
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 licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SSY Group Limited (the “Company”), you should at once hand this circular with 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 the transferee.

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石四藥集團有限公司 SSY Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2005)

(1) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 11 of this circular.

The notice convening the EGM to be held at 2:00 p.m. on Friday, 13 January 2023 at Rooms 4902-03, 49th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out on pages 34 to 36 of this circular. A form of proxy for the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th 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 appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so desire.

PRECAUTIONARY MEASURES FOR EXTRAORDINARY GENERAL MEETING

Please see pages ii to iii of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including but not limited to:

- limiting the number of EGM attendees in accordance with prevailing Government regulations and to avoid over-crowding
- compulsory body temperature checks at entrance of the EGM venue
- compulsory wearing of a surgical face mask throughout the EGM
- no distribution of corporate gift or refreshment

It is possible that Shareholders and/or their representatives may not be able to attend in person at the EGM venue depending on prevailing Government regulations. Shareholders are strongly encouraged to appoint the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person. Shareholders are also strongly encouraged to view and listen to the webcast of the EGM, and are welcomed to submit questions in writing to the Company prior to the EGM.

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PRECAUTIONARY MEASURES FOR EGM

The health of our Shareholders, staff and stakeholders is of paramount importance to us. In view of the current Novel Coronavirus (COVID-19) situation, the following precautionary measures will be implemented at the EGM.

LIMITING ATTENDANCE IN PERSON AT THE EGM VENUE

Given the limited capacity of the EGM venue and the requirements for social distancing to ensure attendee safety, only a limited number of Shareholders and/or their representatives and relevant staff will be admitted to the EGM. The Company will limit attendance in person at the EGM venue in accordance with prevailing regulations or guidelines of the Government and/or regulatory authorities at the time of the EGM and to avoid over-crowding.

A webcast of the EGM will be made available on the Company's website (www.ssygroup.com.hk) at the time of the EGM. The Company strongly encourages Shareholders to view and listen to the webcast of the EGM instead of attending the EGM in person.

HEALTH AND SAFETY MEASURES AT THE EGM

The following measures will also be implemented at the EGM:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.5 degrees Celsius or any person wearing an electronic tracking wristband under quarantine order may be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) Each attendee must wear a surgical face mask throughout the meeting and inside the meeting venue.
- (iii) Seating at the EGM venue will be arranged so as to allow for appropriate social distancing.
- (iv) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.
- (v) No refreshment will be served, and there will be no corporate gift.

Any attendee, who (a) refuses to comply with the precautionary measures; (b) is subject to the Government's quarantine requirements or has close contact with any person under quarantine; (c) is subject to the Government's prescribed testing requirement or direction and has not tested negative; or (d) feels unwell or has any symptoms of COVID-19, will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company as permitted by law.

It is possible that Shareholders and/or their representatives may not be able to attend in person at the EGM venue depending on prevailing Government regulations. Shareholders are strongly encouraged to appoint the chairman of the EGM as their proxy to vote on the resolutions, instead of attending the EGM in person.

PRECAUTIONARY MEASURES FOR EGM

If any Shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to submit such question or matter in writing to our head office and principal place of business in Hong Kong at Rooms 4902-03, 49th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong prior to the EGM.

Subject to the development of the COVID-19 situation and the regulations or guidelines of the Government and/or regulatory authorities, the Company may implement and/or adjust precautionary measures for the EGM at short notice and may issue further announcement(s) on such measures as and when appropriate.

If any Shareholder has any question relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company's share registrar as follows:

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East, Wanchai, Hong Kong

Email: hkinfo@computershare.com.hk

Tel: 2862 8555

Fax: 2865 0990

DEFINITIONS

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

“2012 Share Option Scheme”	the New Share Option Scheme adopted by the Company pursuant to the resolution passed by the Shareholders at the extraordinary general meeting held on 20 September 2012;
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution to be passed by the Shareholders at the EGM;
“Announcement”	the announcement of the Company dated 28 October 2022 in relation to, among others, the proposed adoption of the New Share Option Scheme;
“Articles of Association”	the Articles of Association of the Company, as amended from time to time;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	means a day on which the Stock Exchange is open for the business of dealing in securities;
“chief executive”	has the meaning ascribed to it under the Listing Rules;
“close associates”	has the meaning ascribed to it under the Listing Rules;
“Company”	SSY Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it 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 2:00 p.m. on Friday, 13 January 2023 or any adjournment thereof for Shareholders to consider and, if thought fit, approval the proposal for the adoption of the New Share Option Scheme;

DEFINITIONS

“Employee Participant(s)”	Director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted Share Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries);
“Eligible Participant(s)”	means: (a) Employee Participant(s); (b) Related Entity Participant(s); and (c) Service Provider(s), and for the purposes of the New Share Option Scheme, the Offer may be made to a vehicle (such as a trust or a private company) or similar arrangement for the benefit of a specified Eligible Participant subject to the fulfilment of requirements of the Listing Rules (including but not limited to a waiver from the Stock Exchange, where applicable);
“Exercise Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of a Share Option;
“Grantee(s)”	any Eligible Participant(s) who accept(s) the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits and as referred to in the New Share Option Scheme) his/her Personal Representative(s);
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	14 December 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;

DEFINITIONS

“New Scheme Limit”	has the meaning ascribed to it under paragraph 8.5 of the Appendix to this circular;
“New Service Provider Sublimit”	has the meaning ascribed to it under paragraph 8.5 of the Appendix to this circular;
“New Share Option Scheme”	the New Share Option Scheme proposed to be adopted by an ordinary resolution to be passed by the Shareholders at the EGM, a summary of the principal terms of which is set out in the Appendix to this circular;
“Offer”	means an offer for the grant of a Share Option made in accordance with the New Share Option Scheme;
“Offer Date”	means the date on which the Board resolves to make an Offer of a Share Option to an Eligible Participant, which must be a Business Day;
“Option Period”	which means, in respect of any Share Option, a period during which such Share Option can be exercised, being the period to be determined and notified by the Directors to the Grantee thereof, save that such period shall not be more than ten (10) years from the Offer Date;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Share Option granted to such Grantee (to the extent not already exercised);
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Related Entity Participant(s)”	Directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company;
“Scheme Limit”	has the meaning ascribed to it under paragraph 8.1 of the Appendix to this circular;
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the day immediately preceding the tenth anniversary thereof;

DEFINITIONS

“Service Provider(s)”	person(s) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;
“Service Provider Sublimit”	has the meaning ascribed to it under paragraph 8.2 of the Appendix to this circular;
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company (or a share of any other nominal amount into which the ordinary share capital of the Company is for the time being divided or consolidated or converted into);
“Shareholder(s)”	holder(s) of the Shares;
“Share Option(s)”	option(s) to subscribe for Share(s) pursuant to the New Share Option Scheme;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	any substantial shareholder of the Company; and “substantial shareholder” shall have the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

LETTER FROM THE BOARD



石四藥集團有限公司
SSY Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2005)

Executive Directors:

Mr. Qu Jiguang
(Chairman and Chief Executive Officer)
Mr. Su Xuejun
Mr. Meng Guo
Mr. Chow Hing Yeung

Non-executive Director:

Mr. Feng Hao

Independent non-executive Directors:

Mr. Wang Yibing
Mr. Leung Chong Shun
Mr. Chow Kwok Wai

Registered office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 4902-03, 49th Floor
Central Plaza
18 Harbour Road, Wanchai
Hong Kong

21 December 2022

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to the proposed adoption of the New Share Option Scheme.

The primary purpose of this circular is to provide you with information relating to the ordinary resolution to be proposed at the EGM for the adoption of the New Share Option Scheme and the notice of the EGM, and to seek your approval of such ordinary resolution at the EGM.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The 2012 Share Option Scheme

The Company adopted the 2012 Share Option Scheme pursuant to the resolution passed by the Shareholders at the extraordinary general meeting held on 20 September 2012. Under the terms of the 2012 Share Option Scheme, unless otherwise cancelled or amended, the 2012 Share Option Scheme would remain in force for a period of 10 years from the date of its adoption and has expired on 19 September 2022. No further options can be offered or granted upon the expiration of the 2012 Share Option Scheme.

As at the Latest Practicable Date, granted and unexercised share options to subscribe for 100,000,000 Shares remained outstanding under the 2012 Share Option Scheme, details of which are set out as follows:

Participants	Date of grant	Exercise price per share	Exercise period	Number of outstanding options as the Latest Practicable Date
Directors				
Mr. Meng Guo	12 January 2021	HK\$4.218	12 January 2021 – 11 January 2026	20,000,000
Mr. Chow Hing Yeung	12 January 2021	HK\$4.218	12 January 2021 – 11 January 2026	2,000,000
Employees	12 January 2021	HK\$4.218	12 January 2021 – 11 January 2026	78,000,000
Total				100,000,000

Proposed Adoption of the New Share Option Scheme

In view of the expiration of the 2012 Share Option Scheme, the Board proposes to adopt the New Share Option Scheme in accordance with Chapter 17 of the Listing Rules effective on 1 January 2023.

LETTER FROM THE BOARD

The purpose of the New Share Option Scheme is to enable the Board to grant Share Options to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group. A summary of the principal rules of the New Share Option Scheme is set out in the Appendix to this circular.

The Directors believe that the provisions as well as such other terms as may be determined by the Board, will serve to protect the value of the Company as well as to achieve the purpose of the New Share Option Scheme.

The rules of the New Share Option Scheme enable the Company to grant Share Option(s) to Eligible Participants including Employee Participants, Service Providers and Related Entity Participants. The Directors are of the view that the adoption of the New Share Option Scheme aligns with the market practice of providing incentives to Employee Participants to work towards enhancing the enterprise value and achieving the long-term objectives for the benefit of the Group as a whole. The Directors also consider that it is beneficial to include Service Providers and Related Entity Participants since a sustainable and stable relationship with them is essential to the business development of the Group. The Board may determine the Employee Participants' eligibility in its sole discretion by considering all relevant factors as appropriate (please refer to the factors set out in paragraph 1.2 in the Appendix) and take into account criteria based on the nature of the contributions made by Service Providers and Related Entity Participants before granting Share Option(s) to them (please refer to the factors set out in paragraph 1.2 in the Appendix).

The rules of the New Share Option Scheme will not prescribe specific performance targets that must be met before an Option can be exercised or clawback mechanism to recover or withhold Share Options to be granted. However, the rules of the New Share Option Scheme will give the Board discretion to impose such conditions on the Share Options or prescribe such clawback mechanism where appropriate. The Directors consider that it may not always be appropriate to impose such conditions or prescribe such clawback mechanism particularly when the purpose of granting the Share Options is to remunerate or compensate Eligible Participants for past contributions. The Directors consider it more beneficial to the Company to retain the flexibility to determine whether such conditions or clawback mechanism are appropriate in light of the particular circumstances of each grant.

The Exercise Price in respect of any particular Share Option will be such price as determined by the Board in its discretion at the time of the grant of the relevant Share Option but in any event the Exercise Price shall be at least the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Offer Date; or (ii) the average of the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Shares on the Offer Date.

LETTER FROM THE BOARD

The vesting period of Share Options granted under the New Share Option Scheme shall be determined by the Board subject to a minimum period of no less than 12 months.

The maximum total number of Shares which may be issued upon exercise of all Share Options to be granted under the New Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date. As at the Latest Practicable Date, there were an aggregate of 2,973,883,385 Shares in issue. Assuming there is no issue or repurchase of Shares from the Latest Practicable Date to the date of the EGM on which the New Share Option Scheme is expected to be conditionally approved and adopted by the Shareholders, the maximum number of Shares that can be issued upon exercise of the Share Options is 297,388,338, representing 10% of the Shares in issue.

The Board has also set the Service Provider Sublimit in respect of the total number of Shares which may be allotted and issued in respect of all Share Options to be granted to Service Providers under the New Share Option Scheme, being 1% of the total number of Shares in issue on the Adoption Date. The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to Service Providers, the actual or expected contribution in the Group's revenue or profits which is attributable to Service Providers, the nature of the Service Providers' contribution to the long-term growth of the Group's core business and the future capital needs of the Group. The Group engages Service Providers to provide services to the Group in connection with the research, development and selling of pharmaceutical products including finished medicines, bulk pharmaceuticals and medical materials, being the Group's principal business activities. The Service Providers possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group and their continuing and recurring engagement and cooperation with the Group would benefit the Group on a frequent and successive basis in its ordinary and usual course of business. While the Company had not granted share options or share awards to Service Providers under the 2012 Share Option Scheme or the existing share award scheme of the Company, the Service Provider Sublimit would provide the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with Service Providers which are not employees of the Group but who may have exceptional expertise and who may be able to contribute to the Group in a way substantively comparable to contributions of highly-skilled or executive employees of the Group.

In determining the Service Provider Sublimit, the Directors consider that it is important to ensure that the New Share Option Scheme is attractive and provide sufficient incentives to Service Providers who are able to contribute to the sales, research and development ("**R&D**") and supply of the Group, all of which being core functions on which the Group relies in its ordinary and usual course of business.

A considerable amount of the sales of the Group is conducted through external sales agents who act as middlemen between the Group and customers and who have extensive sales network in various geographical areas and diverse distribution channels targeting various customers. For the year ended 31 December 2021, the turnover generated through external sales agents represented approximately one-third of the revenue of the Group of approximately HK\$5,357 million. The Group collaborates with academic institutions and experts in the fields of biotechnology or

LETTER FROM THE BOARD

biopharmaceuticals etc., such as university professors, scientists and laboratories, as contractors or consultants in its R&D endeavours. The results and progress of these contractors' or consultants' researches are significant to the Group as the success of the Company relies on whether the Company is able to make breakthroughs in its pharmaceutical products through its R&D efforts, which is consistent with market condition in the highly-competitive pharmaceutical industry. For the year ended 31 December 2021, the Group recorded R&D expenses of approximately HK\$461 million. The Group also intends to maintain a sustainable relationship with its suppliers so as to ensure that the Group has a stable and continuing supply chain. The Group would have a higher flexibility in procurement of raw materials by including equity incentives instead of monetary consideration only.

Taking into account (i) the business model of the Group (including sales and supply structure and R&D), in particular, the significance of the external sales agents in channelling, suppliers in procurement and contractors or consultants in R&D; (ii) the benefit to and needs of the Group to provide long-term equity incentives to maintain the recurring and continuing contributions of the Service Providers in relation to day-to-day operations and core business functions of the Group; (iii) the proportion of cash consideration and equity rewards considering the historical amount of R&D expense and selling expenses borne by the Group and the potential growth in value of the Shares; and (iv) the minimal potential dilution to the shareholding of public Shareholders following the exercise of the Share Options to be granted to Service Providers under the Service Provider Sublimit, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable. The Service Provider Sublimit is subject to separate approval by the Shareholders at the EGM.

No trustee has been appointed under the New Share Option Scheme. None of the Directors is and will be a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustees of the New Share Option Scheme (if any).

The Board has no present intention to grant Share Options to any of the Eligible Participants under the New Share Option Scheme after its adoption.

The New Share Option Scheme will constitute a share option scheme under Chapter 17 of the Listing Rules. The terms of the New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules effective on 1 January 2023.

Conditions of the New Share Option Scheme

The New Share Option Scheme or the grant of any Share Option thereunder is conditional on:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the adoption of the New Share Option Scheme and to authorise the Board to grant Share Options under the New Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Share Option; and

LETTER FROM THE BOARD

- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any Share Option which may be granted under the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares, representing a maximum of 10% of the Company's issued share capital as at the Adoption Date, which may fall to be issued pursuant to the exercise of the Share Options to be granted under the New Share Option Scheme.

Valuation of the Share Options

The Directors consider that it is inappropriate and impractical to state the value of the Share Options that may be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date, given that a number of variables which are necessary for the calculation of the value of the Share Options cannot be ascertained at this stage. Such variables include the exercise price, exercise period, interest rate, any performance targets set and other relevant variables. The Directors believe that any calculation of the value of the Share Options as of the Latest Practicable Date based on a number of speculative assumptions would not be meaningful to the Shareholders.

Document on display

A copy of the rules of the New Share Option Scheme will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.ssygroup.com.hk) for display for a period of not less than 14 days before the date of the EGM and will be made available for inspection at the EGM.

EGM

A notice convening the EGM to be held at Rooms 4902-03, 49th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 2:00 p.m. on Friday, 13 January 2023 is set out on pages 34 to 36 of this circular. Ordinary resolutions will be proposed at the EGM for the Shareholders to consider and, if thought fit, to approve, amongst others, the adoption of New Share Option Scheme.

A form of proxy for the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th 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 appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so desire.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Tuesday, 10 January 2023 to Friday, 13 January 2023, both dates inclusive, during which period, no transfer of Shares will be registered. In order to qualify to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m., Monday, 9 January 2023.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the EGM shall be voted by poll in accordance with the Listing Rules and the Articles of Association. The poll results will be announced in accordance with Rule 13.39(5) of the Listing Rules after the conclusion of the EGM.

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Board believes that the proposed adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders and accordingly recommends you to vote in favour of all resolutions to be proposed at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the Latest Practicable Date, no Shareholder had a material interest in the proposed adoption of the New Share Option Scheme. Accordingly, no Shareholder is required to abstain from voting at the EGM on the resolutions approving the proposed adoption of the New Share Option Scheme.

Yours faithfully,
For and on behalf of the Board
SSY Group Limited
Qu Jiguang
Chairman

APPENDIX SUMMARY OF RULES OF THE NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the rules of the New Share Option Scheme proposed to be adopted at the EGM. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme.

1 PURPOSE AND ELIGIBLE PARTICIPANTS

- 1.1 The purpose of the New Share Option Scheme is to enable the Board to grant Share Options to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group. The basis of eligibility of any of the Eligible Participants to the grant of Share Options shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution or potential contribution to the development and growth of the Group.
- 1.2 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to the Eligible Participant's contribution to the development and growth of the Group. In assessing whether Share Options are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought to the Group's business and development and whether granting Share Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.
- (a) In assessing the eligibility of Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
- (i) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
 - (ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
 - (iii) his/her contribution made or expected to be made to the growth of the Group; and
 - (iv) his/her educational and professional qualifications, and knowledge in the industry.

APPENDIX SUMMARY OF RULES OF THE NEW SHARE OPTION SCHEME

- (b) In assessing the eligibility of Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
- (i) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
 - (ii) the period of engagement or employment of the Related Entity Participant by the Group;
 - (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved;
 - (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
 - (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
 - (vi) the materiality and nature of the business relation of the holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies which may benefit the core business of the Group through a collaborative relationship.
- (c) Service Provider(s) include independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity. Service Providers shall provide services to the Group in connection with the research, development, manufacturing and selling of pharmaceutical products including finished medicines, bulk pharmaceuticals and medical materials, being the Group's principal business activities. Amongst the Service Providers eligible for the granting of Share Options (i) distributors, contractors, suppliers and agents are to directly contribute to the long term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business. The work of distributors, contractors, suppliers and agents are closely connected with various areas of the Group's day-to-day operations, including sales, procurement, marketing, manufacturing and research and development of

pharmaceutical products, and their performances will contribute to the operating performance and financial results of the Group; and (ii) advisers, consultants and service providers are those who would play significant roles in the Group's business development by contributing their specialized skills and knowledge in the business activities of the Group on a continuing and recurring basis. Such advisers, consultants and service providers would possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly-skilled or executive employees of the Group.

In assessing the eligibility of Service Provider(s), the Board will consider all relevant factors as appropriate, including, among others:

- (i) in respect of advisers and consultants:
 - A. the expertise, professional qualifications and industry experience of the Service Provider;
 - B. the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - C. the prevailing market fees chargeable by other services providers;
 - D. the Group's period of engagement of or collaboration with the Service Provider; and

- E. the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit;
- (ii) in respect of agents, distributors, contractors and suppliers:
- A. the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him;
 - B. the ability of the Service Provider to maintain the quality of services;
 - C. the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - D. the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Provider's collaboration with the Group;
 - E. the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and
 - F. the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.
- 1.3 Subject to the rules of the New Share Option Scheme, the Board may, at any time and from time to time during the Option Period on a Business Day, at its absolute discretion and on and subject to such terms, conditions, restrictions or limitations as it may think fit in writing offer to grant Share Options to Eligible Participants to subscribe at the Exercise Price for such number of Shares as the Board may determine.

2 DURATION

- 2.1 The New Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period, no further Share Options shall be offered or granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects. Share Options granted during the life of the New Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.
- 2.2 Grantees shall ensure that the acceptance of the Offer, the holding and exercise of the Share Option in accordance with the New Share Option Scheme, the allotment and issue of Shares to him/her upon the exercise of the Share Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he/she is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of a Share Option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as they may reasonably require for such purpose.

3 CONDITIONS FOR THE GRANT OF SHARE OPTION

- 3.1 The New Share Option Scheme or the grant of any Share Option is conditional on:
- (a) the passing by the Shareholders at a general meeting of the Company of an ordinary resolution to approve the adoption of the New Share Option Scheme and to authorise the Board to grant Share Options under the New Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Share Option; and
 - (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any Share Options which may be granted under the New Share Option Scheme.
- 3.2 If the condition as set out in paragraph 3.1 is not satisfied within six (6) calendar months after the Adoption Date:
- (a) the New Share Option Scheme shall forthwith determine;
 - (b) any Share Option granted or agreed to be granted pursuant to the New Share Option Scheme and any Offer shall be of no effect; and
 - (c) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the New Share Option Scheme or any Share Option.

4 GRANT OF SHARE OPTIONS

- 4.1 Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of the New Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any Eligible Participant to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof) at such price per Share at which a Grantee may subscribe for the Shares on the exercise of a Share Option, as determined in accordance with paragraph 5, as the Directors shall, subject to paragraph 8 and at their discretion, determine.
- 4.2 Without prejudice to paragraph 8.8 below, the making of an Offer to any Director or chief executive of the Company or Substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of a Share Option).
- 4.3 Any Offer shall be made to an Eligible Participant in writing (and otherwise so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares covered by such Share Option, the Option Period and any terms and conditions, restrictions and/or limitations applicable to the Share Option, and further requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and the Offer shall include a statement to the effect that any acceptance thereof shall render the Eligible Participant to whom the Offer is made bound by the provisions of the New Share Option Scheme. The Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 30 days from the Offer Date.
- 4.4 An Offer shall state, in addition to the matters specified in paragraph 4.3, the following:
- (a) the name, address and occupation of the Eligible Participant;
 - (b) the number of Shares under the Share Option in respect of which the Offer is made and the Exercise Price for such Shares;
 - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the Share Option comprised in the Offer;
 - (d) the last date by which the Offer must be accepted (which must not be later than 30 days from the Offer Date);

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- (e) a minimum period for which a Share Option must be held before it is vested and exercisable, which shall not be less than 12 months;
 - (f) the procedure for acceptance;
 - (g) the performance target(s) (if any) that must be attained by the Eligible Participant before any Share Option can be exercised;
 - (h) the clawback mechanism for the Company to recover or withhold any Share Option granted to any Eligible Participants (if any) in the event of, for example, serious misconduct, a material misstatement in the Company's financial statements or other special circumstances as identified by the Board;
 - (i) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not inconsistent with the New Share Option Scheme; and
 - (j) a statement requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme including, without limitation, the conditions specified in, among other things, paragraphs 4.3 and 6.1.
- 4.5 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Share Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.6 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the Share Option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.

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- 4.7 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraphs 4.5 or 4.6, a Share Option in respect of the number of Shares of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraphs 4.5 or 4.6, it will be deemed to have been irrevocably declined.
- 4.8 The Option Period of a Share Option must not be more than ten (10) years after the Offer Date.
- 4.9 Share Options will not be listed or dealt in on the Stock Exchange.
- 4.10 For so long as the Shares are listed on the Stock Exchange:
- (a) an Offer may not be made after a price-sensitive event or inside information has come to the knowledge of the Board until (and including) the trading day after it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the board meeting (as such date is first notified 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 announce its results for any year or half-year under the Listing Rules, quarter or any other interim period (whether or not required under the Listing Rules);and ending on the actual date of publication of the results announcement, and no Option may be granted during any period of delay in publishing a results announcement.
 - (b) without prejudice to paragraph 4.10(a), an Offer may not be made to an Eligible Participant who is subject to the Model Code during the periods or times in which such Eligible Participant is prohibited from dealing in the Shares pursuant to the Model Code, or any corresponding code or securities dealing restrictions adopted by the Company.

5 EXERCISE PRICE

5.1 The Exercise Price in respect of any Share Option shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Directors, provided that it must be at least the highest of:

- (a) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date;
- (b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares on the Offer Date;

provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

6 EXERCISE OF SHARE OPTIONS

6.1 A Share Option must be personal to the Grantee and must not be transferable or assignable, save where applicable under the Listing Rules, when the Stock Exchange has granted a waiver to the Grantee to transfer his Share Option to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the New Share Option Scheme and comply with other requirements under the Listing Rules, no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Share Option or enter into any agreement to do so. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Share Option granted to such Grantee to the extent not already exercised.

6.2 Subject to, among other things, paragraph 4.3 and the fulfilment of all terms and conditions attached to the Share Options, including the attainment of any performance targets (if any), a Share Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.5 and 6.6 by giving notice in writing to the Company stating that the Share Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Share Option remains unexercised is less than one board lot or where the Share Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within 30 days (seven days in the case of an exercise pursuant to paragraph 6.5(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the auditors or the

independent financial advisers pursuant to paragraph 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Share Option by a Personal Representative pursuant to paragraph 6.5(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his/her estate in the event of an exercise by his/her Personal Representative as aforesaid) the relevant share certificate(s) in respect of the Shares so allotted and issued.

- 6.3 A Grantee is required to hold a Share Option for not less than twelve (12) months from the Offer Date before it can be exercised.
- 6.4 Unless otherwise determined by the Board and specified in the Offer, there is generally no performance target that needs to be achieved before the exercise of a Share Option granted to a Grantee nor there is any clawback mechanism for the Company to recover or withhold the Share Options granted to any Eligible Participant.
- 6.5 Subject as hereinafter provided in the New Share Option Scheme, a Share Option may only be exercised by the Grantee at any time during the Option Period provided that:
- (a) if the Grantee is an employee of the Group and in the event of his/her ceasing to be a grantee by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the Share Option in full, his/her Personal Representative(s) or, as appropriate, the Grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.2 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 6.5(c) or 6.5(d) occur during such period, exercise the Share Option pursuant to paragraph 6.5(c) or 6.5(d) respectively;
 - (b) if the Grantee is an employee of the Group and in the event of his/her ceasing to be a Grantee for any reason other than (1) his/her death, ill-health or retirement in accordance with his/her contract of employment or (2) the termination of his/her employment on one or more of the grounds specified in paragraph 7.1(d) before exercising the Share Option in full, the Share Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.5 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 6.5(c) or 6.5(d) occur during such period, exercise the Share Option pursuant to paragraph 6.5(c) or 6.5(d) respectively. The date of cessation or

termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not;

- (c) if a general or partial offer, whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Share Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his/her Share Options were granted, be entitled to exercise the Share Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.5 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;

- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her Share Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.5 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his/her Share Option not less than one (1) day before the date on which such resolution is to be considered and/or passed whereupon he/she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Share Options then outstanding shall lapse and determine on the commencement of the winding-up; and

(e) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Share Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two (2) Business Days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Share Option credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Share Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Share Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

6.6 Shares to be allotted and issued upon the exercise of a Share Option will be subject to the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders thereof to participate in all dividends or distributions paid or made on or after the name of the Grantee is registered on the register of members of the Company, 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 before the date when the name of the Grantee is registered on the register of members of the Company. A Share allotted and issued upon the exercise of a Share Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

7 EARLY TERMINATION OF OPTION PERIOD

- 7.1 The Option Period in respect of any Share Option shall automatically terminate and that Share Option (to the extent not already exercised) shall lapse at the earliest of:
- (a) the expiry of the Option Period as may be determined by the Directors;
 - (b) the expiry of any of the periods referred to in paragraph 6.5;
 - (c) the date of commencement of the winding-up of the Company;
 - (d) in respect of a Grantee who is an employee of the Group when an Offer is made to him/her, the date on which the Grantee ceases to be an employee of the Group by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of persistent or serious misconduct, or has been liable for a material misstatement in the Company's financial statements, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute and does not involve his integrity or honesty) or (if so determined by the Board) on any other grounds on which an employer would be entitled to terminate his employment summarily;
 - (e) in respect of a Grantee other than an employee of the Group, the date on which the Board shall at their absolute discretion determine that: (i) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or (ii) 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; or (iii) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and
 - (f) the date on which the Directors shall exercise the Company's right to cancel the Share Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other Share Option.
- 7.2 A resolution of the Directors or written communication on behalf of the Board to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraph 7.1(d) and (e) has occurred shall be conclusive and binding on all persons who may be affected thereby.

- 7.3 Transfer of employment of a Grantee who is an employee of the Group from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an employee of the Group is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

8 MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 8.1 The total number of Shares which may be allotted and issued upon exercise of all Share Options or share options or share awards to be granted under the New Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (the “**Scheme Limit**”).
- 8.2 Subject to paragraph 8.1, the total number of Shares which may be allotted and issued in respect of all Share Options or share options or share awards to be granted to Service Providers under the New Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”).
- 8.3 For the avoidance of doubt, the Shares underlying any Share Options granted under the New Share Option Scheme or any other share option schemes of the Company which have been cancelled will be counted for the purpose of calculating the Scheme Limit and Service Provider Sublimit. Where the Company has reissued such cancelled Share Options, the Shares underlying both the cancelled Share Options and the re-issued Share Options will be counted as part of the total number of Shares subject to paragraphs 8.1 and 8.2. The Share Options, share options or share awards lapsed in accordance with the terms of the New Share Option Scheme or (as the case may be) any other share option schemes of the Company will, however, not be regarded as utilized for the purpose of calculating the Scheme Limit and Service Provider Sublimit.
- 8.4 If the Company conducts a share consolidation or subdivision after the Scheme Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Share Options or share awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

- 8.5 The Scheme Limit (and the Service Provider Sublimit) may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from Adoption Date or the date of Shareholders' approval for the last refreshment provided that:
- (a) the total number of Shares which may be issued in respect of all share options and shares awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit as refreshed (the "**New Scheme Limit**") must not exceed 10% and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 1% of the Shares in issue at the date of the Shareholders' approval of such New Scheme Limit (and New Service Provider Sublimit). Share Options, share options or share awards previously granted under the New Share Option Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) or share award scheme(s) of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Limit (and New Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of Share Options, share options and share awards that were already granted under the existing Scheme Limit and the existing Service Provider Sublimit, and the reason for the refreshment.
 - (b) any refreshment to the Scheme Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, where any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting and in accordance with the requirements under the Listing Rules.
 - (c) the requirements under paragraph 8.5(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of securities, rounded to the nearest whole Share.

APPENDIX SUMMARY OF RULES OF THE NEW SHARE OPTION SCHEME

- 8.6 Without prejudice to paragraph 8.5, the Company may seek separate Shareholders' approval in general meeting to grant Share Options, share options and shares awards under the New Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company beyond the Scheme Limit (or the Service Provider Sublimit) or, if applicable, the extended limits referred to in paragraph 8.5, provided the share options or share awards in excess of the Scheme Limit (or the Service Provider Sublimit) are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such share options or share awards, the number and terms of the share options or share awards to be granted to each Eligible Participant, and the purpose of granting options or awards to the specified Eligible Participants with an explanation as to how the terms of the share options or share awards serve such purpose. The number and terms of share options or share awards to be granted to such Eligible Participant must be fixed before Shareholders' approval.
- 8.7 Subject to paragraph 8.8, the total number of Shares issued and which may fall to be issued upon exercise of the Share Options and the share options and share awards granted under the New Share Option Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including both exercised or outstanding Share Options) to each Grantee in any 12-month period shall not exceed 1% of the total number of Shares in issue. Where any further grant of Share Options to a Grantee would result in the Shares issued and to be issued upon exercise of all Share Options granted and proposed to be granted to such person (including both exercised or outstanding share options and share awards but excluding any share options and share awards lapsed in accordance with the terms of the scheme) to each Eligible Participant in any 12-month period up to and including the date of such grant shall not exceed 1% of the total number of Shares in issue. The Company may further grant Share Options, share options or share awards to an Eligible Participant that would result in the Shares issued and to be issued upon exercise of all Share Options, share options or share awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding Share Options but excluding any share options and share awards lapsed in accordance with the terms of the scheme) under the New Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, provided that:
- (a) such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting;

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- (b) the Company has first sent a circular to Shareholders disclosing the identity of the Eligible Participant, the number and terms of the Share Options, share options or share awards to be granted (and Share Options, share options or share awards previously granted to such Eligible Participant in the aforesaid 12-month period), the purpose of granting the Share Options, share options or share awards to the Eligible Participant and an explanation as to how the terms of the Share Options, share options or share awards serve such purpose; and
 - (c) the number and terms of Share Options, share options or share awards to be granted to such Eligible Participant must be fixed before the Shareholders' approval.
- 8.8 Without prejudice to paragraphs 4.2 and 4.3, each grant of Share Options to a Director, chief executive of the Company or Substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the proposed Grantee of a Share Option).
- 8.9 Where any grant of Share Options to an independent non-executive Director or a Substantial Shareholder (or any of their respective associates) would result in the Shares issued and to be issued in respect of all Share Options, share options or share awards granted (excluding any Share Options, share options or share awards lapsed in accordance with the New Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Share Options shall be subject to:
 - (a) the issue of a circular by the Company to the Shareholders; and
 - (b) the approval by the Shareholders in general meeting at which the Grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour at such general meeting, and in accordance with the Listing Rules.
- 8.10 The circular to be issued by the Company to the Shareholders pursuant to paragraph 8.9(b) must contain the following information:
 - (a) details of the number and terms of the Share Options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting;
 - (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Share Options) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and
 - (c) other information required under the Listing Rules.

8.11 Any change in the terms of Share Options granted to an Eligible Participant who is a Director, chief executive or Substantial Shareholder or an independent non-executive Director of the Company, or any of their respective associates, must be approved by the Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules (effective from 1 January 2023) if the initial grant of the Share Options requires such approval (except where the changes take effect automatically under the existing terms of the New Share Option Scheme).

9 ADJUSTMENTS TO THE EXERCISE PRICE

9.1 In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, reduction of the share capital of the Company or any other capitalisation issue, then, in any such case the Company shall request the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (i) the number or nominal amount of Shares to which the New Share Option Scheme or any Share Option(s) relates (insofar as it is/they are unexercised); and/or
- (ii) the Exercise Price of any Share Option; and/or
- (iii) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in a Share Option or which remain comprised in a Share Option, and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:
 - A. any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he/she exercised all the Share Options held by him/her immediately prior to such adjustment;
 - B. no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
 - C. the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
 - D. any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

APPENDIX SUMMARY OF RULES OF THE NEW SHARE OPTION SCHEME

Subject to compliance with the requirements as provided in this paragraph 9, if there is any capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the number of Share Options shall be made accordingly. The method of adjustment is set out as below:

(a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$Q = Q0 \times (1 + n)$$

Where: “Q0” represents the number of Share Options before the adjustment; “n” represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; “Q” represents the number of Share Options after the adjustment.

(b) Consolidation of Shares or share subdivision or reduction of the share capital

$$Q = Q0 \times n$$

Where: “Q0” represents the number of Share Options before the adjustment; “n” represents the ratio of consolidation or share subdivision or reduction of share capital; “Q” represents the number of Share Options after the adjustment.

(c) Rights issue

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: “Q0” represents the number of Share Options before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Share Options after the adjustment.

Subject to compliance with the requirements as provided in this paragraph 9, capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the Exercise Price shall be made accordingly. The method of adjustment is set out below:

(a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$P = P0 \div (1 + n)$$

Where: “P0” represents the Exercise Price before the adjustment; “n” represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; “P” represents the Exercise Price after the adjustment.

(b) Consolidation of Shares or share subdivision or reduction of the share capital

$$P = P0 \div n$$

Where: “P0” represents the Exercise Price before the adjustment; “n” represents the ratio of consolidation or share subdivision or reduction of share capital; “P” represents the Exercise Price after the adjustment.

(c) Rights issue

$$P = P0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: “P0” represents Exercise Price before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the Exercise Price of the rights issue; “n” represents the ratio of allotment; “P” represents the Exercise Price after the adjustment.

In respect of any adjustment referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

- 9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.
- 9.3 In giving any certificate under this paragraph 9, the auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby. The costs of the auditors or the independent financial adviser to the Company shall be borne by the Company.

10 CANCELLATION OF SHARE OPTIONS GRANTED

- 10.1 Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Share Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- 10.2 Where the Company cancels any Share Option granted to a Grantee but not exercised and issues new Share Option(s) to the same Grantee, the issue of such new Share Option(s) may only be made with available unissued Share Options (excluding, for this purpose, the Share Options so cancelled) within the Scheme Limit, Service Provider Sublimit or the limits approved by the Shareholders pursuant to paragraph 8.5.
- 10.3 The Share Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit (and the Service Provider Sublimit).

11 ALTERATION OF THE NEW SHARE OPTION SCHEME

- 11.1 Subject to paragraphs 11.2 to 11.4, the New Share Option Scheme may be altered in any respect by a resolution of the Directors except that:
- (a) any alteration to the provisions of the New Share Option Scheme which are of a material nature; and
 - (b) any alteration to the provisions of the New Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of Grantees;

must be approved by a resolution of the Shareholders in general meeting.

- 11.2 Any change to the terms of Share Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be), unless the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- 11.3 Any change to the authority of the Directors or the administrators of the New Share Option Scheme to alter the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.
- 11.4 The amended terms of the New Share Option Scheme and/or any Share Options pursuant to this paragraph 11 must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

12 TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company by resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Share Options will be offered, but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Share Options (to the extent not already exercised) granted or any Share Options exercised but remaining outstanding prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme, and Share Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme. Details of the Share Options granted, including Share Options exercised or outstanding, under the New Share Option Scheme must be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

NOTICE OF EGM



石四藥集團有限公司 SSY Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2005)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of SSY Group Limited (the “**Company**”) will be held at Rooms 4902-03, 49th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 2:00 p.m. on Friday, 13 January 2023, to consider and, if thought fit, to pass with or without amendments the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**, subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in the shares of the Company (the “**Shares**”) which may fall to be allotted and issued pursuant to the exercise of the share options which may be granted under the share option scheme of the Company (the “**New Share Option Scheme**”), a copy of which is tabled at the Meeting and signed by the chairman of the Meeting for the purpose of identification, the New Share Option Scheme and the Scheme Limit (as defined in the New Share Option Scheme) on the total number of Shares that may be issued in respect of all share options or share awards to be granted under the New Share Option Scheme or all other share option schemes or share award schemes of the Company (i.e. 10% of the shares of the Company in issue as at the date of passing of this resolution) be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take all such acts and enter into all such transactions, arrangements and agreements as they may consider necessary or expedient to implement or give full effect to the New Share Option Scheme, including without limitation:
 - (a) administering the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares;
 - (b) modifying and/or amending the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);

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- (c) making application at the appropriate time or times to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, any new Shares or any part thereof that may hereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the New Share Option Scheme; and
 - (d) consenting, 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 New Share Option Scheme.”
2. “**THAT**, the Service Provider Sublimit (as defined in the New Share Option Scheme) on the total number of Shares that may be issued in respect of all share options or share awards to be granted to Service Providers (as defined in the New Share Option Scheme) under the New Share Option Scheme or all other share option schemes or share award schemes of the Company (i.e. 1% of the shares of the Company in issue as at the date of passing of this resolution) be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

By order of the Board
Chow Hing Yeung
Executive Director and Company Secretary

Hong Kong, 21 December 2022

Notes:

1. Any member entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him/her. A member who is the holder of two or more Shares may appoint more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be delivered to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Tuesday, 10 January 2023 to Friday, 13 January 2023, both dates inclusive, during which period, no transfer of shares will be registered. In order to qualify to attend and vote at the Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m., Monday, 9 January 2023.

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4. Where there are joint holders of any Share, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
5. In order to facilitate the prevention and control of the COVID-19 epidemic and to safeguard the health and safety of the shareholders of the Company, the Company encourages that the shareholders to consider appointing the chairman of the Meeting as his/her proxy to vote on the relevant resolution at the Meeting, instead of attending the Meeting in person.
6. If Typhoon Signal No. 8 or above is expected to be hoisted or a Black Rainstorm Warning Signal is expected to be in force any time after 6:00 a.m. on the date of the Meeting, then the Meeting will be adjourned in accordance with the existing articles of association of the Company and the shareholders will be informed of the date, time and place of the adjourned meeting and, if necessary, be given notice thereof pursuant to the existing articles of association of the Company.
7. Please refer to Appendix to the circular of the Company dated 21 December 2022 for the summary of the principal terms of the rules of the New Share Option Scheme.
8. As at the date of this notice, the executive Directors are Mr. Qu Jiguang, Mr. Su Xuejun, Mr. Meng Guo and Mr. Chow Hing Yeung, the non-executive Director is Mr. Feng Hao and the independent non-executive Directors are Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai.