
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Ascletis Pharma Inc., you should at once hand this circular and the accompanying 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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Ascletis Pharma Inc.
歌禮製藥有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1672)

**PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of Ascletis Pharma Inc. (the “Company”) to be held at 12/F, Building 3, No. 371 Mingxing Road, HIPARK, Xiaoshan District, Hangzhou, Zhejiang Province, China on Thursday, June 6, 2019 at 2 p.m. (immediately after the annual general meeting of the Company, details of which are set out in the circular of the Company dated May 7, 2019), at which, among other things, the above proposal will be considered, is set out on pages 17 to 18 of this circular.

Whether or not you intend to attend the extraordinary general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the meeting (i.e. not later than 2 p.m. on Tuesday, June 4, 2019) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

May 17, 2019

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RESPONSIBILITY STATEMENT

This circular, for which the Directors (as defined herein) of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules (as defined herein) for the purpose of giving information with regard to the Company. The Directors (as defined herein), 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.

DEFINITIONS

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

“Articles”	the articles of association of the Company
“associates”	has the meaning as defined under the Listing Rules
“Board”	the board of Directors
“Business Day”	means any day on which securities are traded on the Stock Exchange;
“Company”	Ascletois Pharma Inc., a company incorporated in the Cayman Islands with limited liability on February 25, 2014
“Companies Law”	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Core Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 12/F, Building 3, No. 371 Mingxing Road, HIPARK, Xiaoshan District, Hangzhou, Zhejiang Province, China on Thursday, June 6, 2019 at 2 p.m. (immediately after the annual general meeting of the Company, details of which are set out in the circular of the Company dated May 7, 2019) or any adjournment thereof
“Eligible Person(s)”	include: (a) any employee (whether full-time or part-time) of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest (“Invested Entity”); (b) any director (including executive, non-executive and independent non-executive directors) of the Group or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity;

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- (d) any customer of any member of the Group or any Invested Entity;
- (e) any advisory (professional or otherwise), consultant or agent that provides design, research, development or other technological support to any member of the Group or any Invested Entity; and
- (f) any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The basis of eligibility of any of the above classes of Eligible Persons to the grant of any Options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

“Grantee”	means any Eligible Person who accepts an Offer in accordance with the terms of the Share Option Scheme;
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	May 15, 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Offer”	means an offer of the grant of an Option made in accordance with paragraph 6 of Appendix I to this circular;
“Offer Date”	means the date on which an Offer is made to an Eligible Person, which must be a Business Day;
“Offer Letter”	has the meaning ascribed to it under paragraph 6 of Appendix I to this circular;
“Option”	the option(s) to be granted under the Share Option Scheme;
“Option Period”	means a period to be determined and notified by the Board to the Grantee during which the Option may be exercised, which period shall expire in any event not later than the last day of the 10-year period after the date of grant of the Option (subject to the provisions for early termination contained in paragraph 15 of Appendix I to this circular);

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“Share(s)”	ordinary shares of US\$0.0001 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company proposed to be adopted by ordinary resolution at the EGM, a summary of principal terms of which is set out in Appendix I to this Circular
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price at which each Share subject to an Option may be subscribed for upon the exercise of that Option, subject to paragraph 7 and paragraph 20 of Appendix I to this circular
“Subsidiary”	means a subsidiary (within the meaning of Section 2 of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong) of the Company from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

LETTER FROM THE BOARD



Asclepis Pharma Inc. **歌禮製藥有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1672)

Executive Directors:

Dr. Jinzi Jason WU (*Chairman and Chief Executive Officer*)
Mrs. Judy Hejingdao WU (*Vice President*)

Independent Non-executive Directors:

Dr. Ru Rong JI
Dr. Yizhen WEI
Mr. Jiong GU
Ms. Lin HUA

Registered Office:

Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

*Principal place of business
in Hong Kong:*

40th Floor, Sunlight Tower
No. 248 Queen's Road East
Wanchai
Hong Kong

May 17, 2019

To the Shareholders

Dear Sir or Madam,

PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the proposed adoption of the Share Option Scheme to seek approval of the Shareholders.

ADOPTION OF THE SHARE OPTION SCHEME

At the EGM an ordinary resolution will be proposed to the Shareholders to adopt the Share Option Scheme.

The purpose of the Share Option Scheme is to provide incentive or reward to Eligible Persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time.

The Share Option Scheme will take effect on the date of its adoption at the EGM and is conditional upon:

LETTER FROM THE BOARD

- a) the passing of the ordinary resolution by the Shareholders to approve and adopt the Share Option Scheme and to authorise the Board to grant Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options; and
- b) the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares which may fall to be allotted and issued pursuant to the exercise of any Options.

The Share Option Scheme does not stipulate either a minimum period for which an Option must be held or any performance targets a Grantee is required to achieve before an Option may be exercised. However, under the Share Option Scheme, the Board may at its discretion specify any conditions which must be satisfied before the Option may be exercised in the Offer Letter whereby the Option is offered. The Board believes that this will provide the Board with more flexibility in setting the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board's aim to offer meaningful incentive to attract and retain quality personnel that are valuable to the development of the Group.

The aggregate number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any new share option scheme of the Company which may be adopted hereinafter must not, in aggregate, exceed 10% of the total number of Shares in issue as at the date of adoption of the Share Option Scheme or any new share option scheme (as the case may be). The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. As at the Latest Practicable Date, the issued share capital is 1,120,685,000 Shares. Assuming that there is no change in the issued share capital between the Latest Practicable Date and the date of the EGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme would be 112,068,500 Shares.

The Board considers that it is not appropriate or helpful to Shareholders to state the value of the Options that can be granted under the Share Option Scheme as if they had been granted at the Latest Practicable Date given that the variables which are crucial for the calculation of the value of such Option cannot be determined. The variables which are critical for the determination of the value of such Options include the Subscription Price payable for the Shares upon the exercise of the Options, whether or not Options will be granted under the Share Option Scheme, and if so, the number of Options to be granted and the timing of granting such Options, the period during which the Options may be exercised, the discretion of the Board to impose any performance targets that have to be achieved before the Options can be exercised and any other terms and conditions that the Board may impose with respect to the Options and whether or not such Options, if granted, will be exercised by the holders of the Options. Accordingly, the Board believes that any calculation of the value of the Options based on a great number of speculative assumptions will not be meaningful and may be misleading to Shareholders in the circumstances.

The Company is not required to appoint any trustee for the purpose of administering the Share Option Scheme. The Share Option Scheme will be subject to the administration of the Board. None of the Directors is a trustee of the Share Option Scheme or has a direct or indirect interest in the trustees of the Share Option Scheme, if any.

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Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of any Options that may be granted under the Share Option Scheme.

The Company will comply with the applicable requirements under Chapter 17 of the Listing Rules in respect of the operation of the Share Option Scheme.

A summary of the principal terms of the Share Option Scheme is set out in Appendix I to this circular. A copy of the Share Option Scheme will be available for inspection at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of the EGM and will be available for inspection at the EGM.

EXTRAORDINARY GENERAL MEETING

To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the adoption of the Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

Set out on pages 17 to 18 of this circular is a notice convening the EGM to consider and, if appropriate, to approve the ordinary resolution relating to the proposal for the adoption of the Share Option Scheme.

A form of proxy for use at the EGM is enclosed herewith. If you are not able to attend and/or vote at the EGM in person, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e. not later than 2 p.m. on Tuesday, June 4, 2019) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to procedural or administrative matter to be voted by a show of hands. Accordingly, the resolution put to vote at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board considers that the ordinary resolution in relation to the adoption of the Share Option Scheme to be proposed at the EGM are in the best interests of the Company and the Shareholders. Accordingly, the Board recommends the Shareholders to vote in favour of such resolution at the EGM.

LETTER FROM THE BOARD

GENERAL

Your attention is also drawn to the appendix to this circular.

By order of the Board
Ascletis Pharma Inc.
歌禮製藥有限公司
Jinzi Jason WU
Chairman

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme to be adopted at the EGM.

1. PURPOSE

The purpose of the Share Option Scheme is to provide incentive or reward to Eligible Persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time.

2. WHO MAY JOIN

Eligible Persons include:

- (a) any employee (whether full-time or part-time) of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest (“**Invested Entity**”);
- (b) any director (including executive, non-executive and independent non-executive directors) of the Group or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any advisory (professional or otherwise), consultant or agent that provides design, research, development or other technological support to any member of the Group or any Invested Entity; and
- (f) any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The basis of eligibility of any of the above classes of Eligible Persons to the grant of any Options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

3. DURATION OF THE SHARE OPTION SCHEME

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which it is adopted by ordinary resolution of the Shareholders in general meeting, after which period no further Options shall be granted. Subject to the above, in all other respects, in particular, in respect of Options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the Share Option Scheme shall remain in full force and effect.

4. MAXIMUM NUMBER OF SHARES

At the time of adoption of the Share Option Scheme or any new share option scheme (the “**New Scheme**”), the aggregate number of Shares which may be issued upon exercise of all Options to be

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

granted under the Share Option Scheme, the New Scheme and all schemes existing at such time (the “**Existing Scheme(s)**”) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of adoption of the Share Option Scheme or the New Scheme (as the case may be) (the “**Scheme Mandate Limit**”). For the purposes of calculating the Scheme Mandate Limit, Shares which are the subject matter of any Options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted. The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting, provided that:

- (a) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of Shares in issue as at the date of Shareholders’ approval of the refreshing of the Scheme Mandate Limit;
- (b) Options previously granted under any Existing Scheme(s) (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and
- (c) a circular regarding the proposed refreshing of the Scheme Mandate Limit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4).

The Company may seek separate approval from the Shareholders in the general meeting for granting Options which will result in the Scheme Mandate Limit being exceeded, provided that:

- (a) the grant is to Eligible Persons specifically identified by the Company before the approval is sought; and
- (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain a generic description of the specified participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified participants with an explanation as to how the terms of the Options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4).

Notwithstanding the foregoing, the maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

5. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PERSON

No Option shall be granted to any Eligible Person (the “**Relevant Eligible Person**”) if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all Options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the Relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time, unless:

- (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules in force from time to time, by ordinary resolution of the Shareholders in general meeting, at which the Relevant Eligible Person and his close associates (or his associates if the Relevant Eligible Person is a Connected Person) abstained from voting;
- (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose the identity of the participant, the number and terms of the Options to be granted (and Options previously granted to such participant), the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4); and
- (c) the number and terms (including the Subscription Price) of such Options are fixed before the general meeting of the Company at which the same are approved.

6. GRANT OF OPTIONS

Each offer of an Option (the “**Offer**”) shall be in writing made to an Eligible Person by letter in such form as the Board may from time to time determine at its discretion (the “**Offer Letter**”). The Offer Letter shall state, among others, the period during which the Option may be exercised (the “**Option Period**”), which period is to be determined and notified by the Board but shall expire in any event not later than the last day of the 10-year period after the date of grant of the Option. The Board may specify in the Offer Letter any conditions which must be satisfied before the Option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an Option must be held before it can be exercised and any other terms in relation to the exercise of the Option, including without limitation such percentages of the Options that can be exercised during a certain period of time, as the Board may determine from time to time.

The Board shall specify in the Offer Letter a date by which the Grantee must accept the Offer, being a date no later than 28 days after the date on which the Option is offered (the “**Offer Date**”) or the date on which the conditions for the Offer are satisfied.

7. SUBSCRIPTION PRICE

The price at which each Share subject to an Option may be subscribed for on the exercise of that Option (the “**Subscription Price**”) shall be a price solely determined by the Board and notified to an Eligible Person and shall be at least the highest of:

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares.

8. GRANT OF OPTIONS TO CONNECTED PERSONS

Where an Option is to be granted to a Director, chief executive or substantial shareholder of the Company (as defined in the Listing Rules), or any of their respective associates, the grant shall not be valid unless it has been approved by the independent non-executive Directors, excluding any independent non-executive Director who is also a proposed Grantee of the Option.

Where an Option is to be granted to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director (or any of their respective associates), and the grant will, in the 12-month period up to and including the date of such grant, result in the number and value of the Shares issued and to be issued upon exercise of all Options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the relevant Eligible Person exceeding the following:

- (a) 0.1% of the total number of Shares in issue at the relevant time of grant; and
- (b) an aggregate value (based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of each grant) in excess of HK\$5 million,

such grant shall not be valid unless:

- (a) a circular containing the details of the grant has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain (a) details of the number and terms of the Options (including the Subscription Price and other information required under Rules 17.03(5) to 17.03(10)) to be granted to each participant, which must be fixed before the Shareholders' meeting; (b) a recommendation from the independent non-executive Directors of the Company (excluding independent non-executive Director who is also a proposed Grantee of the Options) to the independent Shareholders as to voting; (c) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4); and (d) the information required under Rule 2.17; and
- (b) the grant has been approved by the Shareholders in general meeting (taken on a poll), at which the proposed Grantee, his associate, and all Core Connected Persons abstained from voting in favour.

9. RANKING OF SHARES

The Shares to be allotted and issued upon the exercise of an Option shall be subject to the Company's Articles and the provisions of the Companies Law for the time being in force and shall

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

rank pari passu in all respects with other fully-paid Shares in issue as at the date of allotment and will entitle the holders to the same rights of the holders of other fully-paid Shares in issue, including voting, dividend, transfer and any other rights. In particular, the Shares to be allotted and issued upon the exercise of an Option will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment and issue. The Option itself (before exercise) will not entitle the Grantee to any of aforementioned Shareholder's rights.

10. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

No Offer shall be made after any inside information (as defined in the Listing Rules) has come to the knowledge of the Company, until such information has been announced by the Company pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of actual publication of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement.

11. RIGHTS ON CEASING TO BE AN ELIGIBLE PERSON

- (a) Where the Grantee is a director or an employee of the Group and his/her employment ceases for any reason other than death or becoming permanently disabled as described in paragraph (c) below, the Option may not be exercised after the date of such cessation, which date shall be his last actual working day with the Company or any Subsidiary whether salary is paid in lieu of notice or not;
- (b) where the Grantee is a director or an employee of the Group and the Board at its absolute discretion determines that he is unable to pay or to have no reasonable prospect of being able to pay his debts, or has become insolvent, or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty, the Option granted to such Grantee may not be exercised on or after the date on which the Board has so determined;
- (c) where the Grantee of an outstanding Option dies or becomes permanently disabled before exercising the Option in full or at all, the Option may not be exercised after the date of his death or permanent disability. However, if the Board issues a written consent to his personal representatives after the date of his death or permanent disability, the Option may be transferred to the personal representative as soon as practicable. For the avoidance of doubt, all vesting conditions previously imposed on such Option shall still apply; and

- (d) if the Board at its absolute discretion determines that the Grantee (other than an employee of the Group) or his associate has committed any breach of any contract entered into between the Grantee or his associate on one part and the Group on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, the Option granted to such Grantee may not be exercised on or after the date on which the Board has so determined.

12. RIGHTS ON GENERAL OFFER

If a general offer (whether by way of a take-over, share repurchase offer, scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, all the Grantees and any Grantee (or his personal representatives) may by notice in writing to the Company within 21 days after such offer becoming or being declared unconditional exercise the Option to its full extent or to the extent specified in such notice.

13. RIGHTS ON COMPROMISE OR OTHER ARRANGEMENT

If a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the Grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his Options in full or in part, but the aforesaid exercise of an Option shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all outstanding Options shall lapse except insofar as previously exercised under the Share Option Scheme. The Company may require the Grantee (or his personal representatives) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

14. RIGHTS ON WINDING-UP

In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to each member of the

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Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his personal representatives) shall be entitled to exercise all or any of his Options at any time no later than four Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than one Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

15. LAPSE OF OPTION

The right to exercise an Option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (a) the expiry of the Option Period;
- (b) the date referred to in paragraph 11(a);
- (c) the date referred to in paragraph 11(b);
- (d) the expiry of the 60-day period referred to in paragraph 11(c);
- (e) the date referred to in paragraph 11(d);
- (f) the expiry of the period referred to in paragraphs 12;
- (g) subject to the compromise or arrangement becoming effective, the expiry of the period referred to in paragraph 13;
- (h) subject to paragraph 14, the date of the commencement of the winding-up of the Company;
- (i) the date on which the Grantee commits a breach of paragraph 18;
- (j) the date on which the Option is cancelled by the Board as provided in paragraph 16; or
- (k) the non-fulfilment of any condition to the Share Option Scheme on or before the date stated therein.

The Company shall owe no liability to any Grantee for the lapse of any Option under this paragraph.

16. CANCELLATION OF OPTIONS

The Board may cancel an Option granted but not exercised with the approval of the Grantee of such Option.

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

No Options may be granted to an Eligible Person in place of his cancelled Options unless there are available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit from time to time.

17. TERMINATION OF THE SHARE OPTION SCHEME

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

18. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Grantee and shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option.

19. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration to the capital structure of the Company whilst any Option remains exercisable, arising from capitalization issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with the legal requirements or requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, adjustment (if any) shall be made to:

- (a) the number of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Price for the Shares subject to the Option so far as unexercised; and/or
- (c) any combination thereof.

In the event of any adjustment as described in this paragraph 19, the auditors of the Company (the “**Auditors**”) or the independent financial adviser to the Company (acting as expert not arbitrator) shall at the request of the Company certify in writing to the Board either generally or as regards any particular Grantee that the adjustments are in compliance with the requirements under the note to Rules 17.03(13) of the Listing Rules.

Any such adjustments must give a Grantee the same proportion of the equity capital of the Company as to which that Grantee was previously entitled, and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the “Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule” attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to share option scheme) but no such alterations shall be made the effect of which would be to enable a

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

Share to be issued at less than its nominal value. The capacity of the Auditors or the independent financial adviser to the Company in this paragraph 19 is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser to the Company shall be borne by the Company. Notice of such adjustment shall be given to the Grantees by the Company.

20. ALTERATION OF THE SHARE OPTION SCHEME

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

- (a) the definitions of “Eligible Person” and “Grantee”; and
- (b) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules, shall not be altered to the advantage of Grantees except with the prior approval of the Shareholders in general meeting (with participants and their respective associates abstaining from voting).

Any change to the authority of the Board in relation to any alterations to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

Any alterations to the provisions of the Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing provisions of the Share Option Scheme.

The amended terms of the Share Option Scheme or the Options must comply with Chapter 17 of the Listing Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Ascleto Pharma Inc.
歌禮製藥有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1672)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Ascleto Pharma Inc. (the “Company”) will be held at 12/F, Building 3, No. 371 Mingxing Road, HIPARK, Xiaoshan District, Hangzhou, Zhejiang Province, China on Thursday, June 6, 2019 at 2 p.m. (immediately after the annual general meeting of the Company, details of which are set out in the notice of annual general meeting of the Company dated May 7, 2019) to consider and, if thought fit, pass the following as ordinary resolution:

1. **“THAT**

- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval for the listing of, and the permission to deal in, the ordinary shares of the Company (the “**Shares**”) to be issued pursuant to the exercise of the share options which may be granted under the share option scheme (the “**Share Option Scheme**”), a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the Share Option Scheme be and is hereby approved and adopted; and the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme, including without limitation to:
- (i) to administer or authorize a committee of the board to administer the Share Option Scheme under which share options will be granted to the Eligible Persons (as defined in the Share Option Scheme) eligible under the Share Option Scheme to subscribe for Shares, including but not limited to determining and granting the share options in accordance with the terms of the Share Option Scheme;
- (ii) to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the terms of the Share Option Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) to allot and issue from time to time such number of Shares in the share capital of the Company as may be required to be allotted and issued pursuant to the exercise of the share options under the Share Option Scheme and subject to the Listing Rules;
- (iv) to make application at appropriate time or times to the Stock Exchange, and any other stock exchanges on which the issued Shares may for the time being be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the share options under the Share Option Scheme; and
- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Option Scheme.”

By order of the Board
Ascletris Pharma Inc.
歌禮製藥有限公司
Jinzi Jason WU
Chairman

Hangzhou, the People's Republic of China, May 17, 2019

Notes:

1. For the purpose of determining the identity of the shareholders entitled to attend and vote at the meeting, the register of members of the Company will be closed from Monday, June 3, 2019 to Thursday, June 6, 2019, both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, May 31, 2019.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
4. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting.
5. As the date of this notice, the Board of Directors of the Company comprises Dr. Jinzi Jason WU and Mrs. Judy Hejingdao WU, as executive Directors; and Dr. Ru Rong JI, Dr. Yizhen WEI, Mr. Jiong GU and Ms. Lin HUA, as independent non-executive Directors.