

# HBM Healthcare Investments Ltd

Bundesplatz 1, 6300 Zug

## ***Invitation to the 16<sup>th</sup> Ordinary Shareholders' Meeting***

Monday, 26 June 2017, 2:00 pm

**Parkhotel Zug  
Industriestrasse 14  
6300 Zug**

The admission office opens at 1:30 pm.

### **Agenda and motions of the Board of Directors:**

**1. Statutory financial statements and group financial statements 2016/2017; reports of the auditors**

**Motion:** *Approval of statutory financial statements and group financial statements for the 2016/2017 business year*

**2. Discharge from liability of the members of the Board of Directors and Management**

**Motion:** *Discharge from liability of the members of the Board of Directors and of the Management for the 2016/2017 business year*

**3. Appropriation of results**

**Motions:**

**3.1** *Appropriation of disposable profit of CHF 81'422'808 as follows:*

<i>in CHF</i>	<i>2016/2017</i>
<i>profit for the year</i>	<i>74'523'256</i>
<i>profit carry forward</i>	<i>6'899'552</i>
<i>disposable profit</i>	<i>81'422'808</i>
<i>– allocation to the general legal reserves</i>	<i>0</i>
<i>– carry forward to the new account</i>	<i>81'422'808</i>

**3.2** *Withholding tax-exempt cash distribution from the reserve from capital brought in of CHF 5.80 per entitled share\*, i.e. a maximum of CHF 41.0 million.*

*\* All registered shares in HBM Healthcare Investments Ltd which are not held by the Company itself are entitled to receive a distribution. Changes in the Company's holdings may still change the number of entitled shares.*

In view of the business result for the year, the Board of Directors proposes a cash distribution of CHF 5.80 per share, in the form of a withholding tax-exempt dividend from the reserve from capital brought in. Should the motion be passed, the cash payment of CHF 5.80 per registered share will be made on 30 June 2017. Registered shares which are entitled to receive a dividend will be traded for the last time on 27 June 2017. As of 28 June 2017 they will be traded exclusive of any distribution entitlement (ex date).

#### **4. Elections regarding the Board of Directors**

##### **4.1 Re-elections of the Chairman and of the Members of the Board of Directors**

**Motions:**

- a. *Re-election of Mr Hans Peter Hasler as Chairman of the Board of Directors to the close of the 2018 Ordinary Shareholders' Meeting*
- b. *Re-election of Prof. Dr h.c. mult. Heinz Riesenhuber as member of the Board of Directors to the close of the 2018 Ordinary Shareholders' Meeting*
- c. *Re-election of Dr Eduard Holdener as member of the Board of Directors to the close of the 2018 Ordinary Shareholders' Meeting*
- d. *Re-election of Mr Robert A. Ingram as member of the Board of Directors to the close of the 2018 Ordinary Shareholders' Meeting*
- e. *Re-election of Dr Rudolf Lanz as member of the Board of Directors to the close of the 2018 Ordinary Shareholders' Meeting*
- f. *Re-election of Mr. Mario Germano Giuliani as member of the Board of Directors to the close of the 2018 Ordinary Shareholders' Meeting*

**Mr Hans Peter Hasler** has been a member of the Board of Directors since 2009, and its Chairman since 2011. He is also a member of the Compensation Committee. He knows the biotech business, having spent eight years in leading positions at Biogen Idec and, previously, Wyeth. Mr Hasler is Chairman of the Board of Directors of MIAC AG (Medical Imaging Analysis Center, a not-for-profit organisation of the University Hospital of Basel) and member of the Board of Directors of AOP Orphan Pharmaceuticals AG, Dr. Reddy's Laboratories and Patheon Inc.

**Mr Prof. Dr Heinz Riesenhuber** has been a member of the Board of Directors since 2001, and its Vice-Chairman since 2006. He is also a member of the Audit Committee. He is a certified chemist and has 15 years' industry experience as the CEO of subsidiaries of Metallgesellschaft AG. Prof. Riesenhuber has been a member of the German Federal Parliament since 1976, and served as Federal Minister of Research and Technology from 1982 to 1993. Prof. Riesenhuber is a member of the Investors Committee of Heidelberg Innovation BioScience Venture II.

**Mr Dr Eduard Holdener** has been a member of the Board of Directors since 2008. He is an onco-haematologist, and has 14 years' clinical experience in a hospital environment in Switzerland and the USA, as well as 22 years' experience in clinical research and development at Roche. In his last eight years at Roche, he was Head of Global Clinical Deve-

lopment, as well as member of the Pharma Executive and the Corporate Executive Committee. Dr Holdener is a member of the Board of Directors of Parexel International Corp. and Chairman of the Board of Directors and CEO of NovImmune SA.

Mr **Robert Ingram** has been a Member of the Board of Directors since 2006. He is also a member of the Nominating Committee and a member of the Compensation Committee. He is an economist with world-wide knowledge and personal network in the pharma industry, especially in the USA, where the majority of HBM Healthcare Investments' portfolio companies are based. Mr Ingram worked at GlaxoSmithKline for 20 years, in positions including Chairman, COO and CEO. His is Chairman of the Board of Directors of Novan Inc. and of Viamet Pharmaceuticals Inc., as well as member of the Board of Directors of Cree Inc. and BioCryst Pharmaceuticals Inc.

Mr **Dr Rudolf Lanz** has been a member of the Board of Directors since 2003. He is also a member of the Audit Committee and a member of the Nominating Committee. He has a master's degree in economics and a doctorate in law, and has longstanding professional experience in acquisitions, divestments, mergers and major financing transactions. For 20 years, Dr Lanz worked mainly in management positions at Ernst & Young, before founding "The Corporate Finance Group" with partners, and becoming the Chairman of its Board of Directors. Dr Lanz is a member of the Board of Directors of Pearls Fashion Holding AG and of MIAC AG (Medical Imaging Analysis Center, a not-for-profit organisation set up by the University Hospital of Basel).

Mr **Mario Germano Giuliani** has been a member of the Board of Directors since 2012. He is also a member of the Compensation Committee. He is an economist. In the course of 16 years at his family pharmaceutical company, Milan-based Giuliani SpA, he has held positions at all levels: member of the Board of Directors since 1999, Chairman of the Board of Directors from 2003-2014 and Chief Executive Officer from 2001-2014. Mr. Giuliani is also a member of the Investment Committee of Mosaix Ventures LLP and Royalty Pharma, a member of the Board of Directors of NGR (Monaco) SAM and Jukka LLC and Chairman of the Board of Directors of Fair-Med Healthcare AG.

## **4.2 Re-election of the members of the Compensation Committee**

### ***Motions:***

- a. Re-election of Mr Mario Germano Giuliani as a member of the Compensation Committee to the close of the 2018 Ordinary Shareholders' Meeting*
- b. Re-election of Mr Hans Peter Hasler as a member of the Compensation Committee to the close of the 2018 Ordinary Shareholders' Meeting*
- c. Re-election of Mr Robert Ingram as a member of the Compensation Committee to the close of the 2018 Ordinary Shareholders' Meeting*

## **5. Compensation to the Board of Directors and to the Management**

### **5.1 Fixed compensation to the Board of Directors**

***Motion:*** *Approval of the maximum fixed compensation to the Board of Directors of CHF 450'000 (including social security contributions) for the time between the Ordinary Shareholders' Meetings 2017 and 2018*

## 5.2 Variable compensation to the Board of Directors

**Motion:** Approval of the variable compensation to the Board of Directors of CHF 1'413'000, plus pro rata social security contributions of CHF 50'102, for the 2016/2017 business year

## 5.3 Fixed compensation to the Management

**Motion:** Approval of the maximum fixed compensation to the Management of CHF 330'000 (including social security contributions) for the time between 1 July 2017 and 30 June 2018

The amounts proposed are explained in detail in the Compensation Report. Due to the fact that the High Water Mark has been exceeded, Members of the Board of Directors are entitled to a variable compensation for the financial year 2016/2017. There is currently no agreement for a variable compensation to the Management in place.

## 6. Appointment of auditors

**Motion:** Re-appointment of Ernst & Young AG, Zurich, as auditors of the statutory financial statements and the group financial statements for the 2017/2018 business year

## 7. Appointment of independent proxy-holder

**Motion:** Appointment of KBT Treuhand AG, Zurich, as independent proxy-holder to the close of the 2018 Ordinary Shareholders' Meeting

## 8. Reduction of share capital by means of cancellation of own shares

**Motion:** (1) Reduction of share capital of CHF 427'050'000.-- to CHF 411'840'000.-- by cancellation of 260'000 registered shares at a par value of CHF 58.50 each;

(2) Formal acknowledgement of the audit report from Ernst & Young AG, which states that creditor receivables are covered in full even after the share capital has been reduced;

(3) Amendment of Art. 3 of the Articles of Association, concerning share capital, as follows (changes marked):

*"The share capital of the corporation is CHF ~~427'050'000.--~~ 411'840'000.-- and is divided in ~~7'300'000~~ 7'040'000 registered shares with a par value of CHF 58.50 each. All shares are fully paid in."*

As part of the 2014 and 2016 share buy-back programmes, up to the date on which this invitation was sent out, the Company acquired another 260'000 of its own shares, i.e. about 3.6 % of the shares outstanding, via a second trading line on SIX Swiss Exchange AG, which are to be cancelled at the Ordinary Shareholders' Meeting.

**9. Amendment of the Articles of Association Amendment in line with simplification due to consolidated accounts**

**Motion:** *Amendment of the Articles of Association as follows:*

<b>current version</b>	<b><i>proposed new version (new/amended text in grey and italic)</i></b>
<p>Art. 8: <b><u>Powers</u></b></p> <p>The shareholders' meeting has the following powers:</p> <p>...</p> <p>c. To approve the annual report and, to the extent legally required, the consolidated financial statements;</p> <p>...</p>	<p>Art. 8: <b><u>Powers</u></b></p> <p>The shareholders' meeting has the following powers:</p> <p>...</p> <p>c. To approve the annual report and the <i>group</i> financial statements, <i>each to the extent legally required</i>;</p> <p>...</p>
<p>Art. 20: <b><u>Supervision and Monitoring</u></b></p> <p>Supervising and monitoring the Management shall include the following tasks, in particular:</p> <p>...</p> <p>c. Handling the business review, the annual financial statements and the interim financial statements, and the compensation report;</p> <p>...</p>	<p>Art. 20: <b><u>Supervision and Monitoring</u></b></p> <p>Supervising and monitoring the Management shall include the following tasks, in particular:</p> <p>...</p> <p>c. Handling the <i>management report, to the extent legally required</i>, the annual financial statements and the interim financial statements, and the compensation report;</p> <p>...</p>
<p>Art. 31: <b><u>Business Report</u></b></p> <p>Each business year the Board of Directors shall prepare a business report which shall consist of the annual financial statements, the business review and, where required, the consolidated financial statements.</p>	<p>Art. 31: <b><u>Business Report</u></b></p> <p>Each business year the Board of Directors shall prepare a business report which shall consist of the annual financial statements <i>and</i>, where required, the <i>group</i> financial statements <i>as well as the management report</i>.</p>

As part of the new law on financial report, Art. 961d of the Swiss Code of Obligations has entered into force allowing for simplification i.a. with regard to the obligation to prepare a management report, if consolidated accounts in accordance with a recognised financial reporting standard are prepared. Since HBM Healthcare Investments Ltd prepares such

consolidated accounts as group financial statements under IFRS, the Board of Directors wishes to abstain from preparing a management report. For that purpose and for clarification, the Board proposes the three amendments in agenda item 9.

## **10. Miscellaneous**

### Documentation

The 2016/2017 annual report, including the statutory financial statements, the group financial statements, the compensation report, as well as the reports of the auditors, is sent out to all shareholders entered in the Shareholders' Register unless they have requested not to receive a copy. It is also available for review at Bundesplatz 1, 6300 Zug, Monday to Friday from 9.00 am to 5.00 pm. It can be ordered from the same address. Please call +41 (0)41 710 75 77. The same applies to the Ernst & Young AG audit report with regard to agenda item 8. The annual report is also available on the [www.hbmhealthcare.com](http://www.hbmhealthcare.com) website.

### Admission cards / voting materials

Shareholders who are entered in the Shareholders' Register with the right to vote as at 5.00 pm on 16 June 2017 (the qualifying date) will receive the invitation as well as, upon request, a personal admission card and the voting materials directly from the company.

Shareholders who are entitled to vote according to the Shareholders' Register as of the qualifying date may participate in the Ordinary Shareholders' Meeting. Each share carries one vote. Shareholders who have sold their shares before the Ordinary Shareholders' Meeting takes place are no longer entitled to vote.

### Granting of powers of attorney

Shareholders who do not participate in person in the Ordinary Shareholders' Meeting may appoint as a representative a different shareholder, a third party, or Mr Reto Leemann, chartered fiduciary agent, KBT Treuhand AG, Zimmergasse 16, 8032 Zurich, as independent proxy holder in the sense of Art. 689c of the Swiss Code of Obligations. Granting of powers of attorney to members of governing bodies or custody accounts is illegitimate.

The power of attorney on the registration form must be filled in accordingly, signed and returned to the independent proxy holder, or to the Shareholders' Register at Computershare Switzerland Ltd., Baslerstrasse 90, CH-4600 Olten, by 21 June 2017 at the latest.

In the absence of any specific instructions, the independent proxy-holder will be deemed to have been instructed to exercise the voting right in favour of the motions of the Board of Directors. This also applies to motions put forward in the Ordinary Shareholders' Meeting.

As an alternative to written power of attorneys, Shareholders have the opportunity to submit power of attorneys and voting instructions to the independent proxy-holder electronically via the platform [www.ecomm-portal.com](http://www.ecomm-portal.com) of Computershare Switzerland Ltd. Shareholders who

wish to make use of this may follow the enclosed instructions regarding the opening of a Shareholder account and the registration to the Ordinary Shareholders' Meeting.

Admission office

The admission office opens at 1.30 pm on the day of the Ordinary Shareholders' Meeting. Shareholders are asked to present their admission cards at the entrance.

Registration

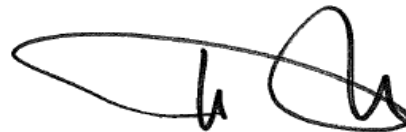
We ask you kindly to return the registration form by 21 June 2017 if you intend to participate in the Ordinary Shareholders' Meeting.

Reception

The Board of Directors is pleased to invite you to a reception after the meeting.

Zug, 2 June 2017

On behalf of the Board of Directors  
The Chairman:

A handwritten signature in black ink, consisting of a large, sweeping loop followed by a smaller, more intricate flourish.

Hans Peter Hasler