

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO: FSD 400 OF 2023 (MRHCJ)

BETWEEN:



YS BIOPHARMA CO., LTD

Plaintiff

(1) YI ZHANG

(2) NAN ZHANG

(3) YUN (MONICA) ZHANG

(4) LUI CHI KEUNG

(5) JING XIAN LI

(6) YUAN LIU

(7) JIMIN WANG

Defendants

AMENDED STATEMENT OF CLAIM

1. YS Biopharma Co., Ltd (the **Company**) is a company incorporated in the Cayman Islands with registration number 368187.
2. The objects of the Company are unlimited. The Company is a biopharmaceutical company dedicated to discovering, manufacturing and commercialising new generations of vaccines and therapeutic biologics for infectious diseases and cancer. It is listed on NASDAQ.

3. The **First** Defendant **is was** a director of the Company **between 16 November 2020 and 12 February 2024**.
4. The **First** Defendant was appointed chairperson of the board of directors of the Company (the **Board**) by director resolution on 31 December 2020.
5. Article 90 of the Amended and Restated Articles of Association of the Company (the **Articles**) provides:

“The Board of Directors shall elect and appoint a Chairperson by a majority of the Directors then in office. The period for which the Chairperson will hold office will also be determined by a majority of all of the Directors then in office.”

6. At a meeting of the directors of the Company on 9 December 2023 the Board passed the following resolution (the **First Resolution**):

“Chairman Zhang will take a temporary leave of absence from the position of Chairperson of the Board starting immediately for a period of 6 months, or such longer period as may be necessary for the Company to implement good management practices and fulfil its compliance obligations and that Dr Ajit Shetty be appointed to serve as interim Chairman of the Board during that period.”

7. As a result of the Resolution:
 - 7.1. The **First** Defendant ceased to be chairperson of the Board.
 - 7.2. Dr **Ajit Shetty (Dr Shetty)** (an independent director) was appointed interim chairperson of the Board.
8. Following the passing of the **First** Resolution, the **First** Defendant disputed that the effect of the Resolution was that he ceased to be chairperson. Without prejudice to the generality of the foregoing:
 - 8.1. On 12 December 2023, the **First** Defendant authorised the publication of a news report which identified him as chairperson.
 - 8.2. On 17 December 2023, the **First** Defendant served on all directors of the Company other than himself “Notices for Removal of Director” whereby the **First** Defendant gave notice of the intention to call an EGM on 28 December 2023 in his capacity as

chairperson at which resolutions to remove those directors would be proposed. In providing such notice the First Defendant purported to use the authority to call a meeting so given to a chairperson pursuant to Article 88 of the Articles.

8.3. On or around 22 December 2023, the First Defendant signed execution policy documents related to the implementation of a new Sarbanes-Oxley Act 2002, section 404 policy, backdating his signature to 11 December 2023, and purporting to act in the capacity as chairperson.

~~9. In the premises the Company is entitled to declarations that:~~

~~9.1. The Defendant was validly removed as chairperson of the Board on 9 December 2023.~~

~~9.2. The Defendant is not entitled to take any steps or exercise any powers as chairperson of the Board.~~

~~9.3. No steps taken by the Defendant in his purported capacity as chairperson since his removal on 9 December 2023 are valid.~~

~~9.4. The Notices for Removal of Director dated 17 December 2023, and any purported notice of an extraordinary general meeting scheduled to be held on 28 December 2023 at 9.00am Beijing time were invalid.~~

~~10. In the premises the Company is entitled to an injunction restraining the Defendant from taking any steps to exercise any powers of, or hold himself out to be, chairperson of the Board.~~

10A. Article 110 of the Articles provides:

"The office of Director shall be vacated, if the Director:

...

(d) is removed from office by notice addressed to them at their last known address and signed by all of their co-Directors (not being less than two in number)."

10B. On 12 February 2024, the First Defendant was removed as a director in accordance with Article 110(d). Notice of his removal, signed by all other directors, was delivered to the First Defendant's last known address the same day.

11. ~~In~~ By early December 2023 the directors ~~became had become~~ aware of allegations that the **First** Defendant had dishonestly misappropriated Company assets for personal profit or for the benefit of family members of the Defendant. If established, the said misappropriations would constitute breaches of fiduciary duty by the **First** Defendant in his capacity as a director of the Company. The allegations of misappropriation include allegations that:
- 11.1. Between 2011 and 2013 the **First** Defendant misappropriated sums in value of around RMB 5,000,000 through a series of fabricated expense payments and contracts and other documents, those funds being then diverted for the benefit of the Defendant.
- 11.2. In or around 2019, the **First** Defendant misappropriated further sums in value of at least around RMB 600,000 through improper payments to Henan Hanyuanan Biotech Limited (**Henan Hanyuanan**) those funds being then diverted for the benefit of the **First** Defendant and/or his family members. At the time of those payments, Zhang Peng, the son of the **First** Defendant's cousin, was the legal representative, executive director and director of Henan Hanyuanan.
- 11.3. On 28 July 2022, the **First** Defendant improperly diverted sums totalling RMB 700,000 to himself and RMB 300,000 to his daughter as unauthorised research and development awards.
- 11.4. On 27 July 2023, the **First** Defendant improperly diverted sums totalling RMB 1,400,000 to himself and RMB 600,000 to his daughter as unauthorised research and development awards.
- 11.5. On 27 July 2023 the **First** Defendant improperly diverted sums totalling RMB 200,000 to himself and RMB 50,000 to his daughter as unauthorised scientific accomplishment awards.
- 11.6. The **First** Defendant created a fictitious position in the Company and/or ~~group~~ **Group** companies for his wife, Ms Mi.
- 11.7. The **First** Defendant appointed his daughter as Vice President of R&D, despite her qualifications being insufficient for such an appointment.

12. ~~In about~~ By December 2023 the directors had also ~~became~~ become aware of allegations that the First Defendant had overseen and was aware of, unknown to the rest of the Board, the imminent execution of a sales and marketing strategy for an experimental drug which had not completed sufficient medical trials to allow the Company to prudently sell and market the same.
13. Further, it was alleged that the First Defendant had overseen and was aware of the sale of the said drug in Cambodia to Chinese citizens when the Defendant knew that the drug was not authorised for sale in China and therefore could not be sold in China and had not been sufficiently tested for provision to patients in China.
14. The alleged actions of the First Defendant pleaded at paragraphs 12 and 13 above, if true, would expose the Company to significant commercial, regulatory and reputational risk and would constitute a breach of the Defendant's fiduciary duties to the Company as well as his duty to act with due skill and care as a director of the Company.
15. At a Board meeting on 21 December 2023, the Board appointed a special committee, consisting of Dr ~~Ajit~~ Shetty, Dr Viren Mehta (an independent director) and Dr Hui Shao (**Dr Shao**) (the CEO and an executive director) (the **Special Committee**). The Special Committee was delegated by the Board with authority, *inter alia*:
 - 15.1. To investigate the veracity of the allegations against the First Defendant pleaded at paragraphs 11 to 13 above.
 - 15.2. To interview current and former employees and other personnel in furtherance of that investigation.
 - 15.3. To make recommendations to the Board in respect of any actions to be taken by the Company as a result of the investigations.
16. Since the appointment of the Special Committee, the First Defendant has taken steps to stifle and obstruct the investigations of the Special Committee. ~~Prior to his removal as director~~ such steps were taken in breach of the First Defendant's fiduciary duties owed to the Company. Such steps included:
 - 16.1. Instructing the CFO and IR manager of the Company not to report to Dr Shao.

- 16.2. Informing company staff that they should stop communicating with Dr Shao and threatening anyone found communicating with him.
- 16.3. Suspending Dr Shao's company emails and his access to the Company email system and expelling Dr Shao from the Company WeChat portal.
- 16.4. Blocking the provision of updated financial information to the Company's CFO.
- 16.5. Instructing employees of the Capital Market Operation Division to transfer all seals, chops, historic documents, including contracts, certificates and other archived financial records, to his daughter.
- 16.6. Barring Dr Shao and Ms Rachel Yu (**Ms Yu**), an independent director of the Company, from the offices of Liaoning Yisheng Biopharma Co., Ltd when they attended on 3 January 2024.
- 16.7. Barring Dr Shao and Ms Yu from the offices of Beijing Yisheng Biotechnology Co., Ltd (**Beijing Yisheng**) when they attended on 5 January 2024.
- 16.8. Announcing to staff that Beijing Yisheng Xingye Technology Co., Ltd (**Xingye**), a company controlled by the First Defendant, would assume control of the offices of Beijing Yisheng and that Xingye, that is the First Defendant in practice, would determine who was allowed to enter the offices.
- 16.9. Informing staff that if they brought individuals the First Defendant had barred into the offices of Beijing Yisheng, such staff would also be barred from the offices.
- 16.10. Announcing the alleged dismissal of Dr Shao from all administrative duties within the Company and its subsidiaries.
- 16.11. Convening an extraordinary general meeting on 16 February 2024 with the planned intention of deliberately and unlawfully excluding the participation of the Chairperson, the directors and other shareholders from that meeting in order to purport to pass resolutions removing the board and installing a new board, and conspiring with others to put that plan into effect.
17. The stifling and obstructing of the investigation by the **First** Defendant, directly or indirectly, **is was** a breach of his fiduciary duties as a director of the Company.

~~18. In the premises, the Company is entitled to an injunction restraining the Defendant, whether in his capacity as director or member of the Company or as the ultimate beneficial owner and/or controller of other members of the Company or as member, director and/or manager of any direct or indirect subsidiary of the Company, from taking steps to stifle and/or obstruct any investigations of the Special Committee.~~

~~19. Further or in the alternative there is a real and serious risk that the Defendant will try to take steps to procure that the wrongful misappropriation of funds to him or for his benefit be ratified by abusing his majority shareholder control of the Company. He should not be permitted to vote on such an issue, whether directly or indirectly, as it concerns his breaches of fiduciary duty as a director of the Company.~~

~~20. In the premises, the Company is entitled to an injunction restraining the Defendant, whether in his capacity as director or member of the Company or as the ultimate beneficial owner and/or controller of other members of the Company from taking steps to ratify or procure the ratification of the misappropriation of funds by him.~~

21. On 16 March 2022, a facility agreement was entered into between, among others, YishengBio (Hong Kong) Holdings Limited as borrower (herein referred to as "Yisheng HK" and the "Borrower"), R-Bridge Investment Three Pte Ltd as lender (the Lender), R-Bridge Healthcare Fund, LP as agent (referred to herein as the "Agent" or "R-Bridge") and the Company (the Facility Agreement).

22. Under the Facility Agreement, the Company is a guarantor and an obligor.

23. The Company's obligations as guarantor are set out at clause 16 of the Facility Agreement. In particular, it has joint and several obligations to: (i) ensure punctual performance by the Borrower of all the Borrower's obligations under the Facility Agreement (see clause 16.1(a)); and (ii) pay, on demand, any amount when due under the Facility Agreement as if it was the principal obligor (*i.e.* the Borrower) (see clause 16.1(b)(i)).

24. Paragraph 19.1 of the Facility Agreement states as follows:

'The Borrower shall ensure that in relation to the Group:

(c) the EBITDA Margin in respect of any Relevant Period shall not be less than twenty-five per cent. (25%); and

(d) at any time after the date falling eighteen (18) Months after the Utilisation Date, the EBITDA Margin (after taking into account research and development expenses associated with the research and development of the Included Products) in respect of any Relevant Period shall not be less than twenty per cent. (20%).' (**EBITDA Margin Covenants**)

25. In respect of the EBITDA Margin Covenants:

- (a) 'Group' is defined as the Applicant and its Subsidiaries;
- (b) 'EBITDA Margin' is defined as, for any Relevant Period, the ratio of EBITDA to Net Sales (calculated on a consolidated basis);
- (c) 'Relevant Period' is defined as each period of 12 months ending on the last day of each Financial Year and each period of 12 months ending on the last day of each Financial Quarter; and
- (d) 'Included Products' is defined as YSJA Rabies Vaccine, PIKA Rabies Vaccine and other rabies vaccines and following any improvement, modification, development of such vaccine, such improved, modified or developed vaccines.

26. The following matters constitute an 'Event of Default' under the Facility Agreement:

- (i) a failure by the Borrower to satisfy the EBITDA Margin Covenants (see clause 22.2(a));
- (ii) a failure by either the Borrower or the Company to pay on the due date any amount payable pursuant to the Facility Agreement unless its failure to pay is caused by an administrative or technical error or a 'Disruption Event' within the meaning of the Facility Agreement or payment is made within three business days of its due date (see clause 22.1);
- (iii) any event or circumstance occurs which has or is reasonably likely to have a 'Material Adverse Effect' (see clause 22.17). To the extent relevant to the matters set out in this affidavit, 'Material Adverse Effect' means a material adverse effect on: (i) the business, operations, property or financial condition of the Borrower and the Company or the Group taken as a whole; (ii) the ability of any of the Borrower or the Company to perform its obligations under the Facility

Agreement; or (iii) the rights or remedies of the Lender under the Facility Agreement;

- (iv) failure by either the Borrower or the Company to notify the Agent of any default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (see clauses 18.5(a) and 22.3);
- (v) the commencement of legal proceedings taken in relation to the winding-up of any Transaction Obligor or Group Member or the appointment of a liquidator (see clauses 22.7(a)(i) and 22.7(a)(iii)).

27. On and at any time after the occurrence of an Event of Default, the Agent may, and shall if so directed by the Lender, declare that all or part of the Loan, together with any accrued interest, and all other amounts accrued under the Finance Documents (which includes the Facility Agreement) be immediately due and payable, whereupon they shall become immediately due and payable (see clause 22.18 concerning '*Acceleration*').

28. In addition, within five business days of a demand, each of the Borrower and the Company (as Obligors) shall provide the following indemnities against any cost, loss or liability incurred:

- (i) by a Finance Party (being the Lender or Agent) upon the occurrence of any Event of Default (see clause 14.2(a)); and
- (ii) by the Agent upon investigating any event which it reasonably believes is a default (see clause 14.3(a)).

29. On 27 December 2023, R-Bridge sent a letter to the Borrower (the **R-Bridge's Notice**) in which R-Bridge indicated that certain events could constitute an Event of Default.

30. The obligations of the Company under the Facility Agreement were discussed at a Board meeting on 7 January 2024 attended by the Defendant. Financial information was presented that indicated the financial reports of the Company, and in particular the Company's EBITDA margin, were such that R-Bridge could declare an Event of Default under the Facility Agreement.

31. On 24 January 2024, R-Bridge sent a second letter to the Borrower (the **Request for Payment Letter**) stating, *inter alia*, the following:

- "2.2 Based on the unaudited consolidated financial results of Cayman Yisheng for the first half of the fiscal year ended 31 March 2024 (i.e. as at 30 September 2023) contained in the FORM 6K filed by the Cayman Yisheng with the United States Securities and Exchange Commission on 22 January 2024 and the Post-Effective Amendment No. 2 To Form F-1 Registration Statement filed by the Cayman Yisheng with the United States Securities and Exchange Commission on 23 January 2024 (the "23 January 2024 SEC Filing"), the EBITDA Margin Financial Covenants appear to have been breached in respect of the Relevant Period ending on 30 September 2023.
- 2.3 Besides, as mentioned in our First Letter:
- (a) pursuant to paragraph (a) of Clause 18.5 (Notification of default) of the Facility Agreement, each Obligor is obliged to notify us of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence. Failure to so comply would constitute an Event of Default under Clause 22.3 (Other obligations) of the Facility Agreement if capable of remedy and is not remedied within ten (10) Business Days of the earlier of (i) the Agent giving notice to the Borrower and (ii) any Transaction Obligor becoming aware of the failure to comply (the "Grace Period"); and
- (b) we note from the FORM 6-K filed by Cayman Yisheng with the United States Securities and Exchange Commission on 12 December 2023 that Dr. Ajit Shetty, an independent director of the Company, has been appointed as an interim Chairperson of the Board for a six-month period to replace Mr. Zhang, the current Chairperson of the Board, effective from 9 December 2023.
- 2.4 We note that, it is stated in the 23 January 2024 SEC Filing that, if the Lenders demand the prepayment of the Loan in its full amount of \$40 million, the Group may be forced to seek additional funding to meet its obligation under the facility agreement, otherwise it may not be able to continue as a going concern.

2.5 *The occurrence of the events set out in paragraphs 2.2 to 2.4 above is a clear indication that there has been a material adverse effect on the business, operations or financial condition of the Group, and the ability of any of the Transaction Obligors to perform its obligations has also been clearly materially adversely affected by the occurrence such events.*¹
(emphasis added)

32. R-Bridge proceeded to make a request to the Borrowers under the letter, stating the following:

*'...we, as Agent, are hereby under the instructions of the Lenders to urge you, and confirm that the Lenders agree that you may, prepay all the Loan outstanding together with accrued interest on the amount prepaid, any Makewhole Amount, any Prepayment Fee, any accrued and outstanding Royalties (as defined in the Royalty Deed), and all other amounts accrued or outstanding in respect of the amount prepared under the Finance Documents and all outstanding fees and expenses in the aggregate amount of US\$44,654,444 as at 31 January 202, comprising the following immediately, but in any event, no later than 31 January 2024 (Hong Kong time).*¹

33. The total sums demanded to be paid pursuant to the Request for Payment Letter were ~~US\$44,656,444~~ US\$44,654,444.

34. ~~At the time of the delivery of the Request for Payment Letter, The~~ the Company ~~is~~ was unable to pay the sums demanded by R-Bridge and ~~is-~~ was in a state of imminent cash flow insolvency. The ~~current~~ assets of the Company ~~were~~ ~~are~~ such that there ~~is~~ was no realistic prospect of paying the sums demanded unless on an urgent basis an alternative lending facility ~~is~~ was provided to the Company or there ~~is~~ was an injection of funds by an investor or investors in return for the issue of shares.

35. On 25 January 2024, following receipt of the Request for Payment Letter, Dr Ajit Shetty, in his capacity as the interim chairperson of the Board, issued a Notice of Special Meeting of the Board (the **Notice of Board Meeting**) ~~on 25 January 2024.~~

36. The Notice of Board Meeting included an agenda, which included under the subheading "Topics and Proposals" the following agenda items (amongst others):

- (a) To discuss the Request for Payment Letter;
 - (b) To discuss the disclosure and business impact of the Request for Payment Letter;
and
 - (c) To discuss and vote on the action plan in order to address the Request for Payment Letter.
37. The directors present at the meeting which was duly held on 25 January 2024 were Dr ~~Hui~~ Shao, Dr Viren Mehta, Dr ~~Ajit~~ Shetty, Ms ~~Rachel~~ Yu and the ~~First~~ Defendant. Dr ~~Hui~~ Shao acted as proxy for Shaojing Tong and ~~Rachel~~ Ms Yu acted as proxy for Bo Tan.
38. Dr Shetty proposed that the Board discuss the options available to the Company to repay the sums requested by the Request for Payment Letter, including: (i) to renegotiate the payment plan with the Agent; (ii) debt financing; and (iii) equity financing.
39. During those discussions it was ~~common ground~~ the view of the majority of the Board that debt financing was not a realistic option for the Company.
40. The ~~First~~ Defendant expressed the view on several occasions during that meeting that he opposed equity financing and that he preferred the Company to be liquidated ~~rather than raising equity financing~~.
41. Liquidation ~~was would~~ not ~~be~~ in the interests of the Company, its creditors or shareholders, particularly if there was a real and credible prospect of the Company paying the sums demanded by R-Bridge by the provision of equity financing by a new third party investor.
42. Following the Board's discussion on the various options for raising funds to meet the loan, the Board passed the following resolution:

"The Company is hereby ~~authorised~~ authorized and approved to take all steps that are necessary to ensure that the Company and its directors comply with their respective obligations under Cayman Islands law, including pursuant to the terms of the order of the Grand Court of the Cayman Islands dated 22 December 2023 and the undertakings thereto. Subject to and conditional upon such steps being taken to ensure compliance with its obligations under Cayman Islands law, the Company is hereby ~~authorised~~ authorized and approved to raise, in one or more private financings up to US\$40 million in the aggregate through the sale and

issuance of ordinary shares, par value \$0.00002 per share, of the Company, provided that each of the following conditions be satisfied:

- (a) The purchase price per ordinary share shall be no less than the average closing market price of the ~~ten~~ trading days preceding to the date of the closing of the equity financings, as reported by Nasdaq;
- (b) The private financings shall be consummated by such time as is necessary to deal with the demands of R-Bridge, including as set out in the Second R-Bridge Letter.
- (c) The Company shall offer certain major existing shareholders, including Mr Yi Zhang, the opportunity to participate in the private financings on a pro rata basis."

43. The formal declaration of an Event of Default by R-Bridge would ~~cause~~ **have caused** significant harm to the Company, its creditors and shareholders.

43.1. It ~~is~~ **would have been** very likely to trigger an Event of Default on the part of Liaoning Yisheng under a number of substantial loan agreements in the PRC (**PRC Loans**). Liaoning Yisheng is the Group's main operating entity, holding significant assets of the Group which are charged as security to two of the PRC Loans.

43.2. It would ~~allow~~ **have allowed** R-Bridge to exercise its right of immediate recourse against Yisheng Biopharma (Singapore) Pte Ltd, a subsidiary of the Company, which is the holding company of the Group's intellectual property patents.

43.3. After declaring an Event of Default, R-Bridge could ~~have~~ immediately ~~proceed~~ **proceeded** to file a winding-up petition against the Company and/or similar proceedings against the other Group subsidiaries which are guarantors under the Facility Agreement. ~~The~~ **Such a** liquidation of the Company would ~~have been~~ likely be an insolvent liquidation, with only a partial return to its creditors and no distributions at all to its shareholders.

44. The Board ~~considered~~ **considers** that immediate equity financing would protect the interests of the Company, its creditors and shareholders. The Board has the authority to issue shares as part of such financing pursuant to Article 8 of the Articles.

45. Given the ~~current~~ financial status of the Company ~~at that time~~, in the premises, preventing equity finance by a director of the Company would constitute a breach of a director's

fiduciary duties owed to the Company because it **fails would have failed** to have regard to the interests of its members and creditors.

46. The **First** Defendant made it clear in the Board meeting held on 25 January that he **was is** likely to take steps to impede or stifle equity financing and/or to interfere with the Board exercising its rights under Article 8 of the Articles in order to pay the sums demanded by R-Bridge **in a manner that would not be in the best interests of the Company**. Such actions would constitute a breach of fiduciary duty by the Defendant.

46A. On 9 February 2024, the First Defendant procured a payment of US\$15 million from Yisheng HK to R-Bridge paid from a bank account of Yisheng HK (the **Zhang Payment**). As to the Zhang Payment:

46A.1 The Zhang Payment was made without any prior authorisation by the Board.

46A.2 The Zhang Payment was made without authorisation by the board of Yisheng HK.

46A.3 The Zhang Payment was made without any notice being given to any other director of the Company.

46A.4 The liquidity concerns of the Company and Group subsidiaries were specifically discussed at a Board meeting held on 7 January 2024 at which the First Defendant was in attendance.

46A.5 At the 7 January 2024 Board meeting, it was resolved, *inter alia*, that:

(a) Dr Shao and Ms Yu be appointed to the board of Yisheng HK. Prior to these appointments, the First Defendant was the sole director of Yisheng HK. The purpose of these appointments, as the First Defendant knew, was to ensure that decisions of Yisheng HK could not be taken by the First Defendant without the knowledge and approval of Dr Shao and/or Ms Yu.

(b) Dr Shao and Ms Chunyuan (Brenda) Wu (**Ms Wu**), the Company's CFO, were to be given exclusive authority over the bank accounts of the Company and Yisheng HK. The purpose of this resolution, as the First Defendant knew, was *inter alia*, to ensure that the First Defendant could not make payments from such accounts.

- 46A.6 At a Board meeting on 8 February 2024, the Board considered a proposal to confirm a share purchase agreement, as pleaded below. The Board approved the share purchase agreement. At that meeting, the First Defendant proposed to use cash within the Group as part prepayment of the debt owing under the Facility Agreement. That proposal was not approved by the Board. Dr Shao and Ms Wu were authorised to negotiate the prepayment of the debt owing under the Facility Agreement. The Board gave no authority in respect of the Facility Agreement to the First Defendant.
- 46A.7 The Zhang Payment was in contravention of the Company's 'Policy for Senior Management Approval on Key Business Operations' which applied to payments made by Yisheng HK, and which required approval from (among others) the Company's CEO (Dr Shao), CFO (Ms Wu) and Chairperson of the Board (Dr Shetty) for all transactions in an amount exceeding RMB 100,000 / US\$20,000 and additional approval from the Board for all transactions in an amount exceeding US\$3 million.
- 46A.8 The Zhang Payment was not in the interests of the Company or any Group subsidiary.
- 46A.9 The Zhang Payment was contrary to and inconsistent with the decisions of the Board on 7 January 2024.
- 46A.10 The Zhang Payment was contrary to and inconsistent with the decisions of the Board on 8 February 2024.
- 46A.11 The Zhang Payment significantly reduced cash liquidity within the Group and materially affected the ability of the Group to fund its ordinary business activities.
- 46A.12 The First Defendant knew:
- (a) The Zhang Payment would not be authorised by the Company.
 - (b) The Zhang Payment was not authorised by the Company.
 - (c) The Zhang Payment would not be approved by the Policy for Senior Management Approval on Key Business Questions.

(d) The Zhang Payment was not approved by the Policy for Senior Management Approval on Key Business Questions.

(e) The Zhang Payment was inconsistent with and undermined the decisions of the Board at the meetings of 7 January 2024 and 8 February 2024.

46A.13 In the premises, the First Defendant's making of and conduct in relation to the Zhang Payment was a breach of his fiduciary duties to the Company.

46B. On 13 February 2024, the First Defendant presented a petition for the winding-up of the Company. The filing of the petition entitled R-Bridge to declare an Event of Default. It also permitted other lenders to Group companies to similarly declare events of default.

~~47. In the premises the Company is entitled to an injunction restraining the First Defendant, whether in his capacity as director or member of the Company or as the ultimate beneficial owner and/or controller of other members of the Company, from taking steps to prevent the Company obtaining equity financing and/or to interfere with the Board exercising its rights pursuant to Article 8 of the Articles in order to pay the sums demanded by R-Bridge.~~

48. On 7 February 2024, the Company entered into a share purchase agreement with an institutional investor, APEX Prospect Limited (**Apex**) for the offer and sale of 95,269,762 ordinary shares of the Company, par value US\$0.00002 per share in a private placement of US\$40 million at a purchase price of \$0.41986 per Ordinary Share (the **Apex Shares**). These shares were issued on 7 February 2024, and were recorded in the Company's Register of Members dated 8 February 2024.

49. On 8 February 2024, a Notice of Extraordinary Meeting of the Company (the **Seattle EGM**) to be held on 16 February 2024 (the **Notice of the Seattle EGM**) was delivered by hand to the Company's registered office service provider in the Cayman Islands by the First Defendant, Acton Town International Limited, All Brilliance Investments Limited, Apex Pride Global Limited and Hopeful World Company Limited (together, the **Convening Shareholders**). The corporate Convening Shareholders are all beneficially owned and/or controlled by the First Defendant.

50. The Notice of the Seattle EGM was delivered to the Company's registered office after the Apex Shares had been recorded in the Company's register of members.

51. The Notice of the Seattle EGM purported to convene a meeting of the Company to be held on 16 February 2024 at 9.00am (United States Pacific Standard Time) at the offices of DLA Piper LLP (US), 701 5th Ave #6900, Seattle, WA 98104, United States (DLA's Office) pursuant to Article 57.
52. The purpose of the Seattle EGM was stated in the Notice of the Seattle EGM to be to approve ordinary resolutions to remove six of the Company's seven directors (the only director not proposed to be removed was the First Defendant) and to appoint four new directors nominated by the Convening Shareholders.
53. The Notice of the Seattle EGM did not provide the required notice pursuant to the Articles and was accordingly invalid:
 - 53.1. Shareholders were not given notice of at least seven calendar days, as required by Articles 58 and 151; and
 - 53.2. The directors subject to the purported removal resolution were not served with notice of at least ten calendar days before the meeting, as required by Article 88.
54. On 13 February 2024, at a duly convened Board meeting of the Company, the following resolutions were passed:
 - 54.1. Dr Shetty was appointed as Chairperson of the Board and his tenure as Interim Chairperson was brought to an end with effect from the conclusion of the Board meeting.
 - 54.2. Dr Yuntao Cui; Dr Jin Wang; Mr Henry Chen; Mr Haitao Zhao; Mr Pierson Yue Pan; and Ms Chunyuan (Brenda) Wu (the **Newly Appointed Directors**) were appointed directors.
55. On 15 February 2024, the Convening Shareholders sent a Notice of Removal of Director for each of the Newly Appointed Directors to be voted on at the Seattle EGM to ICR, the Company's investor relations email address, Dr Shetty, Ms Wu, and "Hui Shao <noreply@email.apple.com>", copied to Vivian Lee and Richard Spooner of Maples (the **Notices to Remove the Newly Appointed Directors**).

56. In addition to the inadequate notice as pleaded at paragraph 53 above, insufficient notice was given of the resolution for the removal of the Newly Appointed Directors, as required by Article 88 and so the Notices to Remove the Newly Appointed Directors were invalid:
- 56.1. The Notice of the Seattle EGM did not contain a statement of an intention to remove any of the Newly Appointed Directors; and
- 56.2. The Newly Appointed Directors subject to any purported removal resolution were not served with notice of at least ten calendar days before the meeting.
57. On 16 February 2024, Dr Shetty, Dr Shao and Ms Mandy Lai, an authorised representative of Apex, attended DLA's office with a view to participating in the Seattle EGM, together with Mr John Robertson, a partner in Cooley LLP who was attending on the instruction of the Company.
58. Apex, as a shareholder entered into the register of members prior to the Record Date stated on the Notice of the Seattle EGM (8 February 2024), was entitled to attend and vote at the Seattle EGM.
59. At approximately 8am Pacific Time, Mr Robertson called Mr Andrew Ledbetter, a partner in DLA Piper LLP (US) to inform him of the attendance of Dr Shetty, Dr Shao and Ms Lai at DLA's Office.
60. Mr Ledbetter informed Mr Robertson that the proposed attendees would not necessarily be let into the meeting, and that, if it was necessary building security would be called to remove them from DLA's Office.
61. At approximately 8.40am Pacific Time, Mr Robertson spoke by telephone with Mr Ledbetter again. Mr Ledbetter informed Mr Robertson that the proposed attendees would only be allowed to enter DLA's offices and attend the Seattle EGM if they agreed to allow Mr Ledbetter to conduct the Seattle EGM. Mr Robertson informed Mr Ledbetter that the denial of entry and the imposition of the proposed conditions would be inconsistent with the terms of the Articles.
62. At approximately 8.45am Pacific Time, Mr James Chang, a partner of DLA Piper UK LLP, sent an email to Ms Lai informing her that no representative of Apex would be allowed to attend the Seattle EGM and that no votes of Apex would be counted at the Seattle EGM.

63. Dr Shetty, Dr Shao, Ms Lai and Mr Robertson attended DLA's Offices at approximately 8.55am Pacific Time. Despite individuals being in the DLA Office at the time, the offices were locked and the receptionist told the attendees to wait outside the offices. The offices were locked in order to prevent Dr Shetty, Dr Shao and Ms Lai attending the Seattle EGM.
64. Mr Ledbetter came to the door of the office and stated that none of Dr Shetty, Dr Shao, Ms Lai or Mr Robertson would be permitted to enter DLA's Offices unless they signed a document stated to be a "Certificate Of Validity Of The EGM" (the **DLA Certificate**). The DLA Certificate set out the conditions which Mr Ledbetter had indicated would be imposed on Dr Shetty, Dr Shao, Ms Lai and Mr Robertson, as a condition of their being permitted to attend the Seattle EGM. It stated:

"In connection with my participation in the extraordinary general meeting of shareholders (the "EGM") of YS Biopharma Co., Ltd. (the "Issuer"), I hereby certify that the EGM was validly called pursuant to the Issuer's Amended and Restated Articles of Association for the purposes set forth in the notice and related proxy statement delivered by Mr. ZHANG Yi, Acton Town International Limited, All Brilliance Investments Limited, Apex Pride Global Limited, and Hopeful World Company Limited (collectively, the "Convening Shareholders") to the shareholders of the Issuer. I covenant and agree not to challenge, and to cause my affiliates and agents not to challenge, the validity of the EGM in any proceeding or to take any position contrary to the foregoing certification. I further agree that the representative of the Convening Shareholders will serve as chairperson of the meeting, that I will be respectful of the rights of the Convening Shareholders to conduct the business of the EGM in an orderly and efficient manner, that I will not to engage in any conduct that interferes with such rights, and that I will leave the meeting if the chairperson of the meeting requests (in the chairperson's sole discretion)."

65. The conditions that Mr Ledbetter sought to impose on attendees were derived from instructions provided by the First Defendant's Cayman legal advisers, who are assumed to be Harney Westwood & Riegels, at least. It is inferred and averred that the First Defendant approved the imposition of the proposed conditions and that Mr Ledbetter was acting in accordance with his instructions.
66. Mr Ledbetter had no authority to act as chairperson of the Seattle EGM. Dr Shetty, the Chairperson was in attendance to act as chairperson of the Seattle EGM as provided by Article 63.

67. By the DLA Certificate, Mr Ledbetter purported to regulate the conduct of the business of the Seattle EGM as chairperson of the meeting. Mr Ledbetter had no authority to regulate the conduct of the Seattle EGM. The regulation of the conduct of the meeting was a matter for the Chairperson, Dr Shetty.
68. Mr Ledbetter informed Dr Shetty, Dr Shao, Ms Lai and Mr Robertson to wait for 20 minutes. It is inferred from the matters pleaded herein, that Mr Ledbetter so acted with the intention of installing himself as chairperson of the Seattle EGM purportedly pursuant to Article 64.
69. Having deliberately and wrongfully excluded Dr Shetty, Dr Shao and Ms Lai from the Seattle EGM, Mr Ledbetter purported to hold the Seattle EGM as the only individual in attendance, appoint himself chairperson and to pass resolutions removing the directors of the Company and appointing the Defendants, other than the First Defendant, as directors.
70. Dr Shetty, as Chairperson, was entitled as of right to attend the Seattle EGM, pursuant to Articles 63 and 65.
71. Dr Shetty and Dr Shao, as directors subject to a removal resolution, were entitled as of right to attend the Seattle EGM and be heard on the resolution, pursuant to Article 88.
72. Ms Lai, as a representative of a shareholder, and Dr Shao as a shareholder, were entitled to attend the Seattle EGM pursuant to Articles 72, 77 and 161.
73. By reason of Article 60, the Seattle EGM was inquorate as holders of less than one third of all shares entitled to vote were in attendance.
74. To the extent that Mr Ledbetter purported to exercise any powers as chairperson of the Seattle EGM, he did so for an improper purpose and in bad faith, with the deliberate intention of excluding parties entitled to attend the Seattle EGM in denial of their rights under the Articles and in order ensure that the First Defendant and the other Convening Shareholders would pass the proposed resolutions at the Seattle EGM and wrongfully purport to take control of the Company.
75. At 9.40am Pacific Time, the Defendants purported to hold a board meeting of the Company (the **Purported Board Meeting**). At the Purported Board Meeting the

Defendants purported to pass a series of resolutions, unanimously, as proposed by the First Defendant.

76. Given the timing of the Purported Board Meeting, it is inferred that the resolutions proposed at the Purported Board Meeting had been prepared prior to the Seattle EGM.

77. After the Purported Board Meeting, the Defendants caused to be issued a press release (the **Planned Press Release**). In that Planned Press Release, the Defendants stated, falsely, inter alia, that:

77.1. The Company's shareholders had passed the resolutions proposed at the Seattle EGM.

77.2. *"Before the [Seattle] EGM, individuals purporting to be representatives of the Company arrived at the offices where the EGM was to be conducted, but they indicated that they intended to disrupt the business for which the EGM was convened by the Convening Shareholders, so they were not permitted to enter the premises where the EGM was noticed to be held."*

77.3. The directors of the Company, other than the First Defendant, had been removed.

77.4. The Defendants, other than the First Defendant, had been appointed directors.

77.5. A series of resolutions had been passed by directors of the Company.

78. Given the timing of the issue of the Planned Press Release, it is inferred that the Planned Press Release had been prepared, or substantially prepared, prior to the Seattle EGM.

79. In the premises, no business of the Company was conducted at the Seattle EGM and the resolutions purportedly passed at the Seattle EGM were a nullity:

79.1. Proper notice was not given.

79.2. Dr Shetty was wrongfully and deliberately excluded from the meeting.

79.3. Dr Shao was wrongfully and deliberately excluded from the meeting.

79.4. Ms Lai was wrongfully and deliberately excluded from the meeting.

- 79.5. Dr Shao, Apex and Ms Lai were wrongfully and deliberately barred from exercising their votes and participation rights, as shareholders and a shareholder representative.
- 79.6. The meeting was inquorate.
- 79.7. The meeting was conducted in bad faith and for an improper purpose.
80. By reason of, at least:
- 80.1. the contents of the Notice of the Seattle EGM;
 - 80.2. the conversations pleaded at paragraphs 59, 60, 61 and 64 above;
 - 80.3. the email pleaded at paragraph 62 above;
 - 80.4. the contents of the DLA Certificate;
 - 80.5. the premeditated plan to refuse to allow Dr Shetty, Dr Shao and Ms Lai to attend the Seattle EGM in accordance with the Articles;
 - 80.6. the statement that Mr Ledbetter would make Dr Shetty, Dr Shao and Ms Lai wait for at least 20 minutes after the proposed start time of the Seattle EGM;
 - 80.7. the manner in which the Seattle EGM was conducted by Mr Ledbetter;
 - 80.8. the timing and holding of the Purported Board Meeting and the passing of pre-prepared resolutions at that meeting; and
 - 80.9. the timing and content of the Planned Press Release;
- it is inferred that the First Defendant combined and agreed to act in concert with others to allow the First Defendant to seek to take control of the Company and hold himself and the other Defendants out as directors of the Company by use of unlawful means, namely the actions contrary to the Articles pleaded above, with the intention of causing harm to the Company. The Company reserves the right to plead a claim in conspiracy against, among others, the other Defendants and to give particulars of loss and damage in due course.
81. After the exclusion of Dr Shetty, Dr Shao and Ms Lai from DLA's Offices, Dr Shetty, as chairperson held an extraordinary general meeting in the lobby of 701 Fifth Avenue,

Seattle, being the building in which DLA's offices were located (the **Chairperson Meeting**). This was the closest place to DLA's offices which Dr Shetty was permitted to be at that time.

82. At the Chairperson Meeting votes were taken whereby the resolutions contained in the Notice of the Seattle EGM and the Notices to Remove the Newly Appointed Directors were defeated.

AND the Plaintiff claims:

1. Declarations that:

- 1.1. The **First** Defendant was validly removed as chairperson of the Board on 9 December 2023.
- 1.2. The **First** Defendant is not entitled to take any steps or exercise any powers as chairperson of the Board.
- 1.3. No steps taken by the **First** Defendant in his purported capacity as chairperson of the Board since his removal on 9 December 2023 are valid.
- 1.4. The Notices for Removal of Director dated 17 December 2023, and any purported notice of an extraordinary general meeting scheduled to be held on 28 December 2023 at 9.00am Beijing time were invalid.
- 1.5. The Notice of the Seattle EGM was invalid.
- 1.6. The Notices to Remove the Newly Appointed Directors were invalid notice of any resolution to remove the newly appointed directors at the Seattle EGM.
- 1.7. The **First** Defendant was validly removed as a director of the Company on 12 February 2024.
- 1.8. Dr Shetty was validly appointed as interim chairperson of the Board on 9 December 2023 and as chairperson of the Board on 12 February 2024.
- 1.9. No business of the Company was conducted at the Seattle EGM and that meeting was a nullity.

- 1.10. Dr Shetty was wrongfully excluded from the Seattle EGM.
- 1.11. Dr Shao was wrongfully excluded from the Seattle EGM.
- 1.12. Ms Meng Lai was wrongfully excluded from the Seattle EGM.
- 1.13. All resolutions purportedly passed at the Seattle EGM were nullities.
- 1.14. None of the Defendants were appointed directors of the Company at the Seattle EGM.
- 1.15. None of the Defendants are directors of the Company.
- 1.16. The First Defendant is not chairperson of the Company.
- 1.17. None of the Defendants are members and/or the Chairpersons of the Company's Audit Committee, Compensation Committee and/or Nominating and Corporate Governance Committees.
- 1.18. None of the Defendants are the Company's Chief Executive Officer and/or Chief Finance Officer.
- 1.19. The issue of shares by the Company to APEX Prospect Limited on 7 February 2024 was valid.
- 1.20. APEX Prospect Limited was entitled to vote its shares at the meeting of 16 February 2024.
- 1.21. The Chairperson Meeting was a valid general meeting of the Company.
- 1.22. APEX Prospect Limited was entitled to vote its shares at the Chairman Meeting.
- 1.23. The resolutions passed at the Chairman Meeting are valid resolutions.
2. An injunction restraining the **First** Defendant from taking any steps to exercise any powers of, or hold himself out to be, chairperson of the Board.
3. An injunction restraining the **First** Defendant, whether in his capacity as ~~director or a~~ member of the Company or as the ultimate beneficial owner and/or controller of other members of the Company or as member, director and/or manager of any direct or indirect

subsidiary of the Company, from taking steps to stifle and/or obstruct any investigations of the Special Committee.

4. An injunction restraining the **First** Defendant, whether in his capacity as ~~director or~~ a member of the Company or as the ultimate beneficial owner and/or controller of other members of the Company, from taking steps to ratify or procure the ratification of the misappropriation of funds by him.
5. An injunction restraining the **First** Defendant, whether in his capacity as ~~director or~~ a member of the Company or as the ultimate beneficial owner and/or controller of other members of the Company, from taking steps to stifle equity financing and/or to interfere with the Board exercising its rights pursuant to Article 8 of the Articles in order to pay the sums demanded by R-Bridge.
 - 5A. An injunction restraining the Defendants from holding themselves out to be directors of the Company and from taking any steps to exercise any powers as though they were directors or had any authority to act on behalf of the Company.
 - 5B. Any injunction restraining the Defendants from holding themselves out to be any of the following:
 - 5B.1 the Chairperson of the Company's Board of Directors;
 - 5B.2 the Company's Chief Executive Officer;
 - 5B.3 the Company's Chief Finance Officer;
 - 5B.4 the Chairperson of the Company's Audit Committee;
 - 5B.5 members and/ or the Chairperson of the Company's Compensation Committee; or
 - 5B.6 members and/ or the Chairperson of the Company's Nominating and Corporate Governance Committee.
 - 5C. An injunction restraining the Defendants from taking any steps authority for which is purportedly derived from any director resolution of the Company or other decision taken by them purportedly acting in the capacity of a director of the Company or holding out

that any such resolution has been properly passed or any such decision has been validly taken.

5D. Damages

6. Costs.

7. Such other relief as this Honourable Court thinks fit.

Dated this 1st day of February 2024

Amended this 3rd day of April 2024.

Mourant Ozannes (Cayman) LLP

MOURANT OZANNES (CAYMAN) LLP
ATTORNEYS FOR THE PLAINTIFF

This Amended Statement of Claim is filed by Mourant Ozannes (Cayman) LLP, Attorneys-at-Law for the Plaintiff whose address for service is PO Box 1348, 4th Floor, 94 Solaris Avenue, Camana Bay, Grand Cayman KY1-1108.