of the Employee Stock Ownership scheme.
- 3. The members of the Management Committee shall comply observe the laws, administrative regulations and the provisions of the Administrative Measures of the Employee Stock Ownership Scheme, and shall owe the following obligations of fidelity to the Scheme:
 - (1) They shall not use their office to accept bribes or other illegal income, and shall not misappropriate the properties of the Scheme;
 - (2) They shall not misappropriate funds of the Scheme;
 - (3) Without the consent of the Holders' Meeting, no assets or funds of the Scheme shall be deposited in an account opened in their own name or in the name of another individual;

- (4) Without the consent of the Holders' Meeting, no funds of the Scheme shall be loaned to others, and no properties of the Scheme shall be provided as a guarantee for others;
 - (5) They shall not use their authority to the detriment of the interests of the Scheme. A member of the Management Committee shall bear liability for damage to the loss incurred by the Scheme due to any breach of fiduciary duty;
 - (6) They shall not leak trade secrets in relation to the Scheme without authorization;
 - (7) Other obligations stipulated by laws, administrative regulations, normative documents and Administrative Measures of Employee Stock Ownership Scheme.
4. The Management Committee shall perform the following duties:
- (1) Convening Holders' Meetings and executing resolutions passed at such meetings;
 - (2) To open and manage securities accounts, capital accounts and other relevant accounts for the Employee Stock Ownership Scheme;
 - (3) To carry out day-to-day administration of the Employee Stock Ownership Scheme on behalf of all Holders, and may engage third-party professional institutions to provide management, consulting and other services for the Employee Stock Ownership Scheme;
 - (4) To exercise shareholders' rights on behalf of all Holders, including but not limited to attending, submitting proposals and voting at the shareholders' meetings of the listed company;
 - (5) To enjoy rights on behalf of all Holders, including participating in cash dividends, bond interest payments, bonus shares, conversion of capital reserve into share capital, rights issue and placement of bonds, etc. of the listed company;
 - (6) To determine the eligibility of Holders to participate in accordance with the provisions of the Employee Stock Ownership Scheme, and decide on matters such as clawback, transfer, additional grants, succession and realisation of earnings of units held by Holders. The clawback and reserved units shall be disposed of by the Management Committee in a manner permitted by laws and regulations;
 - (7) To make the final determination of individual performance appraisal results. If there is any dispute over the appraisal results, the determination of the Management Committee shall prevail;

- (8) To manage the allocation of benefits of the Employee Stock Ownership Scheme, and to decide on matters related to the sale, distribution, transfer, etc. of the Underlying Shares upon the expiry of the Lock-up Period of the Employee Stock Ownership Scheme;
- (9) To formulate and execute plans for the Employee Stock Ownership Scheme to participate in the Company's placements, rights issues or issuance of convertible bonds and other refinancing matters within the Duration Period;
- (10) To sign relevant documents on behalf of all Holders;
- (11) Other responsibilities as authorised by the Holders' Meeting;
- (12) Other responsibilities to be discharged by the Management Committee as stipulated in the Employee Stock Ownership Scheme and relevant laws and regulations.

5. *Powers to be exercised by the chairperson of the Management Committee*

- (1) To preside over the Holders' Meetings and to summon and preside over meetings of the Management Committee;
 - (2) Supervising and checking the implementation of the resolutions of Holders' Meeting and those of the Management Committee;
 - (3) Signing relevant external agreements and contracts on behalf of the Scheme;
 - (4) Exercise shareholders' rights on behalf of all holders as authorized by the Management Committee;
 - (5) Such other powers and functions as may be delegated by the Management Committee.
- 6.** Meetings of the Management Committee shall be convened on an ad hoc basis. Such meetings shall be summoned by the chairperson of the Management Committee, with notice of the meeting given to all members of the Management Committee one day prior to the meeting.
- 7.** A member of the Management Committee may propose to convene an ad hoc meeting. The chairperson of the Management Committee shall convene and preside over a meeting of the Management Committee within three days from the receipt of the proposal.

8. A meeting of the Management Committee may be held only with the presence of more than half of the members of the Management Committee. Resolutions of the Management Committee must be adopted by the affirmative vote of more than half of all members of the Management Committee. Voting on resolutions of the Management Committee shall be conducted on a one person, one vote basis.
9. Voting of resolutions of Management Committee meetings shall be taken by way of registered ballot. Under the premise of guaranteeing the full expression of opinions by the members of the Management Committee, the Management Committee meeting may be conducted and resolutions may be made by written communication and signed by the participating members of the Management Committee.
10. The meeting of the Management Committee shall be attended by the member of the Management Committee in person. If the member of the Management Committee is unable to attend the meeting for any reason, they may authorise other members of the Management Committee members in writing to attend the meeting on their behalf. The power of attorney shall state the name of the proxy, the matters to be authorised, the scope of authorisation and the validity term, and shall be signed or stamped by the member who is unable to attend the meeting. A member of the Management Committee who attends a meeting on behalf of another member shall exercise the rights of a member of the Management Committee within the scope of the authorisation. A member of the Management Committee who fails to attend a meeting of the Management Committee and fails to appoint a proxy to attend the meeting shall be deemed to have waived their right to vote at that meeting.
11. The Management Committee shall formulate meeting minutes recording its decisions on the matters considered at the meeting, and the members of the Management Committee present at the meeting shall sign on the meeting minutes.

(IV) Matters in respect to the Scheme authorised by the shareholders' meeting to be handled by the board at its sole discretion within the scope under the other relevant laws, regulations and normative documents, including but not limited to the following matters:

1. To authorise the board to be responsible for the implementation of the Scheme;
2. To authorise the board to handle the amendments to and termination of the Employee Stock Ownership Scheme;
3. To authorise the board to make decisions on the extension of the Duration Period and early termination of the Scheme;
4. To authorise the board to amend and interpret the Draft Scheme and the Administrative Measures of Employee Stock Ownership Scheme;

5. To authorise the board to decide on matters related to the Employee Stock Ownership Scheme participating in the Company's rights issues and other refinancing matters within the Duration Period;
6. To authorise the board to change the criteria for determining the Holders of the Employee Stock Ownership Scheme;
7. To authorise the board to determine and change the management methods and means of the Employee Stock Ownership Scheme;
8. To authorise the board to handle all procedures relating to the securities and capital accounts involved in the Employee Stock Ownership Scheme, as well as the lock-up, unlocking and distribution of transferred Shares;
9. To authorise the board to formulate and sign contracts and agreements related to the Employee Stock Ownership Scheme;
10. The board is authorised to make corresponding adjustments to the Employee Stock Ownership Scheme in accordance with the new laws, regulations and policies upon any change thereof within the Duration Period after the approval of the Scheme by the shareholders' meeting;
11. To propose to the shareholders' meeting to authorise the board to deal with any matters related to announcements, circulars, etc. required to be disclosed on the website of SSE (www.sse.com.cn) or the website of SEHK (<https://www.hkexnews.hk>), and to deal with any compliance matters related to the Scheme with the SSE or SEHK;
12. To authorise the board of directors to handle other necessary matters required by the Scheme, except for the rights that shall be exercised by the shareholders' meeting as stipulated in the relevant laws, regulations, normative documents and articles of association.

The above authorisation shall be valid from the date of consideration and approval by the shareholders' meeting of the Company to the date of completion of the implementation of the Scheme.

**VIII COMPOSITION OF ASSETS OF THE SCHEME, AND THE METHODOLOGY OF
DISPOSAL OF RIGHTS AND INTERESTS****(I) Composition of Assets of the Scheme**

The assets of the Scheme shall be independent of the Company's own property and no such asset shall be account into the Company's own asset. The Company shall not encroach upon, misappropriate or otherwise transfer the assets of the Scheme to its inherent property in any form. The properties and incomes obtained as a result of the management, application or other circumstances of the Scheme shall be attributed to the assets of the Scheme.

Composition of assets of the Scheme is as follows:

1. The interests corresponding to the Underlying Shares held by the Scheme, the Holders who participate in the Employee Stock Ownership Scheme shall subscribe for units of the Employee Stock Ownership Scheme with their subscription amounts and be entitled to the rights and interests corresponding to holding the Company's A shares by the Scheme;
2. Cash deposits and bank interest;
3. Assets resulting from other investments made by the Scheme.

**(II) DISTRIBUTION OF RIGHTS AND INTERESTS DURING THE DURATION
PERIOD**

1. The Holders of the Employee Stock Ownership Scheme shall be entitled to the asset-related rights and interests of the Shares held by the Employee Stock Ownership Scheme in proportion to their actual capital contribution. Holders shall enjoy Shareholders' rights through the Underlying Shares obtained via the Employee Stock Ownership Scheme (including dividend rights, rights issue rights, conversion of capital reserve to share capital and other asset-related rights and interests).
2. Within the Duration Period of the Employee Stock Ownership Scheme, unless otherwise specified by laws, administrative regulations, normative documents or with the consent of the Management Committee, the Holders, without authorisation, shall not unilaterally withdraw from, transfer, or create as security, pledge, guarantee over, for debt repayment or other similar disposals, the units held by them under the Employee Stock Ownership Scheme.
3. The Holders shall not require any distributions of the rights and interests of the Employee Stock Ownership Scheme within the Lock-up Period.

4. In the event of conversion of capital reserve into share capital and distribution of bonus shares by the Company within the Lock-up Period, the new Shares obtained under the Employee Stock Ownership Scheme as a result of holding the Company's Shares shall be locked up, and shall not be disposed of in the secondary market or transferred by other means. The unlocking period of such Shares shall be the same as that of the corresponding Shares.
5. Upon the expiry of the Lock-up Period of the Employee Stock Ownership Scheme and within the Duration Period, the Management Committee, based on the authorisation of the Holders' Meeting, shall sell the corresponding Underlying Shares or transfer them to the Holders of units under the current Employee Stock Ownership Scheme in due course within the Duration Period after the unlocking date of the Employee Stock Ownership Scheme.
6. Within the Duration Period of the Employee Stock Ownership Scheme, when the Underlying Shares held by the Employee Stock Ownership Scheme are disposed of for cash or other distributable income is obtained, the Employee Stock Ownership Scheme may make distributions in each fiscal year. The Management Committee shall, after deducting relevant taxes, fees and payable amounts of the Scheme in accordance with the laws, distribute the earnings in proportion to the units held by the Holders to the total units of the Scheme.
7. Within the Duration Period, when the Company distributes cash dividends or pays dividends, the cash dividends obtained by the Employee Stock Ownership Scheme from holding the Company's Shares shall be recorded as monetary assets of the Employee Stock Ownership Scheme and shall not be distributed temporarily. Upon expiration of the Lock-up Period of the Employee Stock Ownership Scheme, the cash dividends shall be distributed in proportion to the units held by the Holders after deducting corresponding expenses according to law.
8. In the event of other unspecified matters, the disposal method of the units held by the Holders under the Employee Stock Ownership Scheme shall be determined by the Management Committee.

**IX CHANGES AND TERMINATION OF THE SCHEME AND DISPOSAL OF
HOLDERS' RIGHTS AND INTERESTS****(I) Alteration of the Scheme**

During the Duration Period of the Scheme, any alteration to the Scheme shall be subject to the consent of more than two-thirds of the Holders who attend the Holders' Meeting and shall be submitted to the Board for consideration and approval before implementation.

(II) Termination of the Scheme

1. The Scheme shall terminate automatically upon expiration of the Duration Period in case of no extension is granted.
2. After the expiration of the Lock-up Period, the Scheme may be terminated in advance upon completion of the relevant procedures when all the Underlying Shares held by the Scheme are sold or transferred.

(III) Disposal of Holders' Rights and Interests

1. If a Holder experiences a normal job position change within the Company, the units of the Employee Stock Ownership Scheme held by him/her shall be handled strictly in accordance with the relevant provisions of this Scheme.
2. Within the Duration Period, if a Holder loses the qualification to participate in this Scheme due to any of the following circumstances, the Management Committee shall have the right to disqualify the Holder and compulsorily claw back the units of the Employee Stock Ownership Scheme held by him/her from the date of occurrence of such circumstance. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders:
 - (1) Being identified as an inappropriate candidate by the stock exchange in the last 12 months;
 - (2) Being identified as an inappropriate candidate by CSRC and its dispatched agencies in the last 12 months;
 - (3) Being subjected to administrative penalties or securities market entry prohibition measures by CSRC or any of its dispatched agencies due to material breach of laws and regulations in the last 12 months;
 - (4) Circumstances where one is prohibited from serving as a director, supervisor, or senior management of the Company as stipulated by the Company Law;

- (5) Demotion leading to loss of eligibility to participate in this Scheme, or the Company terminates the employment = with the Holder due to incompetence for the job;
 - (6) Becoming other personnel prohibited from participating in a listed company's employee stock ownership plan as stipulated by laws and regulations;
 - (7) Other circumstances identified by the CSRC.
- 3. If a Holder ceases to hold relevant positions in the Company due to resignation or redundancy made by the Company, from the date of occurrence of such circumstance, the units of the Employee Stock Ownership Scheme held by him/her that are not yet unlocked shall be remained locked and shall be reverted to the Company. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders.
 - 4. If a Holder leaves his/her position due to retirement, from the date of occurrence of such circumstance, the units of the Employee Stock Ownership Scheme held by him/her that are not yet unlocked shall be remained locked and shall be reverted to the Company. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders, unless the Company decides to re-employ the Holder after retirement.
 - 5. If a Holder leaves his/her position due to incapacity, the units of the Employee Stock Ownership Scheme held by him/her that are not yet unlocked shall be remained locked and shall be reverted to the Company. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders.
 - 6. In the event of a Holder's death, the units of the Employee Stock Ownership Scheme held by him/her that are not yet unlocked shall be remained locked and shall be reverted to the Company. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders.
 - 7. If a Holder causes serious damages against the Company's interests or reputation due to his or her violation of laws, professional ethics, leaking corporate's confidential information, dereliction of duty or malfeasance, or breach of relevant provisions of the Non-Competition Agreement signed with the Company, the Management Committee shall have the right to disqualify the Holder and compulsorily claw back the unlocked units of the Employee Stock Ownership Scheme held by him/her. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders, and the Holder shall also be required to return the income from his/her unlocked units of the Employee Stock Ownership Scheme.

8. Within the Duration Period, the units of the Employee Stock Ownership Scheme clawed back by the Company may be allocated by the Management Committee to other eligible employees or disposed of in other ways determined by the Management Committee.
9. Within the Duration Period, in case of other special circumstances not explicitly stipulated in the Employee Stock Ownership Scheme, if there are explicit or regulatory provisions, they shall be complied with; otherwise, the Management Committee shall further clarify during the implementation process.

(IV) Liquidation and Distribution After the Expiry of the Duration Period of the Employee Stock Ownership Scheme

1. The Employee Stock Ownership Scheme shall automatically terminate upon expiry of its Duration Period. The Management Committee shall, in accordance with the authorisation of the Holders' Meeting, complete the liquidation within 30 working days from the date of expiration or termination. After deducting relevant taxes and fees according to law, the disposal method shall be determined by the Management Committee.
2. Within the Duration Period of the Employee Stock Ownership Scheme, the Management Committee may distribute cash from the capital account of the Employee Stock Ownership Scheme to the Holders in accordance with the authorisation of the Holders' Meeting.
3. Within the Duration Period of the Employee Stock Ownership Scheme, when the Underlying Shares held by the Employee Stock Ownership Scheme are disposed of for cash or other distributable income is obtained, the Employee Stock Ownership Scheme may make distributions in each fiscal year. The Management Committee shall, after deducting relevant taxes according to the law, fees and payable amounts of the Scheme, distribute the earnings in proportion to the units held by the Holders to the total units of the Scheme.

X ACCOUNTING TREATMENT OF THE SCHEME AND IMPACT ON BUSINESS PERFORMANCE

In accordance with the provisions of Enterprise Accounting Standard No. 11 – Share-based Payment: the equity-settled share-based payments in consideration of services rendered by staff that can only be exercised upon the completion of services or attainment of required performance targets within the vesting period are recognised in relevant cost or expenses and the capital reserve in respect of services obtained for the period at the fair value on the date of grant of the equity instrument based on the best estimate of the volume of exercisable equity instruments at each balance sheet date during the vesting period.

The amortisation of costs or expenses relevant to the Scheme will have an impact on the net profit for each year when the implementation thereof, however, in view of the positive effect of the Scheme on the development of the Company, the Scheme will effectively stimulate the motivation of the employees, improve the Company's operational efficiency and promote the Company's sustainable development although some expense is incurred due to the implementation of the Scheme.

XI PROCEDURES FOR THE IMPLEMENTATION OF THE SCHEME

- (I) The Board of the Company shall be responsible for the preparation of the Draft Scheme.
- (II) The Company shall adequately solicit the opinions of the employees through the Workers' Congress, etc. before implementing the Scheme.
- (III) Remuneration and Assessment Committee of the Board of the Company shall be responsible for verifying the list of Holders, and the board of supervisors of the Company and the Remuneration and Assessment Committee of the Board shall express their opinions as to whether or not the Scheme is conducive to the sustainable development of the Company, whether or not there is any detriment to the interests of the Company and all shareholders, and whether or not there is any situation of compelling the employees to participate in the Scheme by way of apportionment or forced distribution.
- (IV) When the board considers the Employee Stock Ownership Scheme, any director interested in the Employee Stock Ownership Scheme shall abstain from voting. The Board shall announce the Board resolutions, the draft Employee Stock Ownership Scheme and its summary, and the opinions of the Remuneration and Assessment Committee of the Board within 2 trading days after approving the Draft Scheme.
- (V) The Company would engage a law firm to express an opinion on whether the Scheme and the relevant matters are compliant with laws and regulation, and the legal opinion shall be announced prior to the convening of the shareholders' meeting in relation to the consideration of the Scheme.
- (VI) To convene a shareholders' meeting to consider the Scheme. Voting on such shareholders' meeting shall adopt a combination of on-site voting and online voting. The votes of small and medium investors shall be counted separately and publicly disclosed; if the Employee Stock Ownership Scheme involves interested directors or shareholders, such directors or shareholders shall abstain from voting. The Employee Stock Ownership Scheme can be implemented only after being approved by more than half of the valid voting rights present at the shareholders' meeting.

- (VII) To convene a Holders' Meeting of the Scheme, to elect the members of the Management Committee, to clarify the specific matters in relation to the implementation of the Scheme and to disclose in a timely manner the convening of the meeting and the relevant resolutions.
- (VIII) The Company shall disclose in a timely manner the time, number and percentage of the Underlying Shares acquired within 2 trading days of the transfer of the Underlying Shares to the name of the Scheme.
- (IX) Other procedures to be performed as stipulated by CSRC, SSE and SEHK.

XII OTHER IMPORTANT MATTERS

- I. The consideration and approval of the Scheme by the Board and the shareholders' meeting of the Company does not imply that a Holder enjoys the right to continue to serve in the Company or the subsidiary, and does not constitute a commitment by the Company or the subsidiary to the period of employment of the employees, and the employment between the Company or the subsidiary and the Holder shall also be governed by the employment contract entered into between the Company or the subsidiary and the Holder.
- II. Matters such as the financial and accounting treatment and taxation of the Company's implementation of the Scheme shall be carried out in accordance with the provisions of the relevant financial system, accounting standards and taxation system. The relevant personal income tax to be paid by the employees due to their participation in the Scheme shall be borne by themselves.
- III. The Scheme shall become effective after being considered and approved by the shareholders' meeting, and the right of interpretation shall be vested in the Board of the Company.

Board of directors of Jiangsu Hengrui Pharmaceuticals Co., Ltd.

August 20, 2025

JIANGSU HENGRUI PHARMACEUTICALS CO., LTD.
ADMINISTRATIVE MEASURES OF THE 2025 A SHARE EMPLOYEE
STOCK OWNERSHIP SCHEME

CHAPTER 1 GENERAL PROVISIONS

Article 1

For the purpose of regulating the implementation of the 2025 A Share Employee Stock Ownership Scheme of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (“Hengrui Pharmaceuticals” or the “Company”), and in accordance with the *Company Law of the People’s Republic of China* (the “Company Law”), the *Securities Law of the People’s Republic of China* (the “Securities Law”), the Guiding Opinions on the Implementation of Employee Stock Schemes by Listed Companies on a Pilot Basis (the “Guiding Opinions”), the Self-disciplinary Supervisory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 – Standardised Operation (the “Operations Standards”) and other relevant laws, administrative regulations, rules, normative documents, as well as the *Articles of Association of Jiangsu Hengrui Pharmaceuticals Co., Ltd.* (the “Articles of Association”) and the *2025 A Share Employee Stock Scheme of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (draft)*, these *Administrative Measures of the 2025 A Share Employee Stock Ownership Scheme of Jiangsu Hengrui Pharmaceuticals Co., Ltd.* (the “Measures”) are hereby formulated.

CHAPTER 2 FORMULATION OF THE EMPLOYEE STOCK OWNERSHIP SCHEME

Article 2 Purpose of the Scheme

The Scheme is formulated by the Company in accordance with the requirements under the Company Law, the Securities Law, the Guiding Opinions, the Operations Standards and other relevant laws, administrative regulations, rules, normative documents and the Articles of Association.

The Company implemented the Scheme to establish and improve the mechanism for sharing benefits between the Company, its shareholders and its employees, motivate the enthusiasm and creativity of employees, enhance employee cohesion and the Company’s competitiveness, which in return will promote the long-term, sustainable and healthy development of the Company.

Article 3 Basic Principles Governing the Scheme

(I) *The principle of compliance with laws and regulations*

The Company will implement the Scheme in strict compliance with the relevant laws and administrative regulations, which require the Company to disclose true, accurate, and complete information in a timely manner. No one shall make use of the Scheme to engage in insider trading or manipulation of the securities market, among other securities fraud.

(II) The principle of voluntary participation

The implementation of the Scheme is subject to the discretionary decisions of the Company and the voluntary participation by the employees, and the Company shall not compel the employees to participate in the Scheme by way of apportionment, forced distribution, etc.

(III) The principle of self-assumption of risks

Participants of the Scheme (“Participant(s)”, “Target Holder(s)” or “Holder(s)”) shall be responsible for their own profits and losses at their own risks, and have equal rights and interests with other investors.

Article 4 Information on the Holders under the Employee Stock Ownership Scheme***(I) Legal Basis for Determining Holders of the Scheme***

The Participants of the Scheme are determined in accordance with the the Company Law, the Securities Law, the Guiding Opinions, relevant laws, regulations, normative documents and relevant provisions of the Articles of Association. Employees of the Company may participate in the Employee Stock Ownership Scheme on a legal, compliant, and voluntary basis at their own risks.

(II) Basis for Determination of Target Holders

The Target Holders under the Employee Stock Ownership Scheme shall be employees of the Company, who shall participate in the Employee Stock Ownership Scheme on a legal, compliant, and voluntary basis at their own risks. All Target Holders must be employed by, receive remuneration from, and have signed an employment contract with or be otherwise employed by the Company or its subsidiaries. The Target Holders under the Employee Stock Ownership Scheme shall fall within one of the following criteria:

1. Directors (excluding independent directors), supervisors or senior management of the Company;
2. Core management personnel or key employees of the Company or its subsidiaries;
3. Other employees that the board of directors of the Company (the “Board”) considers necessary to be incentivised.

In the event of any of the following circumstances, employees shall not be eligible to be the Holders of the Employee Stock Ownership Scheme:

- (1) being publicly condemned or declared as inappropriate candidates by the stock exchanges within the most recent 3 years;
- (2) being imposed with administrative penalties by the China Securities Regulatory Commission (“CSRC”) due to material breach of laws and regulations within the most recent 3 years;
- (3) causing severe impairment to the Company’s interests, reputation and image due to leakage of national or corporate secrets, corruption, theft, misappropriation, bribe accepting, bribe offering, negligence of duty, malfeasance or other acts in violation of national laws and regulations, or violating public order, professional morals and ethics within the most recent 3 years;
- (4) being deemed ineligible for the Holders of the Employee Stock Ownership Scheme by the Board; or
- (5) any other circumstances as stipulated in relevant laws, regulations or normative documents that such employees shall not become the Holders of the Employee Stock Ownership Scheme.

(III) Information on the Holders under the Employee Stock Ownership Scheme

The total number of employees participating in the Employee Stock Ownership Scheme is expected to be less than 1,316 (excluding reserved units), of which the total number of directors (excluding independent directors), supervisors, and senior management of the Company shall not exceed 9 (excluding reserved units). The specific number of Participants and final subscription amounts will be determined based on the actual subscription status by employees.

(IV) Verification of Eligible Participants

Remuneration and Evaluation Committee of the Board shall verify the list of Holders. The Company shall engage a legal advisor to provide an opinion on whether the Scheme and the relevant matters are compliant with relevant laws and regulations as well as normative documents and the Articles of Association.

Article 5 Sources of Funds for the Scheme

The source of funds for the Scheme shall be legitimate remuneration of employees, self-financing and other means permitted by laws and regulations.

Article 6 Sources of Shares for the Scheme

The source of shares for the Scheme (the “Underlying Shares”) is the repurchased A Shares of the Company in the designated securities repurchase account of the Company. After the establishment of this Employee Stock Ownership Scheme, it is intended that the Company may repurchase the Underlying Shares held in the Company’s designated securities repurchase account by way of non-trading transfers.

Article 7 Purchase Price and Size of the Employee Stock Ownership Scheme

After the establishment of this Employee Stock Ownership Scheme, it is intended that the Company may repurchase the Underlying Shares held in the Company’s designated securities repurchase account by way of non-trading transfers at a purchase price of RMB30.95 per share, which shall be no less than the par value of the A Shares of the Company and no less than the higher of the following:

- (1) 50% of the average trading price of A Shares of the Company on the trading day before the announcement of the draft Scheme;
- (2) 50% of the average trading price of A Shares of the Company on the 120 trading days before the announcement of the draft Scheme.

Under the Employee Stock Ownership Scheme, the Company shall repurchase no more than 14 million A Shares (including reserved units), representing 0.21% of the total share capital of the Company as at the date of the announcement of the draft Employee Stock Ownership Scheme. The final number of Underlying Shares held under the Employee Stock Ownership Scheme shall be subject to the actual implementation of the Scheme. The Company will promptly fulfil its information disclosure obligations in accordance with the relevant regulations.

During the period from the announcement date of the Board resolution to review the draft Scheme to the completion date of the transfer of repurchased shares under the Scheme, should there be any issuance of rights or dividends, such as conversion of capital reserves into share capital, gift of shares, or payment of dividends, the number and price of the Underlying Shares shall be adjusted accordingly.

After the implementation of the Scheme, the total number of shares held by all valid employee stock ownership schemes of the Company shall not exceed 10% of the total share capital of the Company in aggregate, and the number of underlying shares corresponding to all such schemes held by any individual holder shall not exceed 1% of the total share capital of the Company. The total number of shares held under the such schemes does not include shares acquired by the employee prior to the initial public offering and listing of the Company, the shares purchased by the employees themselves through the secondary market and the shares acquired through equity incentives.

Article 8 Duration Period, Lock-Up Period and Appraisal Criteria of the Scheme***(I) Duration Period of the Scheme and the Decision-Making Procedures for Its Extension Upon Expiration***

1. The Duration Period of the Scheme shall be 60 months, commencing from the date when the Scheme is considered and approved at the Shareholders' meeting of the Company and the Company announces the transfer of the last tranche of the Underlying Shares to the Scheme. When the Duration Period expires and is not further extended, the Scheme shall terminate automatically. Early termination or extension may be granted upon approval by the Board. Early termination may be granted if all Shares under the Employee Stock Ownership Scheme are sold or transferred during the Duration Period.
2. Within two months prior to the expiration of the Duration Period of the Scheme, in case that there remains unsold or untransferred shares of the Company held by the Scheme, the Duration Period of the Scheme may be extended with the consent of more than two-thirds of the Holders who attend the Holders' Meeting and the approval of the Board.
3. Where the shares in the Company held under the Scheme cannot be fully disposed of before the expiration of the Duration Period due to the suspension of trading of Shares or a relatively short window period, the Duration Period of the Scheme may be extended with the consent of more than two-thirds of the Holders who attend the Holders' Meeting and the approval of the Board.

(II) Lock-up Period of the Underlying Shares subject to the Scheme

The Lock-up Period of the Underlying Shares obtained via the Scheme shall start from the date on which the Company announces the transfer of the corresponding tranche of Underlying Shares to the Scheme, in three phases over a period of 12 months, 24 months and 36 months. The proportion of Underlying Shares unlocked in each phase shall be 40%, 30% and 30%. Details are as follows:

Phase 1 of Unlock: 12 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 40% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

Phase 2 of Unlock: 24 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 30% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

Phase 3 of Unlock: 36 months from the date on which the Company announces the transfer of the corresponding tranche of the Underlying Shares to the Scheme. The maximum number of shares eligible for unlocking shall not exceed 30% of the total Underlying Shares held under this Employee Stock Ownership Scheme.

The Underlying Shares of the Scheme derived from the payment of dividends or conversion of capital reserves into share capital of the listed company shall also comply with the above lock-up arrangement.

(III) Trading Restrictions of the Underlying Shares involved in the Scheme

The Scheme shall strictly abide by market trading rules and the regulations of the CSRC and Shanghai Stock Exchange (“SSE”) on stock trading. No dealings in shares in the Company is allowed during the following periods:

- (1) within 15 days before the announcement of the Company’s annual report and interim report;
- (2) within 5 days before the announcement of the Company’s quarterly report, performance forecast and brief performance report;
- (3) from the date of a major event that may have a significant impact on the trading price of securities and its derivatives of the Company or during the decision-making process, until the date of disclosure of the same in accordance with the law;
- (4) other periods specified by the CSRC and the SSE.

The trading restrictions on the Scheme shall be implemented in accordance with the latest revised relevant regulations of CSRC and SSE.

(IV) The Appraisal Indicators of the Scheme

The appraisal indicators of the Scheme are divided into performance appraisal indicators for the Company and individual performance appraisal indicators. The final number of the equity interests of the Underlying Shares unlocked for each Holder in each unlocking tranche shall be determined based on the results of the Company’s performance appraisal and individual performance appraisal.

1. Performance appraisal indicators for the Company

The performance appraisal targets for the Company under the Employee Stock Ownership Scheme during the appraisal year are as follows:

The Company-level performance appraisal indicators include three items: revenue from sales of innovative drugs, number of IND approvals for NMEs, and number of NDA applications declared and accepted for innovative drugs (including new indications). Based on the completion of the indicators, three unlocking proportions are set: 100%, 90%, and 0%. For unlocking, the Company's performance is compared with the three indicators on a one-by-one basis, and the current unlocking proportion is determined by the lowest unlocking proportion corresponding to any of the three indicators.

① First Tranche Unlocking

Unlocking Proportion	100%	90%	0%
2025			
Innovative drug income (RMB 100 million)	≥ 153	Not applicable	< 153
Number of IND approvals for NMEs	≥ 17	≥ 15	< 15
Number of NDA applications for innovative drugs declared and accepted (including new indications)	≥ 7	≥ 5	< 5

② Second Tranche Unlocking

Unlocking Proportion	100%	90%	0%
Cumulative from 2025-2026			
Innovative drug income (RMB100 million)	≥ 345	Not applicable	< 345
Number of IND approvals for NMEs	≥ 35	≥ 31	< 31
Number of NDA applications for innovative drugs declared and accepted (including new indications)	≥ 15	≥ 10	< 10

③ Third Tranche Unlocking

Unlocking Proportion	100%	90%	0%
Cumulative from 2025-2027			
Innovative drug income (RMB100 million)	≥585	Not applicable	<585
Number of IND approvals for NMEs	≥54	≥48	<48
Number of NDA applications for innovative drugs declared and accepted (including new indications)	≥20	≥15	<15

2. Individual Performance Appraisal Indicators

Based on the Company's performance appraisal indicators, the final number of the equity interests of the Underlying Shares that can be unlocked by Holders for each unlocking period is determined by individual performance appraisal results. The number of the equity interests of the Underlying Shares to be unlocked by an individual in the current period = Target Unlocking Quantity × Unlocking Proportion. Details are as follows:

Directors, supervisors, senior management and non-marketing system appraisal indicators:

Appraisal result	A+/A/B	C/D
proportion	100%	0%

Marketing system appraisal indicators:

Appraisal result	A+/A/B	C/D
Types of employee Classification		
Sales and marketing related employees	100%	0%
other employees	Pursuant to the Performance Evaluation Agreement executed between the Company and the employee	

The individual performance appraisal results shall be based on the performance appraisal documents signed between the Company and the employees, and shall be finally ratified by the Management Committee. For any portion that cannot be unlocked due to individual performance appraisal results, the Management Committee has the right to decide to claw back, and the price in respect of the clawback shall be calculated based on the lower of the subscription amount and the disposal proceeds corresponding to the Holder. The units clawed back may be allocated by the Management Committee to other eligible employees or disposed of in other ways determined by the Management Committee.

Article 9 Procedures for the Implementation of the Scheme

- (I) The Board of the Company shall be responsible for the preparation of the draft Scheme.
- (II) the Company shall adequately solicit the opinions of the employees through the Workers' Congress, etc. before implementing the Scheme.
- (III) Remuneration and Evaluation Committee of the Board of the Company shall be responsible for verifying the list of Holders, and shall express its opinions as to whether or not the Scheme is conducive to the sustainable development of the Company, whether or not there is any detriment to the interests of the Company and all shareholders, and whether or not there is any situation of compelling the employees to participate in the Scheme by way of apportionment or forced distribution.
- (IV) When the Board considers the Employee Stock Ownership Scheme, any director interested in the Employee Stock Ownership Scheme shall abstain from voting. The Board shall announce the Board resolutions, the draft Scheme and its summary, and the opinions of the Remuneration and Evaluation Committee of the Board within 2 trading days after approving the draft Scheme.
- (V) The Company would engage a legal advisor to express an opinion on the Scheme, and such legal opinion shall be announced prior to the convening of the shareholders' meeting in relation to the consideration of the Scheme.
- (VI) To convene a shareholders' meeting to consider the Scheme. Voting on such shareholders' meeting shall adopt a combination of on-site voting and online voting. The votes of small and medium investors shall be counted separately and publicly disclosed. Such directors or shareholders shall abstain from voting if they are interested in the Employee Stock Ownership Scheme. The Employee Stock Ownership Scheme can be implemented only after being approved by more than half of the valid voting rights present at the shareholders' meeting.

- (VII) To convene a Holders' Meeting of the Scheme, to elect the members of the Management Committee, to clarify the specific matters in relation to the implementation of the Scheme and to disclose in a timely manner the convening of the meeting and the relevant resolutions.
- (VIII) The Company shall disclose in a timely manner particulars such as the time, number and percentage of the Underlying Shares acquired within 2 trading days of the transfer of the Underlying Shares to the Scheme.
- (IX) Other procedures to be performed as stipulated by CSRC, SSE and The Stock Exchange of Hong Kong Limited ("SEHK").

CHAPTER 3 MANAGEMENT MODEL OF THE SCHEME

Article 10 Management Model of the Scheme

The Scheme adopts a self-management model. The internal entity with the highest management authority of the Scheme is the Holders' Meeting, which is composed of all Holders of the Scheme. The Management Committee is elected through the Holders' Meeting and is authorised to oversee the daily management of the Scheme. The Management Committee exercises of shareholders' rights on behalf of the Holders or authorises the management institutions to exercise shareholders' rights, safeguard the legitimate rights and interests of the Holders of the Scheme and ensure the security of assets of the Scheme.

This Measures clearly defines the responsibilities of the Management Committee and implements comprehensive risk prevention and isolation measures. The Board is responsible for formulating and revising the draft Scheme and handling other matters related to the Scheme within the scope of authorisation of the shareholders' meeting. Depending on the implementation of this Employee Stock Ownership Scheme, qualified professional organisations may be engaged to provide consulting, management, and other services for the Scheme.

Article 11 Holders

The employees of the Company shall become the Holders of the Scheme upon subscribing for units of the Employee Stock Ownership Scheme. Each unit of the Employee Stock Ownership Scheme shall have equal entitlement to rights and interests.

- (I) The rights of Holders are as follows:

- (1) To be entitled to the rights and interests in proportion to the units of the Employee Stock Ownership Scheme held under their names;

- (2) to receive profit distribution and/or dividends (if any) attributable to the Employee Stock Ownership Scheme in proportion to the units held under their names during the period from the date of purchase to the date of disposal of the Shares;
- (3) to attend the Holders' Meetings in accordance with laws and be entitled to various rights specified in the Measures;
- (4) To enjoy other rights stipulated by relevant laws, administrative regulations and normative documents.

(II) The obligations of Holders are as follows:

- (1) Within the Duration Period of the Employee Stock Ownership Scheme, unless otherwise specified by the Employee Stock Ownership Scheme or the Measures, the Holders shall not transfer units held by them under the Scheme, create security over such units or for debt repayment, and shall not unilaterally request any distributions of assets related to the Employee Stock Ownership Scheme;
- (2) The Holders shall comply with the plan of the Employee Stock Ownership Scheme, fulfil all undertakings made for participating in the Employee Stock Ownership Scheme, and pay the subscription amount for units of the Employee Stock Ownership Scheme within the agreed period;
- (3) The Holders shall bear the risks of the Employee Stock Ownership Scheme in proportion to the units of the Employee Stock Ownership Scheme subscribed;
- (4) The Holders shall bear the statutory taxes and fees for share transactions, such as dealing in shares or transfer of shares, when the Employee Stock Ownership Scheme satisfies the unlocking conditions, and the taxes incurred pursuant to the national and other relevant laws and regulations for participating in the Employee Stock Ownership Scheme and after the Employee Stock Ownership Scheme meets the unlocking conditions, or upon the disposal or transfer of the Shares, in proportion to the units of the Scheme held under their names;
- (5) Compliance with resolutions of the Holders' Meeting and resolutions of the Management Committee in force;
- (6) To assume other obligations under relevant laws, administrative regulations, normative documents and the Measures.

Article 12 Holders' Meeting

1. The highest internal management authority of the Scheme is the Holders' Meeting. All Holders shall have the right to participate in Holders' meetings. The Holders may attend and vote at the Holders' Meeting in person or appoint a proxy to attend and vote on their behalf. Holders and their proxies shall bear their own travelling, accommodation and food expenses for attending the Holders' Meeting.
2. The following matters require a Holders' Meeting to be convened for deliberation:
 - (1) election and removal of members of the Management Committee;
 - (2) changes, termination, and extension of the Duration Period of the Scheme, and submission to the Board for review and approval;
 - (3) during the Duration Period of the Scheme, when the Company raises funds by placement of shares, issuance of additional shares, convertible bonds, etc., the Management Committee should submit it to the Holders' Meeting to consider whether to participate and the source of funds;
 - (4) to authorise the Management Committee to carry out the daily management of the Scheme;
 - (5) to authorise the Management Committee to exercise shareholders' rights;
 - (6) to authorise the Management Committee to manage the allocation of benefits under the Employee Stock Ownership Scheme and to decide on matters related to the sale, distribution, transfer of the Underlying Shares upon expiration of the Lock-up Period of the Employee Stock Ownership Scheme;
 - (7) to authorise the Management Committee to be responsible for the liquidation and property distribution of the Scheme;
 - (8) consideration and amendment of the Measures and submission of the same to the board of directors for review and approval;
 - (9) to consider other matters that need to be put forward at the Holders' Meeting.
3. The first Holders' Meeting shall be summoned and chaired by the Secretary of the Board of the Company or other authorized person, and the subsequent Holders' Meetings shall be summoned by the Management Committee and chaired by the chairperson of the Management Committee. Where the chairperson of the Management Committee is unable to perform his/her duties, he/she shall designate a member of the Management Committee to preside over the meeting.

4. To convene a Holders' Meeting, the Management Committee shall give three days' notice of the meeting to all Holders by hand, mail, fax, e-mail or by other means. The meeting notice shall include at least the following particulars:

- (1) Time and venue of the meeting;
- (2) The manner by which the meeting is to be held;
- (3) Proposed matters to be considered at the meeting;
- (4) The convenor and chairperson of the meeting, and the proposer(s) of the extraordinary meeting(s) and their written proposal;
- (5) Meeting materials necessary for voting at the meeting;
- (6) The requirement that the Holder should attend the meeting in person or delegate another Holder to attend the meeting on their behalf;
- (7) Contact person and contact information;
- (8) Date on which the notification is made.

A Holders' Meeting may be convened by verbal notice on an ad hoc basis. The verbal notice shall include at least the contents of (1) and (2) above and a statement that the meeting of the holders needs to be convened as soon as possible on an ad hoc basis.

5. *Voting procedures at Holders' Meetings*

- (1) After each proposal has been fully discussed, the chairperson shall, in due course, call for a vote of the Holders present at the meeting. The chairperson may also decide to call for a vote of the participating Holders after all the proposals have been discussed at the meeting, and the vote shall be taken by means of a written paper;
- (2) Holders shall have the right to vote in accordance with the units they hold, with each unit having one vote;
- (3) The Holders may opt to vote "in favour", "against" and "abstention". Holders present at the meeting shall choose one of the above, and any holder who fails to make a choice or chooses two or more of the above at the same time shall be deemed to have abstained from voting. Holders who leave the meeting venue during the course of the meeting without casting a vote shall be deemed to have abstained from voting. If a Holder votes after the chairperson of the meeting has announced the voting results or after the expiry of the time limit set for voting, their votes shall not be counted;

- (4) The chairperson of the meeting shall announce the results of the on-site vote count on the spot. A proposal is deemed to have been passed if it is voted in favour by more than 50% (exclusive) of the equity interests held by Holders with voting rights attending the Holders' Meeting, formulating a valid resolution of the Holders' Meeting (except where the Scheme stipulates that the approval of more than two-thirds (inclusive) of the units held by Holders attending the Holders' Meeting is required);
 - (5) Resolutions of the Holders' Meeting that need to be submitted to the Board or the shareholders' meeting of the Company for consideration shall be submitted to the Board or the shareholders' meeting of the Company for consideration in accordance with the provisions of the Articles of Association;
 - (6) The chairperson is responsible for arranging personnel to take minutes of the Holders' Meeting.
6. Holders who individually or collectively hold more than 15% of the units of the Scheme may submit to the Holders' Meeting ad hoc proposals, which must be submitted to the Management Committee three days prior to the Holders' Meeting.
7. Holders who individually or collectively hold more than 30% of the units of the Scheme and more than two-thirds of the members of the Management Committee may propose to convene a Holders' Meeting.

Article 13 Management Committee

- 1. The Management Committee shall be established under the Scheme and is responsible to oversee the daily management of the Scheme, exercise Shareholders' rights on behalf of them. The Management Committee of the Scheme is elected through the Holders' Meeting.
- 2. The Management Committee consists of three members and shall have a chairperson of the Management Committee. The chairperson of the Management Committee shall be elected by the Management Committee by a majority of all members and shall be re-elected upon the change of the members of the Management Committee. The members of the Management Committee shall have a term that aligns with the duration of the Employee Stock Ownership scheme.

3. The members of the Management Committee shall comply observe the laws, administrative regulations and the provisions of the Measures, and shall owe the following obligations of fidelity to the Scheme:
 - (1) They shall not use their office to accept bribes or other illegal income, and shall not misappropriate the properties of the Scheme;
 - (2) They shall not misappropriate funds of the Scheme;
 - (3) Without the consent of the Holders' Meeting, no assets or funds of the Scheme shall be deposited in an account opened in their own name or in the name of another individual;
 - (4) Without the consent of the Holders' Meeting, no funds of the Scheme shall be loaned to others, and no properties of the Scheme shall not be provided as a guarantee for others;
 - (5) They shall not use their authority to the detriment of the interests of the Scheme. A member of the Management Committee shall bear liability for damage to the loss incurred the Scheme due to the any breach of fiduciary duty;
 - (6) They shall not leak trade secret in relation to the Scheme without authorization;
 - (7) Other obligations stipulated by laws, administrative regulations, normative documents and the Measures.
4. The Management Committee shall perform the following duties:
 - (1) Convening Holders' Meetings and executing resolutions passed at such meetings;
 - (2) To open and manage securities accounts, capital accounts and other relevant accounts for the Employee Stock Ownership Scheme;
 - (3) To carry out day-to-day administration of the Employee Stock Ownership Scheme on behalf of all Holders, and may engage third-party professional institutions to provide management, consulting and other services for the Employee Stock Ownership Scheme;
 - (4) To exercise shareholders' rights on behalf of all Holders, including but not limited to attending, submitting proposals and voting at the shareholders' meetings of the listed company;

- (5) To enjoy rights on behalf of all Holders, including participating in cash dividends, bond interest payments, bonus shares, conversion of capital reserve into share capital, rights issue and placement of bonds, etc. of the listed company;
 - (6) To determine the eligibility of Holders to participate in accordance with the provisions of the Employee Stock Ownership Scheme, and decide on matters such as clawback, transfer, additional grants, succession and realisation of earnings of units held by Holders. The clawback and reserved units shall be disposed of by the Management Committee in a manner permitted by laws and regulations;
 - (7) To make the final determination of individual performance appraisal results. If there is any dispute over the appraisal results, the determination of the Management Committee shall prevail;
 - (8) To manage the allocation of benefits of the Employee Stock Ownership Scheme, and to decide on matters related to the sale, distribution, transfer, etc. of the Underlying Shares upon the expiry of the Lock-up Period of the Employee Stock Ownership Scheme;
 - (9) To formulate and execute plans for the Employee Stock Ownership Scheme to participate in the Company's placements, rights issues or issuance of convertible bonds and other refinancing matters within the Duration Period;
 - (10) To sign relevant documents on behalf of all Holders;
 - (11) Other responsibilities as authorised by the Holders' Meeting;
 - (12) Other responsibilities to be discharged by the Management Committee as stipulated in the Employee Stock Ownership Scheme and relevant laws and regulations.
5. Powers to be exercised by the chairperson of the Management Committee:
- (1) To preside over the Holders' Meetings and to summon and preside over meetings of the Management Committee;
 - (2) Supervising and checking the implementation of the resolutions of Holders' Meeting and those of the Management Committee;
 - (3) Signing relevant external agreements and contracts on behalf of the Scheme;
 - (4) To exercise shareholders' rights on behalf of all holders as authorized by the Management Committee;
 - (5) Such other powers and functions as may be delegated by the Management Committee.

6. Meetings of the Management Committee shall be convened on an ad hoc basis. Such meetings shall be summoned by the chairperson of the Management Committee, with notice of the meeting given to all members of the Management Committee one day prior to the meeting.
7. A member of the Management Committee may propose to convene an ad hoc meeting. The chairperson of the Management Committee shall convene and preside over a meeting of the Management Committee within three days from the receipt of the proposal.
8. A meeting of the Management Committee may be held only with the presence of more than half of the members of the Management Committee. Resolutions of the Management Committee must be adopted by the affirmative vote of more than half of all members of the Management Committee. Voting on resolutions of the Management Committee shall be conducted on a one person, one vote basis.
9. Voting of resolutions of Management Committee meetings shall be taken by way of registered ballot. Under the premise of guaranteeing the full expression of opinions by the members of the Management Committee, the Management Committee meeting may be conducted and resolutions may be made by written communication or other means and signed by the participating members of the Management Committee.
10. The meeting of the Management Committee shall be attended by the member of the Management Committee in person. If the member of the Management Committee is unable to attend the meeting for any reason, they may authorise other members of the Management Committee members in writing to attend the meeting on their behalf. The power of attorney shall state the name of the proxy, the matters to be authorised, the scope of authorisation and the validity term, and shall be signed or stamped by the member who is unable to attend the meeting. A member of the Management Committee who attends a meeting on behalf of another member shall exercise the rights of a member of the Management Committee within the scope of the authorisation. A member of the Management Committee who fails to attend a meeting of the Management Committee and fails to appoint a proxy to attend the meeting shall be deemed to have waived their right to vote at that meeting.
11. The Management Committee shall formulate meeting minutes recording its decisions on the matters considered at the meeting, and the members of the Management Committee present at the meeting shall sign on the meeting minutes.

Article 14 Matters authorised by the shareholders' meeting to be handled by the Board including but not limited to the following matters

Matters in respect to the Scheme authorised by the shareholders' meeting to be handled by the Board at its sole discretion within the scope under the other relevant laws, regulations and normative documents,, including but not limited to the following matters:

1. To authorise the Board to be responsible for the implementation of the Scheme;
2. To authorise the Board to handle the amendments to and termination of the Employee Stock Ownership Scheme;
3. To authorise the Board to make decisions on the extension of the Duration Period and early termination of the Scheme;
4. To authorise the Board to amend and interpret the draft Scheme and the Measures;
5. To authorise the Board to decide on matters related to the Employee Stock Ownership Scheme participating in the Company's rights issues and other refinancing matters within the Duration Period;
6. To authorise the Board to change the criteria for determining the Holders of the Employee Stock Ownership Scheme;
7. To authorise the Board to determine and change the management methods and means of the Employee Stock Ownership Scheme;
8. To authorise the Board to handle all procedures relating to the securities and capital accounts involved in the Employee Stock Ownership Scheme, as well as the lock-up, unlocking and distribution of transferred Shares;
9. To authorise the Board to formulate and sign contracts and agreements related to the Employee Stock Ownership Scheme;
10. The Board is authorised to make corresponding adjustments to the Employee Stock Ownership Scheme in accordance with the new laws, regulations and policies upon any change thereof within the Duration Period after the approval of the Scheme by the shareholders' meeting;

11. To propose to the shareholders' meeting to authorise the Board to deal with any matters related to announcements, circulars, etc. required to be disclosed on the website of SSE (www.sse.com.cn) or the website of SEHK (<https://www.hkexnews.hk>), and to deal with any compliance matters related to the Scheme with the SSE or SEHK;
12. To authorise the Board to handle other necessary matters required by the Scheme, except for the rights that shall be exercised by the shareholders' meeting as stipulated in the relevant laws, regulations, normative documents and Articles of Association.

The above authorisation shall be valid from the date of consideration and approval by the shareholders' meeting of the Company to the date of completion of the implementation of the Scheme.

CHAPTER 4 COMPOSITION OF ASSETS OF THE SCHEME, AND THE METHODOLOGY OF DISPOSAL OF RIGHTS AND INTERESTS

Article 15 Composition of Assets of the Scheme

The assets of the Scheme shall be independent of the Company's own property and no such asset shall be account into the Company's own asset. The Company shall not encroach upon, misappropriate or otherwise transfer the assets of the Scheme to its own property in any form. The properties and incomes obtained as a result of the management, application or other circumstances of the Scheme shall be attributed to the assets of the Scheme.

Composition of assets of the Scheme is as follows:

1. The interests corresponding to the Underlying Shares of the Company held by the Scheme, the Holders who participate in the Employee Stock Ownership Scheme shall subscribe for units of the Employee Stock Ownership Scheme with their subscription amounts and be entitled to the rights and interests corresponding to holding the Company's A shares by the Scheme;
2. Cash deposits and bank interest;
3. Assets resulting from other investments made by the Scheme.

Article 16 Distribution of Rights and Interests Within the Duration Period of the Employee Stock Ownership Plan

1. The Holders of the Employee Stock Ownership Scheme shall be entitled to the asset-related rights and interests of the Shares held by the Employee Stock Ownership Scheme in proportion to their actual subscription amount. Holders shall enjoy shareholders' rights through the Underlying Shares obtained from the Employee Stock Ownership Scheme (including dividend rights, rights issue rights, conversion of capital reserve to share capital and other asset-related rights and interests).
2. Within the Duration Period of the Employee Stock Ownership Scheme, unless otherwise specified by laws, administrative regulations, normative documents or with the consent of the Management Committee, the Holders, without authorisation, shall not unilaterally withdraw from, transfer, or create use as security, pledge, guarantee over, for debt repayment or other similar disposals, the units held by them under the Employee Stock Ownership Scheme.
3. The Holders shall not require any distributions of the rights and interests of the Employee Stock Ownership Scheme within the Lock-up Period.
4. In the event of conversion of capital reserve into share capital and distribution of bonus shares by the Company within the Lock-up Period, the new Shares obtained under the Employee Stock Ownership Scheme as a result of holding the Company's Shares shall be locked up, and shall not be disposed of in the secondary market or transferred by other means. The unlocking period of such Shares shall be the same as that of the corresponding Shares.
5. Upon the expiry of the Lock-up Period of the Employee Stock Ownership Scheme and within the Duration Period, the Management Committee, based on the authorisation of the Holders' Meeting, shall sell the corresponding Underlying Shares or transfer them to the Holders of units under the current Employee Stock Ownership Scheme in due course within the Duration Period after the unlocking date of the Employee Stock Ownership Scheme.
6. Within the Duration Period of the Employee Stock Ownership Scheme, when the Underlying Shares held by the Employee Stock Ownership Scheme are disposed of for cash or other distributable income is obtained, the Employee Stock Ownership Scheme may make distributions in each fiscal year. The Management Committee shall, after deducting relevant taxes in accordance with the laws, fees and payable amounts of the Scheme, distribute the earnings in proportion to the units held by the Holders to the total units of the Scheme.

7. Within the Duration Period, when the Company distributes cash dividends or pays dividends, the cash dividends obtained by the Employee Stock Ownership Scheme from holding the Company's Shares shall be recorded as monetary assets of the Employee Stock Ownership Scheme and shall not be distributed temporarily. Upon expiration of the Lock-up Period of the Employee Stock Ownership Scheme, the cash dividends shall be distributed in proportion to the units held by the Holders after deducting corresponding expenses according to law.
8. In the event of other unspecified matters, the disposal method for the units of the Employee Stock Ownership Scheme held by the Holders shall be determined by the Management Committee.

CHAPTER 5 CHANGES AND TERMINATION OF THE SCHEME AND DISPOSAL OF HOLDERS' RIGHTS AND INTERESTS

Article 17 Changes of the Scheme

- (I) During the Duration Period of the Scheme, any change to the Scheme shall be subject to the consent of the holders of more than two-thirds (inclusive) of the portions of the Scheme who attend the Holders' Meeting and shall be submitted to the Board of the Company for consideration and approval before implementation.
- (II) If, for any reason, a change occurs in the Company's de facto controller or in the event of mergers, divisions or similar circumstances, the Board shall have the discretion to decide whether to modify or terminate the implementation of this Employee Stock Ownership Scheme.

Article 18 Termination of the Scheme

1. The Scheme shall terminate automatically upon expiration of the Duration Period in case of no extension is granted.
2. After the expiration of the Lock-up Period of the Scheme, the Scheme may be terminated in advance upon completion of corresponding procedures when all the Underlying Shares held by the Scheme are sold or transferred.

Article 19 Disposal of Holders' Rights and Interests

1. If a Holder experiences a normal job position change within the Company, the units of the Employee Stock Ownership Scheme held by him/her shall be handled strictly in accordance with the relevant provisions of this Scheme.
2. Within the Duration Period, if a Holder loses the qualification to participate in this Scheme due to any of the following circumstances, the Management Committee shall have the right to disqualify the Holder and compulsorily claw back the units of the Employee Stock Ownership Scheme held by him/her from the date of occurrence of such circumstance. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders:
 - (1) being identified as an inappropriate candidate by the stock exchange in the last 12 months;
 - (2) being identified as an inappropriate candidate by CSRC and its dispatched agencies in the last 12 months;
 - (3) being subjected to administrative penalties or securities market entry prohibition measures by CSRC or any of its dispatched agencies due to material breach of laws and regulations in the last 12 months;
 - (4) Circumstances where one is prohibited from serving as a director, supervisor, or senior management of the Company as stipulated by the Company Law;
 - (5) Demotion leading to loss of eligibility to participate in this Scheme, or the Company terminates the employment with the Holder due to incompetence for the job;
 - (6) Becoming other personnel prohibited from participating in a listed company's employee stock ownership plan as stipulated by laws and regulations;
 - (7) Other circumstances identified by the CSRC.
3. If a Holder ceases to hold relevant positions in the Company due to resignation or redundancy made by the Company, from the date of occurrence of such circumstance, the units of the Employee Stock Ownership Scheme held by him/her that are not yet unlocked shall be remained locked and shall be reverted to the Company. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders.

4. If a Holder leaves his/her position due to retirement, from the date of occurrence of such circumstance, the units of the Employee Stock Ownership Scheme held by him/her that are not yet unlocked shall be remained locked and shall be reverted to the Company. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders, unless the Company decides to re-employ the Holder after retirement.
5. If a Holder leaves his/her position due to incapacity, the units of the Employee Stock Ownership Scheme held by him/her that are not yet unlocked shall be remained locked and shall be reverted to the Company. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders.
6. In the event of a Holder's death, the units of the Employee Stock Ownership Scheme held by him/her that are not yet unlocked shall be remained locked and shall be reverted to the Company. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders.
7. If a Holder causes serious damages against the Company's interests or reputation due to his or her violation of laws, professional ethics, leaking corporate confidential information, dereliction of duty or malfeasance, or breach of relevant provisions of the Non-Competition Agreement signed with the Company, the Management Committee shall have the right to disqualify the Holder and compulsorily claw back the unlocked units of the Employee Stock Ownership Scheme held by him/her. The clawback price shall be calculated based on the lower of the subscription amount and the proceeds after the sales corresponding to the Holders, and the Holder shall also be required to return the income from his/her unlocked units of the Employee Stock Ownership Scheme.
8. Within the Duration Period, the units of the Employee Stock Ownership Scheme clawed back by the Company may be allocated by the Management Committee to other eligible employees or disposed of in other ways determined by the Management Committee.
9. Within the Duration Period, in case of other special circumstances not explicitly stipulated in the Employee Stock Ownership Scheme, if there are explicit or regulatory provisions, they shall be complied with; otherwise, the Management Committee shall further clarify during the implementation process.

Article 20 Liquidation and Distribution After the Expiry of the Duration Period of the Employee Stock Ownership Scheme

1. The Employee Stock Ownership Scheme shall automatically terminate upon expiry of its Duration Period. The Management Committee shall, in accordance with the authorisation of the Holders' Meeting, complete the liquidation within 30 working days from the date of expiration or termination. After deducting relevant taxes and fees according to law, the disposal method shall be determined by the Management Committee.
2. Within the Duration Period of the Employee Stock Ownership Scheme, the Management Committee may distribute cash from the capital account of the Employee Stock Ownership Scheme to the Holders in accordance with the authorisation of the Holders' Meeting.
3. Within the Duration Period of the Employee Stock Ownership Scheme, when the Underlying Shares held by the Employee Stock Ownership Scheme are disposed of for cash or other distributable income is obtained, the Employee Stock Ownership Scheme may make distributions in each fiscal year. The Management Committee shall, after deducting relevant taxes according to law, fees and payable amounts of the Scheme, distribute the earnings in proportion to the units held by the Holders to the total units of the Scheme.

CHAPTER 6 SUPPLEMENTARY ARTICLES

Article 21 The consideration and approval of the Scheme by the Board and the shareholders' meeting of the Company does not imply that a Holder enjoys the right to continue to serve in the Company or the subsidiary, and does not constitute a commitment by the Company or the subsidiary to the period of employment of the employees, and the employment between the Company or the subsidiary and the Holder shall also be governed by the employment contract entered into between the Company or the subsidiary and the Holder.

Article 22 Matters such as the financial and accounting treatment and taxation of the Company's implementation of the Scheme shall be carried out in accordance with the provisions of the relevant financial system, accounting standards and taxation system. The relevant personal income tax to be paid by the employees due to their participation in the Scheme shall be borne by themselves.

Article 23 The authority to interpret these Measures vests exclusively with the Board. These Measures shall become effective upon approval by the shareholders' general meeting.

Board of directors of Jiangsu Hengrui Pharmaceuticals Co., Ltd.
August 20, 2025

NOTICE OF THE 2025 FIRST EXTRAORDINARY SHAREHOLDERS' MEETING



Jiangsu Hengrui Pharmaceuticals Co., Ltd.

江蘇恒瑞醫藥股份有限公司

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

(Stock code: 1276)

NOTICE OF THE 2025 FIRST EXTRAORDINARY SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN THAT the 2025 first extraordinary Shareholders' meeting (the **"Shareholders' Meeting"**) of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (the **"Company"**) will be held on Tuesday, September 16, 2025 at 2:30 p.m. at No. 1288, Haik Road, Pudong New Area, Shanghai, PRC for the following purposes:

ORDINARY RESOLUTIONS

- 1 To consider and approve the proposed adoption of the 2025 A Share Employee Stock Ownership Scheme;
- 2 To consider and approve the proposed adoption of the Administrative Measures for the 2025 A Share Employee Stock Ownership Scheme;
- 3 To consider and approve the proposed authorization to the board of directors of the Company to deal with matters relating to the 2025 A Share Employee Stock Ownership Scheme;
4. To appoint Ernst & Young as an international auditor of the Company.

For and on behalf of the Board

Jiangsu Hengrui Pharmaceuticals Co., Ltd.

Mr. Sun Piaoyang

Chairman

Shanghai, PRC

August 26, 2025

NOTICE OF THE 2025 FIRST EXTRAORDINARY SHAREHOLDERS' MEETING

Notes:

1. Unless otherwise specified, the terms used in this notice should have the same meanings as those defined in the circular of the Company dated August 26, 2025.
2. All resolutions at the Shareholders' 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 Hong Kong Listing Rules. The results of the poll will be published on the websites of the Company at www.hengrui.com and the Hong Kong Stock Exchange at www.hkexnews.hk after the Shareholders' Meeting.
3. Any shareholder entitled to attend and vote at the Shareholders' Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
4. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and returned to the H share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H shares), at least 24 hours before the Shareholders' Meeting (i.e. not later than 2:30 p.m. on Monday, September 15, 2025) or any adjourned meeting(s) thereof. Completion and return of the form of proxy will not preclude a shareholder from attending and voting at the Shareholders' Meeting or any adjourned meeting thereof should he/she so wish.
5. For the purpose of determining the list of holders of H Shares who are entitled to attend the Shareholders' Meeting, the H share register of members of the Company will be closed from Thursday, September 11, 2025 to Tuesday, September 16, 2025, both days inclusive, during which period no transfer of H Shares will be registered. The record date will be Tuesday, September 16, 2025. In order to be eligible to attend and vote at the Shareholders' Meeting, unregistered holders of the shares shall ensure all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, September 10, 2025 for registration.
6. In case of joint shareholders, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
7. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
8. A shareholder or his/her proxy should produce proof of identity when attending the Shareholders' Meeting.
9. References to date and time in this notice are to Hong Kong dates and time.

As of the date of this notice, the Board comprises: (i) Mr. Sun Piaoyang, Mr. Dai Hongbin, Ms. Feng Ji, Mr. Zhang Lianshan, Mr. Jiang Frank Ningjun and Mr. Sun Jieping as executive Directors; (ii) Ms. Guo Congzhao as non-executive Director; and (iii) Mr. Dong Jiahong, Mr. Zeng Qingsheng, Mr. Sun Jinyun and Mr. Chow Kyan Mervyn as independent non-executive Directors.