

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Merger, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser (including tax adviser).

If you have sold or transferred all your shares in the Company, you should at once hand this Composite Document and the accompanying forms of proxy to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the Election Documents, the contents of which form part of the terms and conditions of the Merger.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying forms of proxy, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying forms of proxy.

FOSUN PHARMA
复星医药

上海復星醫藥（集團）股份有限公司
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02196)

 **Henlius**

Shanghai Henlius Biotech, Inc.
上海復宏漢霖生物技術股份有限公司
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02696)

Shanghai Fosun New Medicine Research Company Limited*
(a joint stock company incorporated in the People's Republic of China with limited liability)

- (1) PROPOSED PRIVATISATION OF HENLIUS BY FOSUN NEW MEDICINE
BY WAY OF MERGER BY ABSORPTION OF HENLIUS
- (2) PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF HENLIUS
- (3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING
AND
- (4) NOTICE OF THE H SHAREHOLDERS' CLASS MEETING



Lead Financial Adviser to the Offeror

FOSUN INTL CAPITAL

Joint Financial Adviser to the Offeror



Financial Adviser to the Company



Independent Financial Adviser to the Independent Board Committee

Qualifying Shareholders should inform themselves of and observe any applicable legal and regulatory requirements. See the section headed "IMPORTANT NOTICES".

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or any Election Documents to any jurisdiction outside of Hong Kong should read the section headed "IMPORTANT NOTICES" before taking any action. It is the responsibility of each overseas Shareholder wishing to accept the Share Alternative to satisfy themselves as to the full observance of all laws and regulations of the jurisdiction(s) applicable to them, including the obtaining of any governmental, exchange control or other consents that may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction(s).

Capitalised terms used on this cover page and in this Composite Document shall have the same meanings as those defined in the section headed "APPENDIX I — DEFINITIONS" in this Composite Document.

This Composite Document is jointly issued by the Offeror, Fosun Pharma and the Company. A letter from the Board is set out on pages 19 to 56 of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the Independent H Shareholders is set out on pages 57 to 58 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee is set out on pages 59 to 102 of this Composite Document.

The notices convening the EGM and the H Shareholders' Class Meeting to be held at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC on 22 January 2025 (i) in relation to the EGM, at 2:00 p.m., and (ii) in relation to the H Shareholders' Class Meeting, at 2:30 p.m., or immediately following the conclusion of the EGM or any adjournment thereof are contained in this Composite Document. Shareholders are advised to read the notices and to complete and return the enclosed forms of proxy for use at the EGM and the H Shareholders' Class Meeting in accordance with the instructions printed thereon.

Whether or not you are able to attend and vote at the EGM and H Shareholders' Class Meeting or any adjournment thereof in person, you are requested to complete and return the accompanying forms of proxy in accordance with the instructions printed thereon and return them to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H Shares) at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or the office of the secretary to the Board (for holders of Unlisted Shares) at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC, together with the power of attorney or other authority (if any) under which it is signed (or a notorially certified copy thereof), as soon as possible and in any event not later than 24 hours before the time appointed for holding the EGM and the H Shareholders' Class Meeting or any adjournment thereof (as the case may be).

Completion and return of the forms of proxy will not preclude you from attending and voting in person at the EGM, the H Shareholders' Class Meeting or any adjournment thereof should you so wish and in such event, the forms of proxy shall be deemed to be revoked.

* for identification purposes only.

23 December 2024

CONTENTS

	<i>Page</i>
1. EXPECTED TIMETABLE	ii
2. IMPORTANT NOTICES	1
3. ACTIONS TO BE TAKEN	15
4. LETTER FROM THE BOARD	19
5. LETTER FROM THE INDEPENDENT BOARD COMMITTEE	57
6. LETTER FROM RAINBOW CAPITAL	59
APPENDIX I — DEFINITIONS	I-1
APPENDIX IIA — FINANCIAL INFORMATION OF THE OFFEROR, THE FOSUN PHARMA GROUP AND THE ROLLOVER ENTITIES	IIA-1
APPENDIX IIB — FINANCIAL INFORMATION OF THE GROUP	IIB-1
APPENDIX III — GENERAL INFORMATION OF THE COMPANY	III-1
APPENDIX IV — GENERAL INFORMATION OF THE OFFEROR AND THE ROLLOVER ENTITIES	IV-1
APPENDIX V — ESTIMATE OF VALUE OF THE ROLLOVER SECURITIES	V-1
APPENDIX VI — SUMMARY OF ROLLOVER SECURITIES	VI-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1
NOTICE OF H SHAREHOLDERS' CLASS MEETING	HCM-1

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made as and when appropriate.

Unless otherwise expressly stated, all references to times and dates in this Composite Document refer to Hong Kong times and dates.

Latest time for lodging transfers of

H Shares in order to be entitled to attend and vote

at the EGM and the H Shareholders' Class Meeting 4:30 p.m. on
Thursday, 16 January 2025

Closure of registers for transfers of Shares for determination

of the Shareholders entitled to attend and vote at

the EGM and the H Shareholders' Class Meeting..... Friday, 17 January 2025 to
Wednesday, 22 January 2025
(both dates inclusive)

Latest time for lodging proxy forms in respect of the EGM..... 2:00 p.m. on
Tuesday, 21 January 2025

Latest time for lodging proxy forms in respect of

the H Shareholders' Class Meeting 2:30 p.m. on
Tuesday, 21 January 2025

Record date for Shareholders for the EGM and the H Shareholders

for the H Shareholders' Class Meeting Wednesday, 22 January 2025

EGM..... 2:00 p.m. on
Wednesday, 22 January 2025

H Shareholders' Class Meeting 2:30 p.m. on
Wednesday, 22 January 2025
or immediately following the conclusion of the EGM or
any adjournment thereof on
Wednesday, 22 January 2025

Announcement of the results of the EGM

and the H Shareholders' Class Meeting by 7:00 p.m. on
Wednesday, 22 January 2025

Expected date for all Conditions to effectiveness

to be satisfied⁽¹⁾ Wednesday, 22 January 2025

Announcement of the satisfaction of all Conditions to effectiveness,

last day for dealings in H Shares on the Stock Exchange and

expected date of withdrawal of listing of H Shares⁽²⁾ Wednesday, 22 January 2025

EXPECTED TIMETABLE

Re-opening of the Company's register of members and resumption of registration of registers for transfer of Shares	Thursday, 23 January 2025
Each of the Offeror and the Company notifies its creditors and makes a public announcement of the Merger pursuant to the PRC Company Law	Within 10 days (for the notice to creditors) i.e. by Saturday, 1 February 2025 and 30 days (for the announcement) i.e. by Friday, 21 February 2025 following the EGM and the H Shareholders' Class Meeting
Last day for dealings in H Shares on the Stock Exchange	4:10p.m. on Tuesday, 4 February 2025
Announcement that all the Conditions to implementation are satisfied (or waived, as applicable) ⁽²⁾	by 8:30 a.m. on Friday, 7 February 2025
Effective Date	Friday, 7 February 2025
Expected date and time of withdrawal of listing of H Shares	4:00 p.m. on Friday, 7 February 2025
Latest time for lodging the Election Form for election of the Cash Alternative or the Share Alternative and (if electing the Share Alternative) the Qualifying Shareholder Questionnaire ⁽³⁾	4:30 p.m. on Friday, 28 February 2025
Announcement stating whether the Share Alternative Cap is exceeded and whether the Pro Rata Downward Adjustment Mechanism is triggered	Friday, 28 February 2025
Latest time for lodging transfers of H Shares in order to be entitled to receive the Cancellation Consideration	4:30 p.m. on Friday, 28 February 2025
Closure of registers of members of the Company for H Shares	From Monday, 3 March 2025 onwards

EXPECTED TIMETABLE

Latest date for settlement of the Cash Alternative for
Shareholders who have validly elected the
Cash Alternative on or before
the expiry of the Election Period⁽⁴⁾ Within 7 business days after the later of
(i) the Effective Date; and
(ii) the date on which valid election for
the Cash Alternative has been received
by or on behalf of the Offeror

Latest date for settlement of Cash Alternative for
Shareholders who have not made any election during
the Election Period, or who have elected
the Share Alternative within the Election Period
but whose election is and remains invalid
upon expiry of the Election Period Within 7 business days
after the Election Period

Latest date for settlement of Cancellation Consideration for
Qualifying Shareholders validly electing
the Share Alternative and Shareholders electing
the Share Alternative but whose election is found
to be invalid or invalidated after
the expiry of the Election Period⁽⁵⁾ Within 42 business days
after the Effective Date

End of the period during which creditors
may request the Offeror and the Company to pay off
their respective indebtedness or provide guarantees Within 30 days after the receipt
of notice by creditors or
45 days after the issue of announcement
to creditors if the aforesaid notice
has not been received by creditors
(whichever is the latest)

Notes:

- (1) The Conditions to effectiveness shall be satisfied upon passing of the requisite resolutions at the EGM and the H Shareholders' Class meeting as set out in the section headed "3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT — Conditions to effectiveness*" in the "LETTER FROM THE BOARD" of this Composite Document.
- (2) The Offeror, Fosun Pharma and the Company will jointly publish announcement(s) when or as soon as reasonably practicable after all Conditions to effectiveness have been satisfied and the Conditions to implementation have been satisfied or waived, as appropriate.
- (3) The Election Form and (if applicable) the Qualifying Shareholder Questionnaire, duly completed in accordance with the instructions thereon, must be lodged (i) by the H Shareholders with the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong; and (ii) by the Unlisted Shareholders, to the Company's Board secretary office (for holders of Unlisted Shares), at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC, not later than the time and date stated above (or such later time and/or date as may be notified through announcement(s)), failing which the Election Form and (if

EXPECTED TIMETABLE

applicable) the Qualifying Shareholder Questionnaire shall not be treated as valid and such Shareholders purporting to make the election shall not, for any purpose, be entitled to receive the Share Alternative but shall instead receive the Cash Alternative if the Merger becomes unconditional. Any election of Share Alternative by a Shareholder should also be accompanied by such additional evidence or documents as may be required by the Offeror, failing which such election shall not be valid and the Shareholder will instead receive the Cash Alternative if the Merger becomes unconditional.

- (4) Payment of Cancellation Price for settlement of the Cash Alternative will be made (i) with respect to H Shareholders, by way of cheques which will be sent by ordinary post at the risk of the persons entitled thereto; and (ii) with respect to Unlisted Shareholders, by way of bank remittance to the bank account with details as provided by Unlisted Shareholders, at their own risk. The Offeror shall pay the Cancellation Price to all Shareholders electing the Cash Alternative (other than Fosun Pharma Industrial Development and Fosun Industrial) (as described in the section headed “4. INFORMATION ON THE CASH ALTERNATIVE” in the “LETTER FROM THE BOARD” of this Composite Document).
- (5) The Offeror shall issue its registered capital to Fosun Pharma Industrial Development and Fosun Industrial and procure the Rollover Entities to issue the Rollover Securities to Share Alternative Holders (as described in the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE” in the “LETTER FROM THE BOARD” of this Composite Document).

Shareholders and potential investors in the securities of the Company should be aware that the expected last day for dealings in H Shares will be Tuesday, 4 February 2025. In order for the transferee to be entitled to receive the Cancellation Consideration, the transfer documents and the relevant share certificates must be lodged with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares) at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong by 4:30 p.m.. on Friday, 28 February 2025.

If the transfer documents and the relevant share certificates are not lodged with the Company’s H Share Registrar by 4:30 p.m.. on Friday, 28 February 2025 as set out above, the transferee will not be entitled to receive the Cancellation Consideration.

The Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions set out in this Composite Document being satisfied or waived, as applicable, and neither the Offeror nor the Company provides any assurance that any or all of the Conditions can be satisfied, and thus the Merger Agreement (as supplemented by the Supplemental Merger Agreement) may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company.

Persons who are in doubt as to the action to take and the implications arising from the Merger should consult their stockbroker, bank manager, solicitor or other professional advisers (including tax adviser regarding the tax consequences of the cancellation of the H Shares and the implementation of the Merger).

Effects of Severe Weather Conditions in Hong Kong on the Expected Timetable

Any severe weather conditions are in effect in Hong Kong on any of the following dates (“**Key Deadlines**”):

- (i) the Latest Election Date;
- (ii) the latest date for payment of the Cancellation Price; and

EXPECTED TIMETABLE

- (iii) the latest date for the Offeror to despatch or post the relevant document of title in Hong Kong with respect to the Rollover Securities underlying the Share Alternative,

then:

- (a) in the case where any severe weather condition is in force in Hong Kong (at Hong Kong time) before 12:00 noon but no longer in force after 12:00 noon on any Key Deadline, there will be no change to such Key Deadline (unless the original Key Deadline specifies a time on that date which falls before 12:00 noon, in which case (b) below applies); and
- (b) in all other cases, such Key Deadline will be rescheduled to the next business day (with the same time of the day if any is specified) provided that if any severe weather condition is in force in Hong Kong (at Hong Kong time) at 12:00 noon and/or thereafter on such next business day, the aforementioned Key Deadline will be further postponed to the next following business day in which case an announcement will be made with respect to the rescheduled Key Deadline.

For the purpose of this section, “severe weather conditions” refer to the case where a Typhoon Signal No. 8 or above, a Black Rainstorm Warning, or the “Extreme Conditions” warning is in force in Hong Kong.

IMPORTANT NOTICES

IF YOU ARE NOT A RESIDENT IN HONG KONG, PLEASE READ THIS SECTION CAREFULLY. YOU SHOULD CONSULT YOUR LEGAL AND PROFESSIONAL ADVISERS BEFORE READING THE REMAINDER OF THIS COMPOSITE DOCUMENT (AND ELECTION DOCUMENTS).

1. GENERAL NOTICE TO OVERSEAS SHAREHOLDERS

Overseas Shareholders must ensure that they are legally able to elect the Share Alternative and receive the Hong Kong Rollover Shares or the PRC Rollover Shares (as the case may be). The making of the Share Alternative to Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. **Overseas Shareholders should inform themselves about, and observe, any applicable legal, tax or regulatory requirements.** It is the responsibility of the person wishing to elect the Share Alternative to satisfy themselves as to the full observance of the laws of those relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes due by such person in such jurisdictions. This Composite Document is not prepared based on any regulatory requirements or guidance outside of Hong Kong.

This Composite Document and the Rollover Securities are not registered. This Composite Document and the Rollover Securities issued under the Share Alternative will not be registered under any securities laws or regulations in any jurisdiction (including Hong Kong or overseas), and **may only be issued to persons pursuant to an exemption from the registration or selling restriction requirements of the securities laws or regulations of the jurisdiction in which the Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) are resident.** In Hong Kong, this Composite Document is exempted from the prospectus registration and content requirements pursuant to paragraph 6 of the Seventeenth Schedule to the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

This Composite Document is not issued to Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) and the Rollover Securities are not offered to Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) in jurisdictions other than Hong Kong, except and to the extent that they are a Qualifying Shareholder.

PLEASE NOTE: If you wish to elect the Share Alternative, please ensure that you are legally permitted to elect the Share Alternative and receive the Hong Kong Rollover Shares or the PRC Rollover Shares (as the case may be).

IMPORTANT NOTICES

PLEASE NOTE: Disclosures in this section do not, directly or indirectly, constitute legal advice, and none of the Offeror, Fosun Pharma, the Company, and their respective advisers, including CICC and Fosun International Capital, shall be taken to, or deemed to be, giving any advice, whether legal or otherwise, with respect to any jurisdiction, whether in Hong Kong or overseas.

PLEASE NOTE: Any election of the Share Alternative by the Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) will be deemed to constitute a representation and warranty from such persons to the Offeror, Fosun Pharma, the Company, and their respective advisers, including CICC and Fosun International Capital, that all relevant laws and regulatory requirements in those jurisdictions to which the overseas Shareholders electing the Share Alternative are subject have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees will give or be subject to the above warranty and representation. Shareholders and potential investors should consult their professional advisers if in doubt.

2. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS IN AUSTRALIA

The Rollover Securities have not been and will not be registered under the Australian Corporations Act 2001 (Cth) (the “**Corporations Act 2001**”). The Share Alternative will only be made to residents in Australia who are non-disclosure exempt investors, such as those who qualify as Sophisticated Investors and/or Professional Investors as defined in the Corporations Act 2001.

Nothing in this Composite Document and the Election Form and the despatch of the same constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in Australia or to any residents in Australia except those who are non-disclosure exempt investors, such as those who qualify as Sophisticated Investors and/or Professional Investors as defined in the Corporations Act 2001.

3. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF CANADA

The Share Alternative is being made to Canadian shareholders in reliance on the business combination and reorganization exemption provided for in section 2.11 of National Instrument 45-106 *Prospectus Exemptions*. Accordingly, Canadian shareholders are eligible to participate in the Share Alternative. As a result of the reliance upon an exemption from the requirement to provide Canadian shareholders with a prospectus and to sell the securities issuable pursuant to the exercise of the Share Alternative through a person registered to sell securities under Canadian securities laws, certain protections, rights and remedies provided by Canadian securities laws, including applicable statutory rights of rescission or damages, will not be available. No securities commission or similar regulatory authority has reviewed or passed on the merits of the securities issuable pursuant to exercise of the Share Alternative.

IMPORTANT NOTICES

4. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area (each a “**Member State**”), the Share Alternative has not been made available and will not be made available, and no Rollover Securities have been offered or will be offered, to the public prior to the publication of a prospectus in relation to the Share Alternative and the offer of the Rollover Securities which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Regulation (EU) 2017/1129 (as amended) (“**Prospectus Regulation**”), except that the Share Alternative may be made available, and the Rollover Securities may be offered, to the public in that Member State at any time under the following exemptions in the Prospectus Regulation:

- (a) to any legal entity which is a “qualified investor” as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined under Article 2 of the Prospectus Regulation); or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that the Share Alternative and the offer of the Rollover Securities shall not require the Offeror to publish a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this provision, the expression “offer to the public” in relation to the Share Alternative and the Rollover Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the Share Alternative and the Rollover Securities to be offered so as to enable Shareholders in the Member States to decide to elect the Share Alternative and acquire the Rollover Securities.

Each person in a Member State who receives any communication in respect of, or who acquires any Rollover Securities under the Share Alternative contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Offeror, Fosun Pharma, the Company, CICC and Fosun International Capital that it is a qualified investor within the meaning of Article 2 of the Prospectus Regulation.

5. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF MALAYSIA

This Composite Document (and the Election Form) have not been reviewed and approved by the Securities Commission of Malaysia (“**SC**”), and will not be registered as a prospectus under the Capital Market and Services Act 2007 (the “**CMSA**”) with the SC or any other regulatory authority in Malaysia. Further, recognition by the SC has not been and will not be sought.

The Share Alternative will only be made to residents in Malaysia who qualify as Sophisticated Investors as defined in the Guidelines on Categories of Sophisticated Investors issued by the SC.

IMPORTANT NOTICES

Nothing in this Composite Document and the Election Form and the despatch of the same constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in Malaysia or to any residents in Malaysia except those who qualify as Sophisticated Investors as defined in the Guidelines on Categories of Sophisticated Investors issued by the SC.

The Offeror had sent an overseas shareholders questionnaire to Malaysian Shareholders as identified in the shareholder identification exercise in relation to H Shares in order to ascertain if such Malaysian Shareholders are investors that fall within the scope of an exemption from the selling restrictions laws and regulations in Malaysia prior to the publication and despatch of this Composite Document.

The Offeror has applied to the Executive, and the Executive has granted, a waiver so that the Election Form will not be sent to Shareholders with registered address in Malaysia who either (i) do not respond to the overseas shareholder questionnaire by the prescribed time set out therein or (ii) have responded and confirmed that they do not fall within the scope of an exemption from the selling restrictions laws and regulations in Malaysia.

Malaysian Shareholders who have responded to the overseas shareholders questionnaire by the prescribed time set out therein and confirmed that they fall within the scope of an exemption from the selling restrictions laws and regulations in Malaysia, in addition to being (or becoming) a registered holder, must still confirm that they are a Qualifying Shareholder by completing, signing and returning the “Qualifying Shareholder Questionnaire” to the H Share Registrar (for holders of H Shares) or the office of the secretary to the Board (for holders of Unlisted Shares) at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC before or at the same time (as may be specified in such “Qualifying Shareholder Questionnaire”) lodging the “Election Form” in order to validly elect the Share Alternative.

6. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS IN THE PHILIPPINES

Under section 8.1 of the Securities Regulation Code of the Philippines (the “**SRC**”), securities shall not be sold or offered for sale or distribution within the Philippines without having such securities registered by filing a registration statement with the Securities and Exchange Commission of the Philippines (the “**SEC**”) and declared effective by the SEC. The registration with the SEC is mandatory except in the case of exempt securities under section 9 of the SRC or unless the securities are sold in any transaction exempt under section 10 of the SRC.

The Share Alternative will only be made to Philippine shareholders who qualify as Qualified Buyer as defined in the SRC. Nothing in this Composite Document and the Election Form and the despatch of the same constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the Philippines or to any residents in the Philippines except those who qualify as Qualified Buyer as defined in the SRC.

IMPORTANT NOTICES

THE OFFER OF THE SHARE ALTERNATIVE IS EXEMPT PURSUANT TO SECTIONS 10.1(k) AND 10.1(l) OF THE SRC AND, ACCORDINGLY, THE ROLLOVER SECURITIES HAVE NOT BEEN REGISTERED WITH THE SEC. ANY FURTHER OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION PURSUANT TO SECTION 10 OF THE SRC.

7. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS IN QATAR

This Composite Document (and the Election Form) are not subject to any filing, registration, prospectus or other regulatory requirements within Qatar.

The Share Alternative will only be made to residents in Qatar who qualify as Qualified Investors (as defined under Article 40 of the Securities Rulebook (Decision No. 4 of 2020 on the Offering and Listing of Securities on the Financial Markets Rulebook)).

This Composite Document (and the Election Form) are provided on an exclusive basis to Qatari Shareholders who qualify as Qualified Investors (as defined under Article 40 of the Securities Rulebook (Decision No. 4 of 2020 on the Offering and Listing of Securities on the Financial Markets Rulebook)), and for the recipient's personal use only and are not intended to be available to the public.

Nothing in this Composite Document and the Election Form and the despatch of the same constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre.

This Composite Document (and the Election Form) have not been reviewed, approved, registered or licensed by the Qatar Central Bank, The Qatar Financial Centre Regulatory Authority, The Qatar Financial Markets Authority or any other regulator in the State of Qatar.

Any distribution of this Composite Document (and the Election Form) by the recipient to third parties in Qatar or the Qatar Financial Centre beyond the terms hereof is not authorised and shall be at the liability of the recipient.

8. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF SINGAPORE

This Composite Document (and the Election Form) have not been and will not be registered as a prospectus with the Monetary Authority of Singapore under Securities and Futures Act 2001 (2020 Rev Ed) of Singapore (the "SFA"). The Share Alternative and/or Rollover Securities have not been offered or sold or made subject of an invitation for subscription or purchase and will not be offered or sold or made subject of an invitation for subscription or purchase, and this Composite Document (and the Election Form) or any other document or material in connection with the offer

IMPORTANT NOTICES

or sale, or invitation for subscription or purchase, of the Share Alternative and/or Rollover Securities has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore, other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, or (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Shareholders should note that there may be restrictions on the secondary sale of the Rollover Securities under Section 276 of the SFA.

By accepting this Composite Document and the Election Form, if you are a Shareholder in Singapore, you agree to be bound by the limitations and restrictions described herein and you represent and warrant that you are either an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or a relevant person (as defined in Section 275(2) of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

The Offeror had sent an overseas shareholders questionnaire to Singapore Shareholders as identified in the shareholder identification exercise in relation to H Shares in order to ascertain if such Singapore Shareholders are investors that fall within the scope of an exemption from the selling restrictions laws and regulations in Singapore prior to the publication and despatch of this Composite Document.

The Offeror has applied to the Executive, and the Executive has granted, a waiver so that this Composite Document and the Election Form will not be sent to Shareholders with registered address in Singapore who either (i) do not respond to the overseas shareholder questionnaire by the prescribed time set out therein or (ii) have responded and confirmed that they do not fall within the scope of an exemption from the selling restrictions laws and regulations in Singapore.

Singapore Shareholders who have responded to the overseas shareholders questionnaire by the prescribed time set out therein and confirmed that they fall within the scope of an exemption from the selling restrictions laws and regulations in Singapore, in addition to being (or becoming) a registered holder, must still confirm that they are a Qualifying Shareholder by completing, signing and returning the “Qualifying Shareholder Questionnaire” to the H Share Registrar (for holders of H Shares) or the office of the secretary to the Board (for holders of Unlisted Shares) at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC before or at the same time (as may be specified in such “Qualifying Shareholder Questionnaire”) lodging the “Election Form” in order to validly elect the Share Alternative.

9. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF SOUTH AFRICA

This Composite Document and the Election Form do not, nor do they intend to, constitute a “registered prospectus”, as contemplated in the South African Companies Act, 71 of 2008, and no prospectus has been or will be registered with the South African Companies and Intellectual Property Commission in respect of the securities to be issued pursuant to the Share Alternative. As a result, this Composite Document and the Election Form do not comply with the substance and

IMPORTANT NOTICES

form requirements for prospectuses set out in the South African Companies Act, 71 of 2008 and the South African Companies Regulations, 2011 and have not been approved by, and/or registered with, the South African Companies and Intellectual Property Commission, or any other South African authority.

The Share Alternative will only be made available for election to residents of South Africa who fall within one of the categories set out in section 96(1)(a) of the South African Companies Act, 71 of 2008. Any Shareholders who are resident in South Africa who do not fall within one of the categories set out in section 96(1)(a) of the South African Companies Act, 71 of 2008 will only be entitled to elect the Cash Alternative (and not the Share Alternative). Nothing in this Composite Document and the Election Form and the despatch of the same constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, (i) an “offer to the public” as contemplated in the South African Companies Act, 71 of 2008, or (ii) any offer or sale of securities in South Africa or to any residents in South Africa except those who fall within one of the categories set out in section 96(1)(a) of the South African Companies Act, 71 of 2008.

10. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF THE REPUBLIC OF KOREA

The Share Alternative described herein is not, and will not be, registered under the Financial Investment Services and Capital Markets Act of the Republic of Korea (“**Korea**”) (the “**FSCMA**”). The securities may not be offered, sold, or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transaction Act of Korea and its Enforcement Decree), except as otherwise permitted by applicable Korean laws and regulations, including the FSCMA.

The Share Alternative may only be offered to whom qualify as Professional Investors as defined in the FSCMA in compliance with all applicable requirements under the FSCMA and regulations promulgated thereunder. Nothing in this Composite Document and the Election Form and the despatch of the same constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in Korea or to any residents in Korea except those who qualify as Professional Investors as defined in the FSCMA.

11. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF SWITZERLAND

This Composite Document (and the Election Form) does not constitute an offer to the public or a solicitation to purchase or invest in any shares of common stock, and no shares of common stock have been offered or will be offered to the public in Switzerland. The shares of common stock have not been and will not be listed or admitted to trading on a Swiss trading venue.

Neither this Composite Document (and the Election Form) with respect to the Share Alternative nor any other offering or marketing material relating to the shares of common stock constitutes a prospectus pursuant to the Swiss Federal Financial Services Act, as amended from time to time, (the “**FinSA**”), and no such prospectus has been or will be prepared or filed with, or

IMPORTANT NOTICES

approved by, any Swiss governmental authority in relation to the shares of common stock. None of the aforementioned materials may be publicly distributed or otherwise made available in Switzerland other than in accordance with the exemptions set out in the following paragraph.

The shares of common stock may only be publicly offered or marketed in Switzerland under available exemptions from the Swiss prospectus requirement pursuant to the FinSA, i.e.:

- (a) to professional clients as defined under the FinSA only (non-retail offering);
- (b) where the offer is directed at fewer than 500 persons (other than professional clients as defined under the FinSA), subject to obtaining the prior consent of the joint bookrunning managers for any such offer; or
- (c) in any other circumstances falling within Article 36 or 37 of the FinSA, as applicable.

12. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF THAILAND

Pursuant to section 33 of the Securities and Exchange Act B.E. 2535 (A.D. 1992) (as amended) (the “**SEC Act**”), no company (including foreign incorporated entity) shall issue and offer new securities (e.g. shares, debentures and other securities as specified by the Securities and Exchange Commission in Thailand) except for:

- (a) securities issued by the government under section 63 of the SEC Act;
- (b) approved by the Securities and Exchange Commission in Thailand and complied with the respective procedures under section 65 of the SEC Act; or
- (c) rights offering by a Thai public company.

By virtue of section 65 of the SEC Act, an offering of securities to any person may be made only after the effectiveness of the registration statement and draft prospectus.

The Notification of the SEC No. GorJor. 39/2021 entitled Exceptions of Submission of Registration Statement for Offering of Shares issued by a Foreign Company and Considered an Offering by way of Private Placement sets out certain exemptions to the obligations prescribed under section 65 of the SEC Act for the offering of shares in Thailand by a foreign company which meets any of the following criteria:

- (a) to (i) 50 investors or less during any 12-month period prior to the date of offering (not including the number of institutional investors as defined under the Notification of the SEC No. GorJor. 39/2021 entitled Determination of Definitions of Institutional Investor, Ultra-High Net Worth Investor and High Net Worth Investor (the “**Institutional Investors**”) to whom the shares are offered) or (ii) Institutional Investors;
- (b) having an aggregate value not exceeding Baht 20,000,000 during any 12-month period based on their offering price; or

IMPORTANT NOTICES

- (c) whereby both the seller and purchaser are shareholders of such company, and the offering is not considered a public offering.

The Share Alternative will only be made to Institutional Investors. Nothing in this Composite Document and the Election Form and the despatch of the same constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in Thailand or to any residents in Thailand except those who qualify as Institutional Investors.

13. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF THE UNITED KINGDOM

The Share Alternative has not been made available and will not be made available, and no Rollover Securities have been offered or will be offered, to the public in the United Kingdom, except that the Share Alternative may be made available, and the Rollover Securities may be offered, to the public in the United Kingdom at any time:

- (a) to any legal entity which is a “qualified investor” as defined under Article 2 of the UK Prospectus Regulation (as defined below);
- (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined under Article 2 of the UK Prospectus Regulation); or
- (c) in any other circumstances falling within Section 86 of the UK Financial Services and Markets Act 2000 (as amended, the “FSMA”),

provided that the Share Alternative and the offer of the Rollover Shares shall not require us to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

This Composite Document is intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the United Kingdom and may not be reproduced or used for any other purpose. A qualified investor who wishes to elect the Share Alternative must be able to warrant that they are a qualified investor. For the purposes of this provision, the expression an “offer to the public” in relation to the Rollover Securities in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Share Alternative and any Rollover Securities to be offered so as to enable an investor to decide to elect for any Rollover Securities and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

14. ADDITIONAL NOTICE TO OVERSEAS SHAREHOLDERS OF THE UNITED STATES

Due to selling restrictions applicable to the Merger under the relevant US securities law, the Offeror has applied for, and the Executive has granted, consent to the Share Alternative not being made to the holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States. Further, due to selling restrictions in

IMPORTANT NOTICES

the United States, the Offeror has applied to the Executive, and the Executive has granted, a waiver under Note 3 to Rule 8 of the Takeovers Code that the Election Form will not be sent to the holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States. As such, the Share Alternative is not and will not be available to the holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States and the Election Form will not be sent to such Shareholders.

This Composite Document does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States. The securities referred to in this Composite Document, including, without limitation, Rollover Securities and/or Share Alternative, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The Merger will involve the cancellation of the securities of a company incorporated in the PRC with limited liability by means of a merger by absorption provided for under the laws of the PRC. The Merger is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information with respect to the Company included in this Composite Document has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash as consideration for the cancellation of the Shares maybe a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each Shareholder is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the implementation of the Merger.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claim arising out of the U.S. federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their respective officers and directors maybe residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court’s judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Merger, before or during the Offer Period. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC, Fosun International Capital and their affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in

IMPORTANT NOTICES

the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) the Cancellation Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent made public by the SFC, will be available on the websites of the SFC at <http://www.sfc.hk> and the Stock Exchange at www.hkexnews.hk.

ELIGIBILITY OF SHAREHOLDERS FOR SHARE ALTERNATIVE

The Share Alternative is only available to Qualifying Shareholders who hold all of their Shares as registered holders (i.e., it is not available to Shareholders whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited).

Shareholders whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited who are Qualifying Shareholders will need to first withdraw their Shares from CCASS before electing the Share Alternative. See the sections headed “5. INFORMATION ON THE SHARE ALTERNATIVE” in the “LETTER FROM THE BOARD” and “*SHARE ALTERNATIVE SELECTION PERIOD, ELECTION FORM AND QUALIFYING SHAREHOLDER QUESTIONNAIRE*” in the “*ACTIONS TO BE TAKEN*” of this Composite Document for the procedure.

PLEASE NOTE: Overseas Shareholders should read this section carefully and ensure that they are a Qualifying Shareholder.

Non-qualifying Shareholders

Rollover Securities issued will not be registered under any securities laws in any jurisdiction (including Hong Kong or overseas) and may only be issued to persons resident in a jurisdiction pursuant to an exemption from the requirements of the securities laws or regulations of that jurisdiction. The Share Alternative will only be made available to Qualifying Shareholders.

In particular:

- (a) **Holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States.** Due to selling restrictions applicable to the Merger under the relevant US securities law, the Offeror has applied for, and the Executive has granted, consent to the Share Alternative not being made to the holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States. Holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States will not be offered the Share Alternative.

IMPORTANT NOTICES

- (b) **Malaysian Shareholders.** The Share Alternative will only be made to residents in Malaysia who qualify as Sophisticated Investors as defined in the Guidelines on Categories of Sophisticated Investors issued by the SC. The Offeror had sent an overseas shareholders questionnaire to Malaysian Shareholders as identified in the shareholder identification exercise in relation to H Shares in order to ascertain if such Malaysian Shareholders are investors that fall within the scope of an exemption from the selling restrictions laws and regulations in Malaysia prior to the publication and despatch of this Composite Document. The Offeror has applied to the Executive, and the Executive has granted, a waiver so that the Election Form will not be sent to Shareholders with registered address in Malaysia who either (i) do not respond to the overseas shareholder questionnaire by the prescribed time set out therein or (ii) have responded and confirmed that they do not fall within the scope of an exemption from the selling restrictions laws and regulations in Malaysia.
- (c) **Singapore Shareholders.** The Share Alternative will only be made to Singapore Shareholders who are (i) an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, or (ii) a relevant person (as defined in Section 275(2) of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA. The Offeror had sent an overseas shareholders questionnaire to Singapore Shareholders as identified in the shareholder identification exercise in relation to H Shares in order to ascertain if such Singapore Shareholders are investors that fall within the scope of an exemption from the selling restrictions laws and regulations in Singapore prior to the publication and despatch of this Composite Document. The Offeror has applied to the Executive, and the Executive has granted, a waiver so that this Composite Document and the Election Form will not be sent to Shareholders with registered address in Singapore who either (i) do not respond to the overseas shareholder questionnaire by the prescribed time set out therein or (ii) have responded and confirmed that they do not fall within the scope of an exemption from the selling restrictions laws and regulations in Singapore.

Qualifying Shareholders

Qualifying Shareholders are:

- (a) a Shareholder in Hong Kong, PRC, the British Virgin Islands, Canada or the Cayman Islands; and
- (b) an overseas Shareholder (except those in the British Virgin Islands, Canada or the Cayman Islands) who has confirmed that the Shareholder falls within the scope of an exemption from the selling restrictions laws and regulations of that Shareholder's resident jurisdiction, and, having consulted relevant legal advisers, the Offeror is satisfied that Offeror may offer the Share Alternative and the PRC Rollover Entity or the Hong Kong Rollover Entity (as the case may be) may issue the Rollover Securities to the Shareholder, and the Shareholder may be offered the Share Alternative and receive the Rollover Securities.

IMPORTANT NOTICES

If you are an overseas Qualifying Shareholder and registered holder

Overseas Shareholders (except those in the British Virgin Islands, Canada and the Cayman Islands), in addition to being (or becoming) a registered holder of the Shares, must confirm that they are a Qualifying Shareholder by first completing, signing and returning the “Qualifying Shareholder Questionnaire” to the H Share Registrar (for holders of H Shares) or the office of the secretary to the Board (for holders of Unlisted Shares) at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC **before or at the same time (as may be specified in such “Qualifying Shareholder Questionnaire”)** lodging the “Election Form” in order to validly elect the Share Alternative.

The “Qualifying Shareholder Questionnaire” is available for download on the websites of the Company (www.henlius.com), the Stock Exchange (<https://www.hkexnews.hk>) and (as document on display) the Securities and Futures Commission (www.sfc.hk) from the date of this Composite Document until the end of the Offer Period.

See the sections headed “5. INFORMATION ON THE SHARE ALTERNATIVE” in the “LETTER FROM THE BOARD” and “*SHARE ALTERNATIVE SELECTION PERIOD, ELECTION FORM AND QUALIFYING SHAREHOLDER QUESTIONNAIRE*” in the “*ACTIONS TO BE TAKEN*” of this Composite Document for more information.

Waiver in respect of overseas Shareholders

Share Alternative. The Offeror has applied for, and the Executive has granted, consent to the Share Alternative not being made to: (a) the holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States; and (b) overseas Shareholders (except those in the British Virgin Islands, Canada and the Cayman Islands) unless such overseas Shareholder has confirmed that it falls within the scope of an exemption from the selling restrictions laws and regulations of that Shareholder’s resident jurisdiction, and, having consulted relevant legal advisers, the Offeror is satisfied that the Offeror may offer the Share Alternative and the PRC Rollover Entity or the Hong Kong Rollover Entity (as the case may be) may issue the Rollover Securities to the Shareholder, and the Shareholder may be offered the Share Alternative and receive the Rollover Securities.

Despatch of documents. The Offeror had sent an overseas shareholders questionnaire to Singapore and Malaysian Shareholders as identified in the shareholder identification exercise in relation to H Shares in order to ascertain if such Singapore and Malaysian Shareholders are investors that fall within the scope of an exemption from the selling restrictions laws and regulations in these jurisdictions prior to the publication and despatch of this Composite Document. The Offeror has applied to the Executive, and the Executive has granted, a waiver under Note 3 to Rule 8 of the Takeovers Code that this Composite Document and the Election Form will not be sent to Shareholders with a registered address in Singapore who either (i) do not respond to the overseas shareholder questionnaire by the prescribed time set out therein or (ii) have responded and confirmed that they do not fall within the scope of an exemption from the selling restrictions laws and regulations in Singapore. The Offeror has applied to the Executive, and the Executive has

IMPORTANT NOTICES

granted, a waiver under Note 3 to Rule 8 of the Takeovers Code that the Election Form will not be sent to Shareholders with a registered address in Malaysia who either (i) do not respond to the overseas shareholder questionnaire by the prescribed time set out therein or (ii) have responded and confirmed that they do not fall within the scope of an exemption from the selling restrictions laws and regulations in Malaysia.

Further, due to selling restrictions in the United States, the Offeror has applied to the Executive, and the Executive has granted, a waiver under Note 3 to Rule 8 of the Takeovers Code that the Election Form will not be sent to the holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States.

Cash Alternative. For the avoidance of doubt, all Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) (including those in an overseas jurisdiction) are eligible to elect the Cash Alternative.

FORWARD LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

ACTIONS TO BE TAKEN

EGM AND H SHAREHOLDERS' CLASS MEETING

Whether or not they are able to attend the EGM or the H Shareholders' Class Meeting (where applicable) in person, the Shareholders are strongly urged to indicate their voting instructions and complete and sign the enclosed form of proxy in respect of the EGM in accordance with the instructions printed thereon and the H Shareholders are strongly urged to indicate their voting instructions and complete and sign the enclosed form of proxy in respect of the H Shareholders' Class Meeting in accordance with the instructions printed thereon as soon as possible, but in any case not later than the following respective times:

- (1) in the case of the form of proxy for use at the EGM, the Shareholders are requested to deposit such form of proxy no later than 2:00 p.m. on Tuesday, 21 January 2025 at (in respect of H Shareholders) the H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or at (in respect of the Unlisted Shareholders) the office of the secretary to the Board in the PRC at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC; and
- (2) in the case of the form of proxy for use at the H Shareholders' Class Meeting, the H Shareholders are requested to deposit such form of proxy no later than 2:30 p.m. on Tuesday, 21 January 2025 at the H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

In the event that the relevant form of proxy has been returned to H Share Registrar or the office of the secretary to the Board (as the case may be) after the abovementioned deadline (where applicable), it will be considered to be invalid and will not be taken into account. The completion and return of a form of proxy for any of the meetings will not preclude you from attending and voting in person at the relevant meetings or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the meetings or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

The latest time for lodging transfers of H Shares in order to be entitled to attend and vote at the EGM and the H Shareholders' Class Meeting is 4:30 p.m. on Thursday, 16 January 2025. For the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM and the H Shareholders to attend and vote at the H Shareholders' Class Meeting, the Company's registers of members will be closed from Friday, 17 January 2025 to Wednesday, 22 January 2025 (both dates inclusive). During such period, no transfer of Shares will be effected.

Only Shareholders whose names are on the Company's registers of members on Wednesday, 22 January 2025 are entitled to vote at the relevant meetings. Each Shareholder on the Company's registers of members on Wednesday, 22 January 2025 is entitled to cast one vote per Share in respect of the Merger at the EGM. Each Independent H Shareholder on the Company's registers of members on Wednesday, 22 January 2025 is entitled to cast one vote per H Share in respect of the Merger at the H Shareholders' Class Meeting.

ACTIONS TO BE TAKEN

An announcement will be made by the Company in relation to the result of EGM and the H Shareholders' Class Meeting. Further announcement(s) will be made as and when appropriate in respect of the satisfaction or waiver, as appropriate, of the Conditions to effectiveness and Conditions to implementation.

SHARE ALTERNATIVE SELECTION PERIOD, ELECTION FORM AND QUALIFYING SHAREHOLDER QUESTIONNAIRE

Subject to the fulfilment of the Conditions, Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) may during the Election Period elect the Cash Alternative or (subject to the Share Alternative Cap) the Share Alternative pursuant to the terms and conditions set out in this Composite Document and the Election Form. The aforementioned Election Period will run from the date of this Composite Document until the date falling 15 business days after the Effective Date (or such other time as the Executive may permit).

The Offeror has set a Long-stop Date for the Merger becoming unconditional in all respects on 30 April 2025. If the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation cannot be satisfied by this date, this date can only be extended with the consent of the Executive, the Company and the Offeror.

The Share Alternative is only available to Qualifying Shareholders who hold all of their Shares as registered holders (i.e., it is not available to Shareholders whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited).

Shareholders whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited who are Qualifying Shareholders will need to first withdraw their Shares from CCASS before electing the Share Alternative. See the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE” in the “LETTER FROM THE BOARD” for the procedure.

An election of the Cash Alternative or the Share Alternative may be made by Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) in connection with their respective shareholdings in the Company, and Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) shall make such election by properly completing and signing the Election Form in accordance with the instructions appearing thereon (and, in the case of joint holders, signed by all the joint holders to which it relates, and in the case of a holder or a joint holder which is a body corporate, signed on its behalf by one of its directors or a duly authorised signatory) in respect of their entire holdings of Shares registered under their names, and deliver the duly completed and executed Election Form (and for Shareholder who elects the Share Alternative, the Election Documents) to the H Share Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for H Shareholders and 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC for Unlisted Shareholders, not later than 4:30 p.m. on Friday, 28 February 2025 or such later date and time as may be notified through announcement. No such election shall be valid (and in that case the relevant Shareholder will receive the Cash Alternative) unless the Election Form is properly completed in all respects. For the avoidance of doubt, the Election Form is not for use (as a form of proxy or otherwise) at the EGM

ACTIONS TO BE TAKEN

or the H Shareholders' Class Meeting, which are for the purpose of considering and, if thought fit, approving, among other things, the Merger. The Election Form is supplied for the sole purpose for Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) who are Qualifying Shareholders to elect the Cash Alternative or the Share Alternative should they wish to do so. This election may be made at any time up to the Latest Election Date (or such later date and time as may be notified through announcement). The election is subject to the Merger being sanctioned and becoming effective.

In order for overseas Shareholders (except those in the British Virgin Islands, Canada and the Cayman Islands) to validly elect the Share Alternative, such overseas Shareholders, in addition to being (or becoming) a registered holder of the Shares, must confirm that they are a Qualifying Shareholder by first completing, signing and returning the "Qualifying Shareholder Questionnaire" to the H Share Registrar (for holders of H Shares) or the office of the secretary to the Board (for holders of Unlisted Shares) at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC before or at the same time (as may be specified in such "Qualifying Shareholder Questionnaire") lodging the Election Form.

No acknowledgement of receipt of any Election Form and the Qualifying Shareholder Questionnaire will be given. An Election Form and the Qualifying Shareholder Questionnaire so completed and delivered shall not be capable of amendment. **An Election Form and the Qualifying Shareholder Questionnaire shall be irrevocable and incapable of being withdrawn unless the Offeror expressly consents in writing to such withdrawal or revocation.** The Offeror shall have the right to reject any or all of the Election Forms and the Qualifying Shareholder Questionnaire that it determines are invalid or in improper form (and in that case the relevant Shareholder will receive the Cash Alternative). In addition, the Offeror shall also have the right to treat any Election Form and the Qualifying Shareholder Questionnaire that has not been completed in accordance with the instructions thereon, or has otherwise been completed incorrectly, as being valid, provided that the Offeror in its absolute discretion considers the omissions or errors to be immaterial. The Offeror shall not be obliged to give notice of any such defects or irregularities and will not incur any liability for failure to give any such notice.

Any Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) (1) who has not returned an Election Documents as described above before the prescribed time or such later date and time as may be notified through announcement, or (2) who has returned an Election Documents which is not duly completed or executed nor valid in accordance with the terms of the Merger herein will receive the Cash Alternative subject to the Merger becoming unconditional.

If you have sold or transferred all or part of your Shares, you should at once hand this Composite Document and the accompanying forms of proxy and the Election Documents to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. Copies of the Election Documents can also be obtained from the H Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, any Shareholder who holds Shares as a nominee, trustee or registered owner in any other capacity will not be treated

ACTIONS TO BE TAKEN

differently from any other Registered Holder. Any beneficial owner who holds the Shares through nominee or trustee should make arrangements with his, her or its nominee or trustee in relation to the Merger and the election of the Cash Alternative or the Share Alternative, and may consider whether he/she/it wishes to arrange for the registration of the relevant Shares in his/her/its own name prior to the latest time for lodging transfers of H Shares in order to be entitled to receive the Cancellation Consideration.

ANNOUNCEMENT ON ELECTION RESULTS

The Offeror, Fosun Pharma and the Company will make a joint announcement on the Latest Election Date, stating whether the Share Alternative Cap is exceeded and thus whether *Pro Rata Downward Adjustment Mechanism* is triggered.

SETTLEMENT OF THE CASH ALTERNATIVE AND THE SHARE ALTERNATIVE

Payment of Cancellation Price for settlement of the Cash Alternative will be made (i) with respect to H Shareholders, by way of cheques which will be sent by ordinary post at the risk of the persons entitled thereto; and (ii) with respect to Unlisted Shareholders, by way of bank remittance to the bank account with details required as provided by Unlisted Shareholders, at their own risk. The information required from the Unlisted Shareholders includes account number and address of the entity holding the relevant Unlisted Shares, as well as the name and address of the receiving bank (and the relevant branch, if applicable). It is the Unlisted Shareholders' responsibility to ensure accuracy and completeness of information provided. For further details on the Cash Alternative, please see the section headed "4. INFORMATION ON THE CASH ALTERNATIVE" in the "LETTER FROM THE BOARD".

The Share Alternative will, subject to the Share Alternative Cap, be settled via the issuance of the Rollover Securities. For further details on the Share Alternative, please see the section headed "5. INFORMATION ON THE SHARE ALTERNATIVE" in the "LETTER FROM THE BOARD".

OVERSEAS SHAREHOLDERS

See the section headed "IMPORTANT NOTICES" for more information on overseas Shareholders.

PLEASE NOTE: Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares and other securities of the Company, and if they are in doubt about their positions, they should consult their professional advisers (including legal and tax advisers).

LETTER FROM THE BOARD



Shanghai Henlius Biotech, Inc.

上海復宏漢霖生物技術股份有限公司

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

(Stock Code: 2696)

Executive Directors:

Mr. ZHANG Wenjie (Chairman)

Dr. ZHU Jun (Chief Executive Officer)

Non-executive Directors:

Mr. CHEN Qiyu

Mr. WU Yifang

Ms. GUAN Xiaohui

Mr. WEN Deyong

Dr. WANG Xingli

Independent non-executive Directors:

Mr. SO Tak Young

Dr. CHAN Lik Yuen

Dr. ZHAO Guoping

Dr. SONG Ruilin

Head office and Principal Place of

Business in the PRC:

11th Floor, B8 Building

No. 188 Yizhou Road

Xuhui District

Shanghai

PRC

Registered Office in the PRC:

Room 901, 9/F, Building 1

No. 367 Shengrong Road

China (Shanghai) Pilot Free Trade Zone

PRC

Principal place of business

in Hong Kong:

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

23 December 2024

To the Shareholders

Dear Sir or Madam,

1. INTRODUCTION

Reference is made to the Initial Joint Announcement and the Second Joint Announcement pursuant to which the Offeror, Fosun Pharma and the Company jointly announced that the Offeror and the Company have entered into the Merger Agreement and the Supplemental Merger Agreement, pursuant to which the Offeror and the Company will implement the Merger subject to the terms and conditions of the Merger Agreement and the Supplemental Merger Agreement, including the Pre-Conditions and the Conditions. After completion of the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

LETTER FROM THE BOARD

2. PROPOSED TRANSACTION

Pursuant to the Merger Agreement and the Supplemental Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions set out in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT*” below, a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) may, in exchange of its Shares, elect:

- (A) the **Cash Alternative** on the following basis that the Offeror will pay in cash the Cancellation Price in the amount of:
 - (i) HK\$24.60 per H Share to the H Shareholders (other than Fosun Industrial) for the cancellation of the H Shares;
 - (ii) RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development), for the cancellation of the Unlisted Shares; or
- (B) the **Share Alternative** on the following basis that the Hong Kong Rollover Entity and the PRC Rollover Entity will issue respectively:
 - (i) one Hong Kong Rollover Share per H Share;
 - (ii) one PRC Rollover Share per Unlisted Share; and
 - (iii) upon issuance of the Hong Kong Rollover Shares or PRC Rollover Shares (as the case may be), the Offeror will issue new shares in its share capital to the Hong Kong Rollover Entity or PRC Rollover Entity (as the case may be) on the basis of each 0.233108 shares in the Offeror’s share capital for each Share to be cancelled (or 1 share in the Offeror’s share capital for each 4.289864016 Shares to be cancelled).

The Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) may elect the Cash Alternative or (subject to the Share Alternative Cap) the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Shares (but not, for the avoidance of doubt, a combination of the two). Shareholders who do not make any election or whose elections are invalid will receive the Cash Alternative.

No fractions of a share or a cent will be issued or paid, respectively, and the number of Rollover Securities issuable to a Qualifying Shareholder who elects the Share Alternative will be rounded down to the nearest Hong Kong Rollover Shares or PRC Rollover Shares, or as otherwise consented to by the Executive and announced by Rollover Entities and/or the Company, whilst payments in cash, if any, will be rounded up to the nearest cent. The Share Alternative is also subject to the Share Alternative Cap, further details of which are set out in the section headed “5. *INFORMATION ON THE SHARE ALTERNATIVE*” below.

LETTER FROM THE BOARD

Only Shares held by registered Shareholders who are Qualifying Shareholders will be eligible for the Share Alternative. Accordingly, Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) who wish to elect the Share Alternative are required to withdraw the portion of their Shares deposited in CCASS, if any, from CCASS and enter into the Company's H share register of members, on or before the date that such Shareholder delivers its election of the Share Alternative. See the section headed "*5. INFORMATION ON THE SHARE ALTERNATIVE — Withdrawal of Shares from CCASS*" below for more information.

The Offeror will take reasonable steps to put in place measures so that a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) is only able to elect one settlement method, i.e. the Cash Alternative or the Share Alternative (but not both). This includes requiring Share Alternative Holders with all or part of their Shares held in CCASS on or after the date of this Composite Document to provide their account holder information as part of the Election Form; and the Company will make enquiries under section 329 of the SFO.

See the sections headed "*4. INFORMATION ON THE CASH ALTERNATIVE*" and "*5. INFORMATION ON THE SHARE ALTERNATIVE*" below for more information on, among other things, a comparison of the Cancellation Price, the settlement arrangements, the Share Alternative Cap, and a summary of Rollover Securities.

The cancellation of 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be settled by the issuance of the Offeror's shares to them on the basis of each share in the share capital of the Offeror issued for the cancellation of each 4.289864016 Shares as held by them upon completion of the Merger.

If, after the date of the Initial Joint Announcement, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the gross amount or value of such dividend, distribution and/or, as the case may be, return of capital (before tax) after consultation with the Executive, in which case any reference in the Initial Joint Announcement, Second Joint Announcement, this Composite Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. As at the Latest Practicable Date, the Company has not declared any dividend that has not been paid, and has no intention to declare, make or pay any dividend to the Shareholders between the date of this Composite Document and the date on which the Merger becomes effective pursuant to the terms of the Merger Agreement and the Supplemental Merger Agreement, or lapses (as the case may be).

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

LETTER FROM THE BOARD

3. PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT

The principal terms and conditions of the Merger Agreement and the Supplemental Merger Agreement are summarized as follows:

Parties

- (1) The Offeror; and
- (2) the Company.

Overview of the Merger Subject to the terms and conditions of the Merger Agreement (as supplemented by the Supplemental Merger Agreement), the Merger will be implemented by the Offeror merging the Company by way of merger by absorption under PRC laws, and will involve a cancellation of all the existing Shares and the subsequent absorption of the Company by the Offeror.

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company from the Implementation Date and the Company will eventually be deregistered in the PRC.

The Merger Agreement and the Supplemental Merger Agreement also contemplate the Share Alternative, which are detailed in the section headed “5. *INFORMATION ON THE SHARE ALTERNATIVE*” below.

LETTER FROM THE BOARD

Consideration

Pursuant to the Merger Agreement and the Supplemental Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation set out in the paragraphs headed “Pre-Conditions to the Merger Agreement becoming effective”, “Conditions to effectiveness” and “Conditions to implementation” below, the Offeror will pay (or procure the payment of) the Cancellation Price for the cancellation of the Shares in the amount of (a) HK\$24.60 per H Share to the H Shareholders (other than Fosun Industrial and (as applicable) the Share Alternative Holders holding H Shares) for the cancellation of the H Shares, and (b) RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Unlisted Shareholders (other than the Offeror, Fosun Pharma Industrial Development and (as applicable) the Share Alternative Holders holding Unlisted Shares) for the cancellation of the Unlisted Shares; and under the Share Alternative, the Hong Kong Rollover Entity will issue one Hong Kong Rollover Share for each H Share and the PRC Rollover Entity will issue one PRC Rollover Share for each Unlisted Share, whereas upon issuance of the Hong Kong Rollover Shares/PRC Rollover Shares (as the case may be), the Offeror will issue new shares in its share capital to the Hong Kong Rollover Entity/PRC Rollover Entity (as the case may be) on the basis of each 0.233108 shares in the Offeror’s share capital for each Share to be cancelled (or 1 share in the Offeror’s share capital for each 4.289864016 Shares to be cancelled), subject to the Share Alternative Cap. The cancellation of the 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be settled by the issuance of the Offeror’s new shares to them upon completion of the Merger.

LETTER FROM THE BOARD

In connection with the cancellation of the 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial, the Offeror will issue new shares in its share capital to Fosun Pharma Industrial Development and Fosun Industrial on the basis of each share in the share capital of the Offeror issued for the cancellation of each 4.289864016 Shares as held by them. Fosun Pharma Industrial Development will also subscribe for shares in the Offeror by reference to the Shares held by Shareholders (other than the Offeror, Fosun Pharma Industrial Development and Fosun Industrial and Share Alternative Holders (to the extent their Shares or the relevant proportion thereof are settled by the Rollover Securities)) to be cancelled for cash under the Merger, adopting the same ratio of each 1 share in the Offeror for each 4.289864016 Shares held by the aforesaid Shareholders and to be cancelled under the Merger. The subscription amount will be paid up by setting it off against the financing principal amount to fund the Cancellation Price, interest and transaction expenses to be borne by Fosun Pharma Industrial Development in connection with the Merger. Fosun Pharma Industrial Development and Fosun Industrial have on 24 June 2024 entered into an agreement with the Offeror with respect to the above arrangement.

Fosun Industrial will hold issued shares in the Offeror that are proportionate to its shareholding in the Company immediately before the Merger becoming effective, and in the case of Fosun Pharma Industrial Development, its final shareholding in the Offeror after the Merger becoming effective will depend on the extent of shares in the Company to be cancelled for cash as described above.

Pre-Conditions to the Merger Agreement becoming effective

The Merger Agreement is subject to the satisfaction of the following pre-conditions, being the filing, registration or approval, as applicable, with or by (a) the National Development and Reform Commission of the PRC, (b) Ministry of Commerce of the PRC, (c) the State Administration of Foreign Exchange of the PRC, or their respective local authorities (as the case may be), and (d) the securities regulatory authorities and/or stock exchanges with relevant jurisdictions, and such other applicable governmental approvals in respect of the Merger having been obtained or completed (collectively, the “**Pre-Conditions**”). Save for the governmental approvals as mentioned in (a) to (d) above, the Offeror is not currently aware of any other applicable governmental approval which is required in respect of the Merger.

LETTER FROM THE BOARD

The above Pre-Conditions are not waivable. If the Pre-Conditions are not satisfied by the Long-stop Date, the Merger Agreement will not become effective and will be automatically terminated.

As at the Latest Practicable Date, the Pre-Conditions have been fulfilled.

Conditions to effectiveness

After the Pre-Conditions are satisfied, the Merger Agreement shall become effective upon satisfaction of all of the following conditions (none of which is capable of being waived) (the “**Conditions to effectiveness**”):

- (1) the obtaining of the written approval by the shareholder of the Offeror approving the Merger as contemplated under the Merger Agreement in accordance with the articles of association of the Offeror and the PRC Laws;
- (2) the passing of special resolution(s) by a majority of not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the EGM to approve the Merger as contemplated under the Merger Agreement in accordance with the Articles and the PRC Laws; and
- (3) the passing of special resolution(s) by way of poll approving the Merger as contemplated under the Merger Agreement at the H Shareholders’ Class Meeting to be convened for this purpose, provided that: (a) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and (b) the number of votes cast against the resolution(s) is not more than 10% of the votes attaching to all H Shares held by the Independent H Shareholders.

If the above Conditions to effectiveness are not satisfied by the Long-stop Date, the Merger Agreement may be terminated by either party. Please also refer to the paragraph headed “Termination” in this section.

LETTER FROM THE BOARD

Conditions to implementation

After the Merger Agreement becomes effective upon satisfaction of the Pre-Conditions and all the Conditions to effectiveness, the implementation of the Merger shall be subject to the following conditions being satisfied (the “**Conditions to implementation**”):

- (1) there being no material breach of the representations, warranties or undertakings given by the Offeror in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger;
- (2) there being no material breach of the representations, warranties or undertakings given by the Company in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger; and
- (3) there being no law, restriction or prohibition or order of any governmental authority or any judgment, decision or adjudication of any court on the Delisting Date which restricts, prohibits or terminates the Merger.

The Company shall be entitled to waive Condition (1) above and the Offeror shall be entitled to waive Condition (2) above. Condition (3) above is not capable of being waived. If the above Conditions to implementation are not satisfied (or waived, as the case may be) by the Long-stop Date, the Merger Agreement may be terminated by either party. Please also refer to the paragraph headed “Termination” in this section.

Payment of consideration

Rule 20.1 of the Takeovers Code provides that settlement in cash will have to be made within seven (7) business days after the fulfilment (or waiver) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation).

However, in light of the offering of the Share Alternative to Qualifying Shareholders, the population of the Shareholder which has elected the Share Alternative cannot be ascertained prior to the latest date by which Shareholders may deliver the Election Form.

LETTER FROM THE BOARD

The payment of the Cancellation Price to HenLink is subject to completion of certain administrative procedures required under applicable PRC Laws, some of which also require cooperation and initiation on the part of HenLink, including filing and settlement of applicable taxation by HenLink with the Taxation Administration, as well as registration with the Foreign Exchange Administration (or the local counterparts of the foregoing governmental authorities (as the case may be)), and it therefore may not be completed within seven (7) business days after the fulfilment (or waiver) of the Pre-Conditions and all the Conditions.

As for the settlement of the Share Alternative, the Offeror shall, as soon as possible and in any event no later than 42 business days after the fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), or as otherwise consented to by the Executive and announced by the Offeror and/or the Company, issue its shares to Fosun Pharma Industrial Development and Fosun Industrial, and procure the Rollover Entities to issue the Rollover Securities to Share Alternative Holders, in consideration for the Unlisted Shares and H Shares respectively held by them to be cancelled. In the event the *Pro Rata* Downward Adjustment Mechanism is triggered, part of the Share Alternative will be settled in cash as described in the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE — *Cap on the Share Alternative*” below in this Composite Document by the same time as the settlement of the part of the Share Alternative to be settled through the issuance of the Rollover Securities.

The settlement period of 42 business days for the Share Alternative as referred to above has taken into account:— (i) an election period for the Share Alternative of 15 business days following the Effective Date, during which Shareholders who are not a registered holder of Shares, but who are minded to take up the Share Alternative (subject to the Share Alternative Cap), may withdraw their Shares from CCASS (please refer to the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE — *Withdrawal of Shares from CCASS*” below for further details); (ii) a 20-business day period during which the Offeror will make enquiries to confirm that each of the Shareholders has only elected one settlement method, i.e. the Cash Alternative or the Share Alternative (but not both); and (iii) a 7-business day period to effect settlement of the Share Alternative.

LETTER FROM THE BOARD

By way of summary, the table below sets out the indicative timing with respect to the Offeror's settlement of the Cancellation Price in cash (including any election of the Cash Alternative) and the Share Alternative:

Shareholders	Latest time for settlement (subject to the Executive's consent)
1. Shareholders electing the Cash Alternative (other than HenLink) or Shareholders who have not made any election within the prescribed timeline	(i) For Shareholders who have validly elected the Cash Alternative on or before the expiry of the Election Period as per the instructions set out in this Composite Document, they will be paid the Cancellation Price in cash by no later than 7 business days after the later of (i) the Effective Date; and (ii) the date on which valid election for the Cash Alternative has been received by or on behalf of the Offeror; and (ii) For Shareholders who have not elected the Cash Alternative or the Share Alternative within the Election Period, or who have elected the Share Alternative within the Election Period but whose election is and remains invalid upon expiry of the Election Period, they will be paid the Cancellation Price in cash by no later than 7 business days after the expiry of the Election Period.

LETTER FROM THE BOARD

Shareholders	Latest time for settlement (subject to the Executive's consent)
2. HenLink (to the extent it elects the Cash Alternative)	It will be paid the Cancellation Price in cash by no later than 7 business days after the completion of the applicable administrative procedures required under applicable PRC Laws as identified above.
3. Qualifying Shareholders validly electing the Share Alternative in accordance with the instructions set out in this Composite Document	They will be issued the relevant Rollover Securities, except where the <i>Pro Rata</i> Downward Adjustment Mechanism is engaged, in which case they will be paid a combination of Rollover Securities and cash calculated as described in the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE” below in this Composite Document, by no later than 42 business days after the Effective Date, or such other time as otherwise consented to by the Executive and announced by the Offeror and/or the Company.
4. Shareholders electing the Share Alternative but whose election is found to be invalid or invalidated after the expiry of the Election Period (e.g. they are found to have elected both the Cash Alternative and the Share Alternative)	They will be paid the Cancellation Price in cash by no later than 42 business days after the Effective Date, or such other time as otherwise consented to by the Executive and announced by the Offeror and/or the Company.

The Offeror has applied to the Executive, and the Executive has granted, a waiver from strict compliance with Rule 20.1 of the Takeovers Code in connection with the timing of settlement of the Share Alternative, as well as with HenLink.

LETTER FROM THE BOARD

After payment of consideration is made to the Shareholders by or on behalf of the Offeror, all rights attaching to such Shares shall cease to have effect and the relevant Shares shall be cancelled (subject to the rights of the Dissenting Shareholders as described in paragraph “Right of a Dissenting Shareholder” in this section). The share certificates for the relevant Shares will cease to have effect as documents or evidence of title.

Payment of cash consideration to the H Shareholders is deemed to be completed once the Offeror or any entity designated by it has despatched to the H Shareholders (other than Fosun Industrial and (as applicable) the Share Alternative Holders holding H Shares) the cheques for such consideration.

Payment of cash consideration to the Unlisted Shareholders is deemed to be completed once the Offeror or any entity designated by it has made remittance to the Unlisted Shareholders (other than the Offeror, Fosun Pharma Industrial Development and (as applicable) the Share Alternative Holders holding Unlisted Shares) of such consideration by way of bank transfer for such consideration.

Payment of consideration to Fosun Pharma Industrial Development and Fosun Industrial is respectively deemed to be completed once the Offeror has despatched to them the certification of capital contribution affixed with the Offeror’s official seal reflecting the Offeror’s shareholding structure after the issuance of the shares of the Offeror to Fosun Pharma Industrial Development and Fosun Industrial and in accordance with the Merger Agreement and Supplemental Merger Agreement.

LETTER FROM THE BOARD

Settlement with respect to the Share Alternative is deemed to be completed upon: (i) in the case of the PRC Rollover Entity, the despatch by the Offeror or the PRC Rollover Entity to the Share Alternative Holders holding Unlisted Shares of the PRC Rollover Entity's certification of capital contribution affixed with the PRC Rollover Entity's official seal reflecting its shareholding structure after the issuance of the PRC Rollover Shares to the Share Alternative Holders holding Unlisted Shares; and (ii) in the case of the Hong Kong Rollover Entity, the despatch by the Offeror or the Hong Kong Rollover Entity to the Share Alternative Holders holding H Shares of the share certificates evidencing ownership in the Hong Kong Rollover Entity which reflects its shareholding structure after the issuance of the Hong Kong Rollover Shares to the Share Alternative Holders holding H Shares.

Dividend

Unless with the prior written consent of the Offeror, the Company shall not declare, make or pay any dividend, distribution (whether in cash or in kind) and/or return of capital to the Shareholders since the date of the Merger Agreement.

As at the Latest Practicable Date, the Company had not declared any dividend that had not been paid.

Right of a Dissenting Shareholder

According to the Articles, any Dissenting Shareholder may request the Company and/or the Consenting Shareholders to acquire its Shares at a "fair price".

LETTER FROM THE BOARD

If any Dissenting Shareholder exercises its right, the Offeror (if so elected by the Company and/or the Consenting Shareholders) will assume the obligation which the Company and/or the Consenting Shareholders may have towards such Dissenting Shareholder to acquire the Shares held by such Dissenting Shareholder at a “fair price” and the Offeror may liaise with such Dissenting Shareholder in relation to the same, and the Dissenting Shareholder must refund the Cancellation Price received (if any) to the Offeror in order to be entitled to exercise such right. For the Dissenting Shareholders who exercise the right to require acquisition of their H Shares, Hong Kong stamp duty is payable at the rate of 0.1% of the consideration by each of the seller and the buyer. The stamp duty payable by the seller will be deducted from the cash received by the relevant Dissenting Shareholders who exercise the above right. For the avoidance of doubt, regardless of when the Dissenting Shareholder exercises such right, the Dissenting Shareholder will be deemed to have ceased to have any right with respect to the Shares (other than the right to request for acquisition at a “fair price” as described above) after payment of the Cancellation Price is made to the Shareholders by or on behalf of the Offeror.

The exercise of its right by a Dissenting Shareholder is subject to the following criteria:

- (1) such Dissenting Shareholder having validly voted against the resolutions in respect of the Merger at the EGM and (where applicable) the H Shareholders’ Class Meeting;
- (2) such Dissenting Shareholder having been validly registered as a Shareholder on the share register of the Company since the record date for the EGM and (where applicable) the H Shareholders’ Class Meeting, and having held such Share(s) in respect of which it intends to exercise its right until the Exercise Date; and
- (3) such Dissenting Shareholder having exercised its right during the Declaration Period.

LETTER FROM THE BOARD

A Dissenting Shareholder is not entitled to exercise its right in respect of such Share(s) held by it if:

- (1) such Dissenting Shareholder has undertaken to the Company to waive its right or has elected the Share Alternative;
- (2) such Dissenting Shareholder is prohibited from exercising its right in accordance with applicable laws;
- (3) any Share held by such Dissenting Shareholder is subject to pledge, other third-party rights or judicial moratorium, without having legally obtained written consent or approval from the relevant pledgee, third party or competent authority or;
- (4) such Dissenting Shareholder has not returned any cash Cancellation Price received by it within 3 business days after (and excluding) the date of receipt (including the situation where such Dissenting Shareholder receives Cancellation Price after the Declaration Period).

Termination

The Merger Agreement may be terminated in any of the following circumstances:

- (1) by either the Offeror or the Company, if
 - (i) any competent governmental authority issues any order, decree, ruling or takes any other action which permanently restricts, impedes or otherwise prohibits the Merger and which is final, binding and not capable of being appealed (both the Offeror and the Company shall use reasonable endeavours to procure the withdrawal of such order, decree, ruling or action prior to exercising any right of termination);
 - (ii) the Conditions to effectiveness not having been satisfied on or before the Long-stop Date; or
 - (iii) the Conditions to implementation not having been satisfied or (if applicable) waived on or before the Long-stop Date;

LETTER FROM THE BOARD

- (2) by the Offeror, if the Company commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger which has a material impact on the Merger and such breach is not remedied by the Company within 30 days following the written notice from the Offeror; or
- (3) by the Company, if the Offeror commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger which has a material impact on the Merger and such breach is not remedied by the Offeror within 30 days following the written notice from the Company.

Conditional upon the fulfilment (or waiver, as applicable) of the Conditions to effectiveness and the Conditions to implementation set out in the paragraphs headed “Conditions to effectiveness” and “Conditions to implementation” above, the Merger will be implemented. After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company from the Implementation Date and the Company will be eventually deregistered in the PRC.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions to implementation (1) to (3) set out in the paragraph headed “Conditions to implementation” in this section or terminate the Merger Agreement in accordance with the paragraph headed “Termination” in this section as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such condition or termination right are of material significance to the Offeror in the context of the Merger.

4. INFORMATION ON THE CASH ALTERNATIVE

Comparisons of value

The Cancellation Price is HK\$24.60 per H Share and RMB22.444794 per Unlisted Share (equivalent to the Cancellation Price of HK\$24.60 per H Share based on the Exchange Rate).

The Cancellation Price per H Share represents:

- (A) a premium of approximately 36.67% over the closing price per H Share of HK\$18.00 on the Stock Exchange on the Undisturbed Date;
- (B) a premium of approximately 37.28% over the average closing price of HK\$17.92 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Undisturbed Date;

LETTER FROM THE BOARD

- (C) a premium of approximately 40.01% over the average closing price of HK\$17.57 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Undisturbed Date;
- (D) a premium of approximately 52.04% over the average closing price of HK\$16.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Undisturbed Date;
- (E) a premium of approximately 63.13% over the average closing price of HK\$15.08 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Undisturbed Date;
- (F) a premium of approximately 82.09% over the average closing price of HK\$13.51 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Undisturbed Date;
- (G) a premium of approximately 30.57% over the closing price per H Share of HK\$18.84 on the Stock Exchange on the last trading day prior to the Initial Joint Announcement Date (i.e. 22 May 2024, the same below) and on the last business day before the Initial Joint Announcement Date (i.e. 21 June 2024);
- (H) a premium of approximately 35.31% over the average closing price of HK\$18.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the last trading day prior to the Initial Joint Announcement Date;
- (I) a premium of approximately 38.75% over the average closing price of HK\$17.73 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the last trading day prior to the Initial Joint Announcement Date;
- (J) a premium of approximately 50.83% over the average closing price of HK\$16.31 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the last trading day prior to the Initial Joint Announcement Date;
- (K) a premium of approximately 62.06% over the average closing price of HK\$15.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the last trading day prior to the Initial Joint Announcement Date;

LETTER FROM THE BOARD

- (L) a premium of approximately 81.42% over the average closing price of HK\$13.56 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the last trading day prior to the Initial Joint Announcement Date;
- (M) a premium of approximately 6.72% over the closing price per H Share of HK\$23.05 on the Stock Exchange on the last trading date prior to the Second Joint Announcement Date (i.e. 22 August 2024);
- (N) a premium of approximately 2.93% over the closing price per H Share of HK\$23.90 on the Stock Exchange on the Latest Practicable Date;
- (O) a premium of approximately 456.43% over the audited consolidated net asset value of the Company as at 31 December 2023 of approximately RMB4.03 per Share (equivalent to approximately HK\$4.42 per Share); and
- (P) a premium of approximately 373.08% over the unaudited consolidated net asset value of the Company as at 30 June 2024 of approximately RMB4.74 per Share (equivalent to approximately HK\$5.20 per Share).

The trading volume of H Shares on the last trading day prior to the Initial Joint Announcement Date was 1,303,518 Shares, which was significantly higher than the average daily trading volume over the Undisturbed Period of 257,882 Shares. In light of such volume movements, the Offeror believes that a comparison of value with the historical trading data by reference to the Undisturbed Date represents a better reflection of the Cancellation Price.

Highest and lowest prices

During the Relevant Period, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$23.90 on 20 December 2024 and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$12.50 on 27 December 2023.

Funding for the Merger

On the basis of (i) the Cancellation Price of HK\$24.60 per H Share and RMB22.444794 per Unlisted Share (equivalent to the Cancellation Price of HK\$24.60 per H Share based on the Exchange Rate), (ii) 163,428,541 H Shares and 380,066,312 Unlisted Shares in issue as at the Latest Practicable Date, and (iii) that the Cancellation Price for the cancellation of 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be satisfied by the issuance by the Offeror of its shares to them, the maximum amount of aggregate Cancellation Price required to be paid by the Offeror to cancel, upon the fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), (i) the H Shares held by the H Shareholders (other than Fosun Industrial),

LETTER FROM THE BOARD

and (ii) the Unlisted Shares held by the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development) is HK\$3,224,997,048.60 and approximately RMB1,990,873,989.23, respectively.

Lustrous Star Limited, which is indirectly wholly owned by Fosun Pharma, has undertaken with the Offeror to pay on its behalf the total Cancellation Price for the cancellation of the H Shares.

The payment of the total Cancellation Price for the Merger will be financed by internal cash resources and/or external debt financing including loan facilities respectively entered into between the Offeror/Lustrous Star Limited (which is indirectly wholly owned by Fosun Pharma) and China Merchants Bank Co., Ltd. Shanghai Branch. The external debt financing obtained by the Fosun Pharma Group for the funding for the payment of Cancellation Price is guaranteed by Fosun Pharma, and is secured by (i) share charge with respect to shares in the Company as held by the Offeror; (ii) share charge with respect to the shares in the Offeror as held by Fosun Pharma Industrial Development; and (iii) share charge with respect to shares in Lustrous Star Limited as held by Fosun Industrial. The payment of interests on, repayment of or security for any liability, contingent or otherwise, in connection with such external debt financing, is not intended to depend on, to any significant extent, business of the Company.

Settlement of the consideration to which the Shareholders are entitled will be implemented in full in accordance with the terms of the Merger Agreement without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.

The Offeror has appointed CICC and Fosun International Capital as its joint financial advisers in respect of the Merger. CICC, being the lead financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the satisfaction of the Offeror's obligations in respect of the full implementation of the Merger in accordance with its terms.

5. INFORMATION ON THE SHARE ALTERNATIVE

Cap on the Share Alternative

The maximum number of Shares to be exchanged for Rollover Securities pursuant to the election to receive the Share Alternative shall not exceed the Share Alternative Cap (being 43,479,588 Shares, representing 8% of the total number of issued Share in the Company as at the Second Joint Announcement Date). In the event that aggregate number of Shares underlying all elections for the Share Alternative by Share Alternative Holders which comply with the eligibility requirements regarding the Share Alternative set out in this Composite Document and the Election Form exceeds the Share Alternative Cap, the number of Shares to be settled by the Share Alternative (with each such H Share being exchanged for one Hong Kong Rollover Share and each such Unlisted Share being exchanged for one PRC Rollover Share) for each Share Alternative Holder shall be reduced on a *pro rata* basis

LETTER FROM THE BOARD

pursuant to the formula set out below (“**Pro Rata Downward Adjustment Mechanism**”), and the consideration for the remaining portion of each such Share Alternative Holder’s respective Shares will be settled in cash at the Cancellation Price at the same time as the timing for settlement of the Share Alternative by the issuance of the Rollover Securities, i.e. by no later than 42 business days after the Effective Date, or such other time as otherwise consented to by the Executive and announced by the Offeror and/or the Company.

- (1) the number of Shares held by each Share Alternative Holder that will be exchanged for Hong Kong Rollover Shares or PRC Rollover Shares under the Share Alternative shall be calculated as follows:

$$NS = \frac{A}{B} \times C$$

“NS” = *number of Shares held by that Share Alternative Holder to be exchanged for Hong Kong Rollover Shares or PRC Rollover Shares under the Share Alternative*

“A” = *Share Alternative Cap (being 43,479,588 Shares)*

“B” = *aggregate number of Shares underlying all elections for the Share Alternative validly made by Share Alternative Holders as per the the instructions set out in this Composite Document, provided that such amount is greater than the Share Alternative Cap*

“C” = *total number of Shares held by that Share Alternative Holder who elected for the Share Alternative*

- (2) the remaining number of Shares held by each such Share Alternative Holder shall be settled in cash at the Cancellation Price.

No fractions of a share or a cent will be issued or paid, respectively, and the number of Rollover Securities issuable to a Shareholder who elects the Share Alternative will be rounded down to the nearest Hong Kong Rollover Shares or PRC Rollover Shares, or as otherwise consented to by the Executive and announced by Rollover Entities and/or the Company, whilst payments in cash, if any, will be rounded up to the nearest cent.

The decision of the Rollover Entities as to any downward adjustment in respect of valid elections of the Share Alternative in accordance with the *Pro Rata Downward Adjustment Mechanism* and as to the treatment of fractions will be conclusive and binding on all Shareholders.

LETTER FROM THE BOARD

Subject to the Share Alternative Cap as aforesaid, H Shareholders and Unlisted Shareholders electing the Share Alternative who are Qualifying Shareholders will, on settlement, receive Hong Kong Rollover Shares and PRC Rollover Shares, respectively, such that their indirect shareholding interest in the Offeror through the Hong Kong Rollover Entity or the PRC Rollover Entity (as the case may be) is proportionate to their shareholding in the Company.

Value of the Rollover Securities

The Hong Kong Rollover Shares will be shares of the Hong Kong Rollover Entity which is newly incorporated and unlisted; and the PRC Rollover Shares will be shares of a newly incorporated, unlisted company incorporated in the PRC. The value of the Rollover Securities will be primarily determined by the value of the Offeror (which in turn will be primarily determined by the value of the Company after completion of the Merger). Please refer to section headed “APPENDIX V — ESTIMATE OF VALUE OF THE ROLLOVER SECURITIES” in this Composite Document.

Withdrawal of Shares from CCASS

Only Shares held by registered Shareholders who are Qualifying Shareholders will be eligible for the Share Alternative. For Qualifying Shareholders who hold all or part of their Shares in CCASS and wish to elect the Share Alternative, all (but not part only) of their Shares must first be withdrawn from CCASS by:

- (1) contacting their CCASS Participant(s) and making the withdrawal request; physical share certificate(s) in the name of HKSCC Nominees Limited will be withdrawn together with accompanying transfer form(s). The transfer form(s) should be duly completed, signed and stamped by the Hong Kong Stamp Duty Office at the Hong Kong Inland Revenue Department;
- (2) following step (a) above, arranging delivery of the original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC Nominees Limited and associated fee to the H Share Registrar (at address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong; between the office hours: 9:00 a.m. to 4:30 p.m., Hong Kong time, on a business day) for re-registration in the name of the Shareholder; and
- (3) in 10 business days after receipt by the H Share Registrar of the documents pursuant to step (b) above, arranging collection from the H Share Registrar of the original share certificate(s) in the name of the Shareholder.

LETTER FROM THE BOARD

The above procedures are for guidance only. Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) who wish to withdraw their Shares from CCASS should consult their CCASS Participant(s) for further information and assistance on the withdrawal process and timing.

NOTICE TO QUALIFYING SHAREHOLDERS: If you wish to elect the Share Alternative, you must first withdraw all (but not part only) of your Shares from CCASS and record your Shares on the Company's H share register of members. If you fail to do so, you will receive the Cash Alternative. Please also note that if you have withdrawn your Shares from CCASS but have not yet delivered original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC Nominees Limited and associated fee to the H Share Registrar for re-registration of Shares in your name, the Cash Alternative will be paid to HKSCC Nominees Limited, in which event you will be required to liaise with the relevant CCASS Participant(s) and/or the operator of CCASS as regards return/remission of consideration paid by the Offeror by reference to the register of members of the Company as maintained by the H Share Registrar. Whilst the Latest Election Date is set to fall on the 15th business day after the Effective Date (or such other time as the Executive may permit) to facilitate Qualifying Shareholders to withdraw Shares from CCASS, this process may take time and the processing time will be dependent on your CCASS Participant(s). Please contact your CCASS Participant(s) as soon as possible to enquire about timing and follow their instructions on withdrawal. You must have your original share certificate (evidencing the Shares being validly elected for the Share Alternative are registered on the Company's H share register of members in your name) or the transfer receipt (showing that the Shares are in the process of being recorded on the Company's H share register of members in your name) when lodging your Election Form.

Settlement of the Share Alternative

The total number of Shares elected to be subject to the Share Alternative can only be determined after the Effective Date and after the period mentioned above (i.e. after the Last Election Date) to allow Qualifying Shareholders intending to elect the Share Alternative to withdraw their Shares from CCASS. If the number of Shares underlying all valid elections for the Share Alternative exceeds the Share Alternative Cap, the *Pro Rata* Downward Adjustment Mechanism described above will apply.

Additionally, settlement of Shares in respect of which valid elections of the Share Alternative have been received will be subject to the receipt of evidence of title with respect to the Shares held by the Share Alternative Holder(s) in exchange for Rollover Securities (and, where the *Pro Rata* Downward Adjustment Mechanism has been applied, together with cash at the Cancellation Price).

Settlement of the consideration in respect of election of the Share Alternative payable by the Offeror (i.e. registered capital/shares in the Rollover Entities) will be made as soon as possible, and in any event not more than 42 business days after the Effective Date, or such

LETTER FROM THE BOARD

other time as otherwise consented to by the Executive and announced by the Offeror and/or the Company. The Offeror has applied to the Executive, and the Executive has granted, before the date of this Composite Document for a waiver from strict compliance with Rule 20.1 of the Takeovers Code for settlement of the Share Alternative with the Share Alternative Holders.

The Share Alternative will be settled by reference to the register of members of the Company as of the deadline for tendering of Election Form. If by such time you have withdrawn your Shares from CCASS but have not yet delivered original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC Nominees Limited and associated fee to the H Share Registrar for re-registration of Shares in your name, you will be required to liaise with the relevant CCASS Participant(s) and/or the operator of CCASS as regards return/remission of consideration paid by the Offeror by reference to the register of members of the Company as maintained by the H Share Registrar.

Documentation required for election of the Share Alternative

Relevant documents evidencing title must be received, on behalf of Offeror, by the H Share Registrar (in the case for intending Qualifying Shareholders who hold H Shares) or the Company or other person(s) to be designated by the Offeror for this purpose (in the case for intending Qualifying Shareholders who hold Unlisted Shares), to render the election of the Share Alternative by Qualifying Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) who have elected the Share Alternative complete and valid.

The following documentation will be required to be brought to the H Share Registrar or the Company (as the case may be) for election of the Share Alternative:

- (1) evidence of title for the Shares held by the Share Alternative Holder (and for holders with all or part of their Shares held in CCASS, following withdrawal of these Shares from CCASS);
- (2) duly completed Election Form electing the Share Alternative;
- (3) (if you are an overseas Shareholder (except those in the British Virgin Islands, Canada and the Cayman Islands)) duly completed Qualifying Shareholder Questionnaire; and
- (4) the KYC information/documentation stated in the Election Form, for the purposes of (amongst other things) being issued the Rollover Securities and recording details of the Share Alternative Holder on the Rollover Entities' register of members.

LETTER FROM THE BOARD

Non-qualifying Shareholders not eligible for Share Alternative

The availability of the Share Alternative, and the receipt of Rollover Securities by a Share Alternative Holder, are subject to the laws and regulations of the jurisdiction in which such Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) are subject. Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) wishing to elect the Share Alternative should be aware of the laws and regulations of their jurisdiction and ensure that they are able to elect the Share Alternative and receive Rollover Securities under such laws and regulations. Additionally, Rollover Securities issued will not be registered under any securities laws in any jurisdiction (including Hong Kong or overseas) and may only be issued to persons resident in a jurisdiction pursuant to an exemption from the requirements of the securities laws or regulations of that jurisdiction. In particular, the Share Alternative will not be made to: (a) holders (comprising both registered owners and beneficial owners) of Shares with a registered address (or otherwise resident) in the United States; and (b) overseas Shareholders (except those in the British Virgin Islands, Canada and the Cayman Islands) unless such overseas Shareholder has confirmed that it falls within the scope of an exemption from the selling restrictions laws and regulations of that Shareholder's resident jurisdiction, and, having consulted relevant legal advisers, the Offeror is satisfied that the Offeror may offer the Share Alternative and the PRC Rollover Entity or the Hong Kong Rollover Entity (as the case may be) may issue the Rollover Securities to the Shareholder, and the Shareholder may be offered the Share Alternative and receive the Rollover Securities.

See the section headed "IMPORTANT NOTICES" for further information and please also refer to the Election Form.

Summary of Rollover Securities and Shareholding Structure of the Offeror

See "APPENDIX VI — SUMMARY OF ROLLOVER SECURITIES" to this Composite Document for a summary of key information about, and terms and conditions, attached to the Rollover Securities assuming that the Share Alternative is settled up to the Share Alternative Cap.

Risk factors

For Qualifying Shareholders who elect the Share Alternative, your attention is also drawn to certain risk factors and other considerations. Certain key risk factors and considerations are summarised below:

- (1) the Hong Kong Rollover Shares and the PRC Rollover Shares are securities in private and unlisted companies incorporated in and governed by the laws of Hong Kong and the laws of PRC respectively, and as of the Latest Practicable Date, the Rollover Entities have no intention for these securities to be listed or admitted to trading on any exchange or market, or be quoted on any inter-dealer system; accordingly, these securities will be illiquid and the Rollover Entities believes that it is unlikely that an active trading market will develop for the Rollover Securities;

LETTER FROM THE BOARD

- (2) as of the Latest Practicable Date, there is no intention or plan for all or any part of the business of the Company to be re-listed on any stock exchange, and there can be no assurance of such intention or plan in the future;
- (3) your interest in the Rollover Entities will be that of a minority shareholder with limited shareholder protection rights and you will not have the benefits and protections of the Listing Rules;
- (4) the value of the Rollover Entities and your Rollover Securities in the future remains uncertain and can be adversely affected by changes in the business and economic environment, and competition in the global biopharmaceutical industry, and there can be no assurance that your Rollover Securities can be sold in the future for a value that is at least the same as the Cancellation Price;
- (5) transfers of Rollover Securities are subject to transfer restrictions stipulated in the respective Rollover Entities' articles of association (which is summarised in "APPENDIX VI — SUMMARY OF ROLLOVER SECURITIES" to this Composite Document);
- (6) dividend payments in respect of the Rollover Securities will not be guaranteed or secured. Payment of dividends on the Rollover Securities (if any) would solely depend on whether such payment is recommended or declared by the respective Rollover Entities' boards of directors and/or shareholders' meeting and subject to such Rollover Entity's constitutional documents and applicable laws; and
- (7) the Rollover Entities and the Offeror may not be "public companies" under the Codes on Takeovers and Mergers and Share Buy-backs, in which case, the protections under these codes will not be applicable or afforded to Share Alternative Holders.

See the section headed "APPENDIX VI — SUMMARY OF ROLLOVER SECURITIES" to this Composite Document for more information.

6. REASONS AND BENEFITS OF THE MERGER AND INTENTIONS OF THE OFFEROR

(1) Benefits of the Merger to the Offeror and the Company:

- (i) *The listing status of the Company no longer provides meaningful access to capital and imposes additional costs on the Company*

Since the listing of the H Shares on the Stock Exchange in 2019, the Company has not raised any funds through equity financing. As the H Shares have been traded within a relatively low-price range with sluggish trading volume for most of the time, the Company's ability to raise funds from the equity market is significantly limited. Following the Merger, the H Shares will be delisted from the Stock Exchange, and the

LETTER FROM THE BOARD

Company is expected to substantially reduce the administrative resources which it would otherwise need to incur in relation to maintaining its listing status, and the Offeror will be able to manage the Company by focusing on its strategic direction and business operations.

(ii) *The unsatisfactory share price performance distracts the Company from its business operations*

Over a long period of time, the Company's share price performance has not been satisfactory due to a combination of global macroeconomic challenges, healthcare industry changes, and the overall Hong Kong stock market momentum.

The Offeror considers that the depressed share price has not fully reflected the Group's core value as a global biopharmaceutical company with a diversified and high-quality product pipeline, which might be detrimental to its business focus as well as its employee morale. The Merger will help the Offeror and the Group to concentrate on solving critical issues in relation to the core business and operations, free from distractions brought by share price fluctuations.

(iii) *Enhancement on the Company's business operations*

The Fosun Pharma Group is a global innovation-driven pharmaceutical and healthcare industry group and directly operates businesses including pharmaceuticals, medical devices, medical diagnosis, and healthcare services. The Fosun Pharma Group is committed to the long-term development of the Group's business. After the Merger, it will be more efficient and feasible for the Fosun Pharma Group to provide business resources and enable the Group to execute its long-term strategy and sustainable growth.

(2) Benefits of the Merger to the Shareholders:

(i) *Cancellation Price represents a compelling exit premium under a challenging capital market environment*

The Merger provides an attractive opportunity for the Shareholders to monetize their investment at a compelling premium to the prevailing market price of the Shares. The Cancellation Price of HK\$24.60 per Share represents a premium of approximately 36.67% over the closing price of HK\$18.00 per Share as quoted on the Stock Exchange on the Undisturbed Date. The Cancellation Price also represents a premium of approximately 40.01%, 52.04%, 63.13% and 82.09% over the average closing prices of approximately HK\$17.57, HK\$16.18, HK\$15.08 and HK\$13.51 per Share as quoted on the Stock Exchange for the 10, 30, 60 and 180 trading days immediately prior to and including the Undisturbed Date, respectively.

LETTER FROM THE BOARD

The biopharmaceutical industry that the Group engages in is full of challenges, including volume-based procurement of drugs in the PRC and ongoing regulatory reforms, as well as the geopolitical tensions and other global macroeconomic factors. In light of the challenging environment, the Group aims to continue to explore new targets and mechanisms and conduct a series of clinical studies worldwide to diversify the product portfolio into new disease fields, which may not bring in immediate return in the short term. Besides, the Group anticipates to increase efforts on commercialization of new products for the next few years in order to expand the sales and extend its market reach to cover more countries and regions. As such, research and development, as well as marketing and commercialization activities may bring additional investment and spending.

Furthermore, the Hang Seng Healthcare Index has declined by approximately 30.10% during the 12-month period immediately prior to and including the last trading date prior to the Second Joint Announcement. Considering the Group's business strategy and long-term depressed market trend, the Merger affords the Shareholders the opportunity to monetize their investments in the Company under a challenging capital market environment.

(ii) *An opportunity to exit investments with low trading liquidity*

The liquidity of Shares has been at a low level over a long period of time. The average daily trading volume of the Shares for the 24 months up to and including the last trading date prior to the Initial Joint Announcement was approximately 0.18 million Shares per day, representing only approximately 0.11% of the issued H Shares as at the date of the Second Joint Announcement. The low trading liquidity of the Shares could make it difficult for the Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares or to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs.

(iii) *The Share Alternative provides an opportunity for Qualifying Shareholders to remain invested*

In the long term, China's biopharmaceutical industry has broad development prospects, but it also faces many challenges in the short term.

The Fosun Pharma Group and the Group will continue to devote themselves to overcoming challenges in relation to the core business and operations, and to execute its long-term strategy and gain sustainable growth, free from distractions brought by share price fluctuations in the short term. The Share Alternative will allow Qualifying Shareholder who have confidence in the long-term development of the Company to remain invested (subject to the Share Alternative Cap) in the Company through election of the Share Alternative. Fosun Pharma, as the controlling shareholder of the Offeror, is

LETTER FROM THE BOARD

committed to creating enduring value for all shareholders of the Offeror in the longer term. Please also refer to the risk factors set out in the section headed “5. *INFORMATION ON THE SHARE ALTERNATIVE — Risk Factors*” above.

(3) Benefits of the Merger to the Unlisted Shareholders:

The Unlisted Shares are not listed on any Stock Exchange, hence there is a lack of a public platform for the Unlisted Shareholders to exit their investments. The Merger provides a feasible opportunity for the Unlisted Shareholders to exit their investments at a compelling premium to the prevailing market price.

(4) Intentions of the Offeror

It is the intention of the Offeror that the Group will continue to carry on its current principal business, and the Offeror does not have specific plans to make any major changes to the business of the Group, following the successful delisting of the Company. As at the Latest Practicable Date, there is no plan to list the Company in the PRC or on any other overseas stock exchange. The Offeror also does not have plans to make redundancies or material changes to the number of employees of the Group.

After completion of the Merger, the Offeror will continue to consider business decisions which best enhance shareholders’ value in the long term. The Offeror is also committed to actively working with any Shareholder acquiring Rollover Securities through the Share Alternative to facilitate liquidity proposals for the shares in the Rollover Entities and/or the Offeror, as the case may be. Trade sales and capital market opportunities for such unlisted companies would be seriously considered and proactively facilitated as and when such opportunities arise.

The Board notes the intention of Offeror and welcomes, in particular, that the existing business of the Group shall continue unaffected, notwithstanding the Merger or the completion thereof, and that Offeror intends to retain the existing employees of the Group, and existing employment and hiring practices will remain unaffected (with usual personnel changes in the ordinary course of business). Subject to the Group’s business needs and prevailing market conditions, it is noted that the Offeror may explore various business opportunities to further develop the existing business of the Group, improve efficiency and create shareholder value.

7. INFORMATION ON THE OFFEROR AND THE COMPANY

(1) Information on the Offeror

The Offeror is a company incorporated in the PRC with limited liability on 12 September 2008. The business scope of the Offeror as set out in the business registration certificate including, *inter alia*, technology development, technology consulting, technology services and technology transfer of biomedicines, research and development of new medicines, and investment. As at the Latest Practicable Date, the 265,971,569 Unlisted Shares in the

LETTER FROM THE BOARD

Company held by it was its sole asset and the Offeror had no other businesses. It has on 23 July 2024 effected a change in registration in the PRC and was converted into a joint stock limited company.

As at the Latest Practicable Date, the Offeror is wholly owned by Fosun Pharma Industrial Development, which in turn is wholly-owned by Fosun Pharma. Fosun Pharma Industrial Development is principally engaged in industrial investments, medical industry investments, import and export of goods and technologies. The Fosun Pharma Group is a leading healthcare group in the PRC and principally engages in the businesses of pharmaceutical manufacturing, medical devices and medical diagnosis, healthcare services and pharmaceutical distribution and retail.

The Offeror and the Offeror Concert Parties will not be considered as Independent H Shareholders under the Takeovers Code and accordingly, they will not be entitled to vote at the H Shareholders' Class Meeting.

(2) Information on the Company

The Company is a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange. The Company is primarily engaged in research and development of monoclonal antibody drugs (except for the development and application of human stem cells, genetic diagnosis and treatment technologies), transfer of self-developed technology, and provision of related technical services and technical consultation.

(3) Shareholdings in the Company and Relevant Securities in Issue

As at the Latest Practicable Date, the relevant securities of the Company in issue are 543,494,853 Shares, which comprise 163,428,541 H Shares and 380,066,312 Unlisted Shares.

LETTER FROM THE BOARD

Set out below is the shareholding in the Company as at the Latest Practicable Date:

Shareholders	Number of H Shares interested	Approximate % of the H Shares in issue	Number of Unlisted Shares interested	Approximate % of the Unlisted Shares in issue	Approximate % of the Shares in issue
Offeror and the Offeror Concert Parties^(Note 1)					
The Offeror	—	—	265,971,569	69.98%	48.94%
Fosun Pharma Industrial Development	—	—	25,393,818	6.68%	4.67%
Fosun Industrial	32,331,100	19.78%	—	—	5.95%
Wuxi Tongshan Investment Enterprise (Limited Partnership) (無錫市通善投 資企業 (有限合夥)) ^(Note 2)	—	—	4,666,667	1.23%	0.86%
Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership) (上海果運生物技術合夥 企業(有限合夥)) ^(Note 3)	—	—	5,356,950	1.41%	0.99%
Zhoushan Guohong Biotech Partnership Enterprise (Limited Partnership) (舟山果宏生物技術合夥 企業(有限合夥)) ^(Note 4)	—	—	1,114,295	0.29%	0.21%
Zhoushan Guoyou Biotech Partnership Enterprise (Limited Partnership) (舟山果友生物技術合夥 企業(有限合夥)) ^(Note 4)	—	—	508,235	0.13%	0.09%
Zhoushan Guozhi Biotech Partnership Enterprise (Limited Partnership) (舟山果智生物技術合夥 企業(有限合夥)) ^(Note 4)	—	—	109,006	0.03%	0.02%
HenLink, Inc. ^(Note 5)	—	—	15,876,694	4.18%	2.92%
Dr. JZ Limited ^(Note 6)	50,000	0.03%	—	—	0.01%
Rongtong Ronghai No. 39 QDII SMA ^(Note 7)	3,145,097	1.92%	—	—	0.58%
Sub-Total for the Offeror and the Offeror Concert Parties^(Note 8)	35,526,197	21.74%	318,997,234	83.93%	65.23%
Independent H Shareholders	127,902,344	78.26%	—	—	23.53%
Independent Shareholders (other than Independent H Shareholders)	—	—	61,069,078	16.07%	11.24%
Total number of Shares in issue	163,428,541	100%	380,066,312	100%	100%

LETTER FROM THE BOARD

Notes:

1. CICC is the lead financial adviser to the Offeror in respect of the Merger. Accordingly, CICC and members of the CICC group are presumed to be acting in concert with the Offeror in respect of shareholdings of the CICC group in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of the Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code). Exempt principal traders and exempt fund managers which are connected for the sole reason that they are under the same control as CICC are not presumed to be acting in concert with the Offeror.

As at the Latest Practicable Date, save as disclosed in Note 7 below and except for Shares held by members of the CICC group acting in the capacity of exempt principal traders or exempt fund managers or Shares held on behalf of non-discretionary investment clients, members of CICC group did not own or control any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, nor were there any Shares (or convertible securities, warrants, options or derivatives in respect thereof) borrowed or lent, or dealt for value in, by any member of the CICC group during the Relevant Period.

Any Shares held by members of the CICC group acting in the capacity of exempt principal traders will not be voted at the EGM or the H Shareholders’ Class Meeting (as applicable) unless the Executive allows such Shares to be so voted.

Any Shares held by members of the CICC group acting in the capacity of exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the EGM and/or the H Shareholders’ Class Meeting (as applicable) if: (i) such member of the CICC group holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients; (ii) there are contractual arrangements in place between such member of the CICC group and such non-discretionary client that strictly prohibit such member of the CICC group from exercising any voting discretion over such Shares; (iii) all voting instructions shall originate from such non-discretionary client only (if no instructions are given, then no votes shall be cast for such Shares held by such member of the CICC group); and (iv) such non-discretionary client is not a concert party of the Offeror.

2. Wuxi Tongshan Investment Enterprise (Limited Partnership) (無錫市通善投資企業(有限合夥)) is a limited partnership established in the PRC, the general partner of which is Tongde Equity Investment Management (Shanghai) Co., Ltd.* (通德股權投資管理(上海)有限公司) which is in turn wholly owned by Hermed Capital, an entity indirectly owned by Fosun Pharma as to 50%, of which Ms. Guan Xiaohui (a director of the Offeror, Fosun Pharma and the Company) is a director.
3. Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership)* (上海果運生物技術合夥企業(有限合夥)) is established in the PRC and is an Unlisted Shareholder which is controlled by employees of the Company. Dr. Zhu Jun, an executive Director, holds approximately 3.09% interest in Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership)* (上海果運生物技術合夥企業(有限合夥)).
4. (i) Zhoushan Guohong Biotech Partnership Enterprise (Limited Partnership)* (舟山果宏生物技術合夥企業(有限合夥)) (formerly known as Shanghai Guohong Biotech Partnership Enterprise (Limited Partnership)* (上海果宏生物技術合夥企業(有限合夥))), (ii) Zhoushan Guoyou Biotech Partnership Enterprise (Limited Partnership)* (舟山果友生物技術合夥企業(有限合夥)) (formerly known as Shanghai Guoyou Biotech Partnership Enterprise (Limited Partnership)* (上海果友生物技術合夥企業(有限合夥))) and (iii) Zhoushan Guozhi Biotech Partnership Enterprise (Limited Partnership)* (舟山果智生物技術合夥企業(有限合夥)) (formerly known as Shanghai Guozhi Biotech Partnership Enterprise (Limited Partnership)* (上海果智生物技術合夥企業(有限合夥))) are established in the PRC and are Unlisted Shareholders which are controlled by employees and/or former employees of the Company and/or their family member.

LETTER FROM THE BOARD

5. HenLink, Inc. is a company incorporated in the Cayman Islands whose beneficial owners are certain employees of the Group. Mr. Zhang Wenjie, the chairman of the Company and an executive Director, holds approximately 8.93% interest in HenLink, Inc..
6. Dr. JZ Limited is wholly-owned by Dr. Zhu Jun, an executive Director.
7. Rongtong Ronghai No.39 QDII SMA is a qualified domestic institutional investor fund account (“Rogntong QDII”) approved by the relevant PRC authority and is independently managed by Rongtong Fund Management Co. Ltd. It holds 3,145,097 H Shares (representing approximately 1.92% of all issued H Shares and approximately 0.58% of all issued Shares) as at the Latest Practicable Date. As at the date of the Latest Practicable Date, the sole beneficial owner of the Rongtong QDII is CICC Grandeur (Xiamen) Equity Investment Fund Partnership (L.P.), in which CICC Capital Operation Co., Limited (“CICC Capital Operation”) acts as general partner and holds 0.04% in it. Both China International Capital Corporation Hong Kong Securities Limited (i.e. the lead financial adviser to the Offeror) and CICC Capital Operation are wholly owned by China International Capital Corporation and are members of the CICC Group. Rongtong QDII is therefore considered to be an Offeror Concert Party for the purposes of the Takeovers Code.
8. The Shares held by the Offeror and the Offeror Concert Parties exclude 64,100 H Shares held by the Fosun International Securities for the account of non-discretionary investment clients, which are allowed to be voted at the EGM and/or the H Shareholders’ Class Meeting (as applicable) and be counted as votes of the Independent Shareholders.

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties hold 354,523,431 Shares in the aggregate, representing approximately 65.23% of all issued Shares in the Company, in which, (i) the Offeror directly owns 265,971,569 Unlisted Shares, representing approximately 48.94% of all issued Shares in the Company, and (ii) the Offeror Concert Parties hold 88,551,862 Shares in aggregate, representing approximately 16.29% of all issued Shares in the Company, among which Fosun Pharma Industrial Development holds 25,393,818 Unlisted Shares (representing approximately 4.67% of all issued Shares in the Company), Fosun Industrial holds 32,331,100 H Shares (representing approximately 5.95% of all issued Shares in the Company), Wuxi Tongshan Investment Enterprise (Limited Partnership) (無錫市通善投資企業(有限合夥)) holds 4,666,667 Unlisted Shares (representing approximately 0.86% of all issued Shares in the Company), Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership) (上海果運生物技術合夥企業(有限合夥)) holds 5,356,950 Unlisted Shares (representing approximately 0.99% of all issued Shares in the Company), Zhoushan Guohong Biotech Partnership Enterprise (Limited Partnership) (舟山果宏生物技術合夥企業(有限合夥)) holds 1,114,295 Unlisted Shares (representing approximately 0.21% of all issued Shares in the Company), Zhoushan Guoyou Biotech Partnership Enterprise (Limited Partnership) (舟山果友生物技術合夥企業(有限合夥)) holds 508,235 Unlisted Shares (representing approximately 0.09% of all issued Shares in the Company), Zhoushan Guozhi Biotech Partnership Enterprise (Limited Partnership) (舟山果智生物技術合夥企業(有限合夥)) holds 109,006 Unlisted Shares (representing approximately 0.02% of all issued Shares in the Company), Rongtong Ronghai No.39 QDII SMA holds 3,145,097 H Shares (representing approximately 0.58% of all issued Shares in the Company), HenLink, Inc. holds 15,876,694 Unlisted Shares (representing approximately 2.92% of all issued Shares in the Company) and

LETTER FROM THE BOARD

Dr. JZ Limited holds 50,000 H Shares (representing approximately 0.01% of all issued Shares in the Company). Save as disclosed, none of the Offeror and the Offeror Concert Parties owns or has control or direction over any voting rights and rights over the Shares.

As at the Latest Practicable Date, save as disclosed above, the Company does not have any outstanding options, warrants, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board has established the Independent Board Committee, consisting of all of the independent non-executive Directors, being Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin, pursuant to Rule 2.8 of the Takeovers Code. The Independent Board Committee will advise the Independent H Shareholders as to: (a) whether the terms of the Merger are fair and reasonable for the purpose of the Takeovers Code; (b) whether to vote in favour of the Merger at the EGM and the H Shareholders' Class Meeting; and (c) election between the Cash Alternative and Share Alternative. None of the Company's non-executive Directors form part of the Independent Board Committee as (a) Mr. Chen Qiyu, Mr. Wu Yifang, Ms. Guan Xiaohui and Mr. Wen Deyong are directors of Fosun Pharma, and (b) Dr. Wang Xingli is a member of the senior management of the Fosun Pharma Group (apart from the Group). For the opinions and advice of the Independent Board Committee, please refer to section headed "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" in this Composite Document.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Merger. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. For the opinions and advice of the Independent Financial Adviser, please refer to section headed "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" in this Composite Document.

9. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

As at the Latest Practicable Date, none of the Conditions to effectiveness and Conditions to implementation had been satisfied or (if applicable) waived. Upon satisfaction of all the Conditions to effectiveness, the Company does not intend to retain its listing on the Stock Exchange and will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in the H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

LETTER FROM THE BOARD

10. EGM AND H SHAREHOLDERS' CLASS MEETING

The Company will convene the EGM and the H Shareholders' Class Meeting for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger.

In compliance with Rule 2.10 of the Takeovers Code, which is applicable to the Merger, the Merger Agreement, the Supplemental Merger Agreement and the Merger are conditional on (1) the approval by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the H Shareholders' Class Meeting; and (2) the number of votes cast against the resolution(s) at the H Shareholders' Class Meeting is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders.

The H Shareholders who have been registered as holders of H Shares on the register of members of the Company kept by the registrar of H Shares, Computershare Hong Kong Investor Services Limited, on Wednesday, 22 January 2025 will be entitled to attend the EGM and the H Shareholders' Class Meeting.

(1) Suspension of registration of Share transfers

The register of members of the Company will be closed from Friday, 17 January 2025 to Wednesday, 22 January 2025 (both dates inclusive), during which no registration of transfers of Shares will be processed. If applicable, the Shareholders and the H Shareholders intending to attend the EGM and the H Shareholders' Class Meeting respectively must lodge their respective transfer documents and relevant share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders) or the office of the secretary to the Board at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC (for Unlisted Shareholders) no later than 4:30 p.m. on Thursday, 16 January 2025.

(2) Proxy forms

Whether or not you intend to attend the EGM or the H Shareholders' Class Meeting, you are strongly urged to indicate your voting instructions and complete and return the proxy forms in accordance with the instructions printed thereon. The proxy forms should be returned as soon as possible (but in any event not less than 24 hours before the appointed time for holding the relevant meeting or any adjournment thereof, i.e. by 2:00 p.m. on Tuesday, 21 January 2025 in respect of the EGM and by 2:30 p.m. on Tuesday, 21 January 2025 in respect of the H Shareholders' Class Meeting). In the event that the relevant proxy form has been returned to the Company's H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or the office of the secretary to the Board (as the case may be) after the abovementioned deadline (where applicable), it will be considered to be invalid

LETTER FROM THE BOARD

and will not be taken into account. After completion and return of the proxy forms, you may still attend and vote at the relevant meetings should you so wish. And in such event, the forms of proxy shall be deemed to be revoked.

(3) Voting at the EGM and the H Shareholders' Class Meeting

Pursuant to Rule 13.39(4) of the Listing Rules and Rule 2.9 of the Takeovers Code, all resolutions will be passed by way of poll at the EGM and the H Shareholders' Class Meeting.

In addition, the Company reminds all Shareholders that physical attendance in person at the EGM and/or the H Shareholders' Class Meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the relevant meetings as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM and/or the H Shareholders' Class Meeting in person.

The Offeror and the Offeror Concert Parties will abstain from voting at the H Shareholders' Class Meeting.

Dr. Zhu Jun is the only Director holding an interest in any Shares which would entitle him or her to accept or reject the Merger. Since Dr. Zhu Jun is an Offeror Concert Party, he will abstain from voting at the H Shareholders' Class Meeting.

11. TAXATION

(1) Non-tax advice

You should consult with your professional adviser to understand the possible tax implications of the Merger or the exercise of the Dissenting Shareholders' rights. None of the Company, the Offeror, CICC, Fosun International Capital or the Independent Financial Adviser, nor their respective ultimate beneficial owners, directors, officers, employees, agents, affiliates, advisers, associates or any person participating in the Merger, assume any liability in respect of any tax incurred or other implication of any exercise of the Dissenting Shareholders' rights under the Articles.

(2) Hong Kong stamp duty

As implementation of the Merger involves cancellation of the H Shares but not the sale and purchase of Hong Kong stock, and in this respect only, no stamp duty will be payable pursuant to the Stamp Duty Ordinance, Chapter 117 of the Laws of Hong Kong.

For the Dissenting Shareholders who exercise their right to require acquisition of their H Shares, Hong Kong stamp duty is payable at the rate of 0.1% of the consideration by each of the seller and the buyer. The stamp duty payable by the seller will be deducted from the cash received by the relevant Dissenting Shareholders who exercise such right.

LETTER FROM THE BOARD

(3) PRC income tax incidental to the consideration paid under the Merger

As the Company is a joint stock limited company incorporated in the PRC, the implementation of the Merger, which involves the Shareholders' receipt of the Cancellation Consideration may subject Shareholders to the income tax regime in the PRC.

Under PRC Laws, payments of the Cancellation Consideration to certain non-resident individuals and enterprises (as defined under the applicable PRC tax law) will be liable to taxation in the PRC. In relation to that and as required under the applicable PRC tax law, the Offeror or its agent as the payor of the Cancellation Consideration, is obligated to collect the relevant amount from relevant non-resident individuals and enterprises as withholding tax for the purpose of making the tax payment on behalf of such non-resident individuals and non-resident enterprises.

The Offeror will observe all applicable laws relating to taxation in the PRC and may be required withhold the income tax pursuant to the applicable PRC tax regulations if the Offeror can ascertain (e.g. in the case of certain Unlisted Shareholders) the profit arising from a Shareholders' receipt of Cancellation Consideration. The Offeror has identified 4 Shareholders whom the Offeror will withhold the income tax pursuant to the applicable PRC tax regulations: (i) Cayman Henlius, (ii) Wei-Dong Jiang, (iii) Scott Shi-Kau Liu, and (iv) HenLink. The above Shareholders had become Shareholders before the initial public offering of the Company in 2019 and thus the Offeror can ascertain the profit arising from their receipt of Cancellation Consideration. For the above Shareholders, the Offeror has applied to the Executive, and the Executive has granted, a waiver from strict compliance with Rule 20.1 of the Takeovers Code in connection with the timing of settlement of the Cancellation Consideration concerning them as follows:

- (a) In the case that they elect the Cash Alternative, settlement of the Cancellation Price will be paid in cash no later than 7 business days after the completion of certain administrative procedures in relation to tax required under the applicable PRC Laws, and in the case of HenLink, also after the completion of registration with the Foreign Exchange Administration (if applicable);
- (b) In the case that they have not elected the Cash Alternative or the Share Alternative within the Election Period or they have elected the Share Alternative within the Election Period but whose election is and remains invalid upon expiry of the Election Period, settlement of the Cancellation Price will be paid in cash no later than 7 business days after (i) the expiry of the Election Period or (ii) the completion of certain administrative procedures in relation to tax required under the applicable PRC Laws, and in the case of HenLink, also after the completion of registration with the Foreign Exchange Administration (if applicable), whichever is later;
- (c) In the case that they have validly elected the Share Alternative in accordance with the instructions as set out in the Composite Document, the subject Shareholders will be issued the relevant Rollover Securities (and where the Pro Rata Downward

LETTER FROM THE BOARD

Adjustment Mechanism is engaged, in which case the subject Shareholders will be paid a combination of Rollover Securities and cash) by (i) no later than 42 business days after the Effective Date or (ii) 7 business days after the completion of certain administrative procedures in relation to tax required under the applicable PRC Laws, and in the case of HenLink, also after the completion of registration with the Foreign Exchange Administration (if applicable), whichever is later; and

- (d) In the case that they elect the Share Alternative but whose election is found to be invalid or invalidated after the expiry of the Election Period, settlement of the Cancellation Price will be paid in cash by (i) no later than 42 business days after the Effective Date or (ii) 7 business days after the completion of certain administrative procedures in relation to tax required under the applicable PRC Laws, and in the case of HenLink, also after the completion of registration with the Foreign Exchange Administration (if applicable), whichever is later.

The cooperation of Shareholders including but not limited to the provision of investment cost, withdrawal of the Shares from CCASS, etc., will affect the filing process with the PRC tax authority and payment of Cancellation Consideration. It remains the relevant Shareholders' responsibility to inform themselves of the application taxation requirement arising from holding and dealings of Shares in connection with the Merger and the failure to observe the relevant requirements may result in the delay in receipt of the Cancellation Consideration and potential penalties. If you are entitled to a reduction in the rate of, or the elimination of, withholding income tax, you are responsible to apply to the PRC tax authority and deliver the approval to Offeror that it is entitled to a reduced tax rate under an applicable tax treaty between PRC and your country of residence as soon as practicable and in any event before the Latest Election Date.

You are reminded that you should inform yourself about and observe the tax compliance of PRC stamp duty and other transaction related taxes.

12. RECOMMENDATION OF THE BOARD

The Board (including members of the Independent Board Committee, whose views are given in the section headed "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" in this Composite Document) is of the view that the terms of the Merger Agreement and the Supplemental Merger Agreement, including the Cancellation Consideration, and the proposed Merger are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Having considered the terms of the Merger Agreement and the Supplemental Merger Agreement and taken into account the advice from the Independent Financial Adviser, the Independent Board Committee is of the view that the terms of the Merger Agreement and the Supplemental Merger Agreement and the proposed Merger are fair and reasonable so far as the Independent H Shareholders are concerned. Therefore, the Board recommends that the Shareholders vote in favour of the resolutions in relation to the Merger at the EGM and (if applicable) the H Shareholders' Class Meeting.

LETTER FROM THE BOARD

As (i) Mr. Chen Qiyu, Mr. Wu Yifang, Ms. Guan Xiaohui and Mr. Wen Deyong are also directors of Fosun Pharma (which indirectly wholly-owns the Offeror) and (ii) Mr. Zhang Wenjie and Dr. Wang Xingli are both the Executive President of Fosun Pharma, they have abstained and will abstain from voting in any vote of the Board in relation to the Merger.

13. OTHER INFORMATION

In considering what action to take in connection with the Merger, you should consider your own tax position and, if you are in any doubt, you should consult your professional advisers.

You are urged to read carefully the letter from the Independent Board Committee on pages 57 to 58 of this Composite Document, the letter from the Independent Financial Adviser on pages 59 to 102 of this Composite Document. Your attention is also drawn to the additional information set out in the Appendices to this Composite Document, all of which form part of this Composite Document.

* *For identification purposes only.*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Shanghai Henlius Biotech, Inc.

上海復宏漢霖生物技術股份有限公司

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

(Stock Code: 2696)

23 December 2024

To the Independent H Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF HENLIUS BY FOSUN NEW MEDICINE
BY WAY OF MERGER BY ABSORPTION OF HENLIUS
(2) PROPOSED WITHDRAWAL OF LISTING
(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING
AND
(4) NOTICE OF THE H SHAREHOLDERS' CLASS MEETING**

INTRODUCTION

We refer to the composite document dated 23 December 2024 jointly issued by the Offeror, Fosun Pharma and the Company (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meaning when used in this letter.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent H Shareholders as to whether the terms of the Merger are, or are not, fair and reasonable and as to voting.

Rainbow Capital (HK) Limited has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise us as to whether or not the terms of the Merger are fair and reasonable so far as the Independent H Shareholders are concerned and as to voting. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the letter from Independent Financial Adviser on pages 59 to 102 of the Composite Document. We also wish to draw your attention to, and advise you to read, the letter from the Board on pages 19 to 56 of the Composite Document, the letter from the Independent Financial Adviser on pages 59 to 102 of the Composite Document and the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Merger and are therefore able to consider the terms of the Merger and to make recommendations to the Independent H Shareholders.

RECOMMENDATION

Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter, we concur with the view of the Independent Financial Adviser and consider the terms of the Merger to be fair and reasonable so far as the Independent H Shareholders are concerned.

Accordingly, we concur with the recommendation of the Independent Financial Adviser, and would recommend the Independent H Shareholders to (i) vote in favour of the Merger at the EGM and H Shareholders' Class Meeting and (ii) elect the Cash Alternative (except for any of them who are sophisticated investors and are particularly attracted by the background of the Offeror and the future prospects and profitability of the Group may consider taking the Share Alternative).

The Independent H Shareholders should note the estimated value of each SPV Share as well as the key risks of holding the SPV Shares which are set out in the sections headed "APPENDIX V — ESTIMATE OF VALUE OF THE ROLLOVER SECURITIES" and "5. INFORMATION ON THE SHARE ALTERNATIVE — Risk Factors" in the "LETTER FROM THE BOARD", respectively. For clarification purpose, the estimated price range of the SPV Shares reflects the estimated value of the Rollover Entities only and is not equivalent to the Cancellation Price. In addition, the election of the Cash Alternative allows the Independent H Shareholders to realise their investment in the Company and receive cash, while the Share Alternative will result in the Independent H Shareholders remaining indirect investors in the Company and therefore exposed to uncertainties and fluctuations in the value of SPV Shares going forward, as well as inherent risks of being a minority shareholder of a private company. As such, we recommend the Independent H Shareholders to elect the Cash Alternative (except for any of them who are sophisticated investors and are particularly attracted by the background of the Offeror and the future prospects and profitability of the Group may consider taking the Share Alternative).

Notwithstanding our views and recommendation in respect of the terms of the Merger, the Shareholders are strongly advised to exercise their independent decision on voting at the EGM and the H Shareholders' Class Meeting. If in doubt, the Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,

For and on behalf of

THE INDEPENDENT BOARD COMMITTEE

SO Tak Young	CHAN Lik Yuen	ZHAO Guoping	SONG Ruilin
<i>Independent</i>	<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>non-executive Director</i>	<i>non-executive Director</i>	<i>non-executive Director</i>	<i>non-executive Director</i>

LETTER FROM RAINBOW CAPITAL

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent H Shareholders in respect of the Merger, which has been prepared for the purpose of inclusion in the Composite Document.

Rainbow Capital (HK) Limited

23 December 2024

To the Independent Board Committee of Shanghai Henlius Biotech, Inc.

Shanghai Henlius Biotech, Inc.
11th Floor, B8 Building
188 Yizhou Road
Xuhui District
Shanghai, PRC

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION
OF HENLIUS BY FOSUN NEW MEDICINE
BY WAY OF MERGER BY ABSORPTION OF HENLIUS
AND**

(2) PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF HENLIUS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent H Shareholders in respect of the Merger, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the composite document dated 23 December 2024 jointly issued by the Company and the Offeror (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meaning as those defined in the Composite Document.

On 24 June 2024, the Offeror and the Company entered into the Merger Agreement pursuant to which the Offeror and the Company have agreed to implement the Merger subject to the terms and conditions of the Merger Agreement, including the Pre-Conditions and the Conditions. After completion of the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

On 23 August 2024, the Offeror and the Company entered into the Supplemental Merger Agreement pursuant to which the Offeror has exercised the right to offer the Share Alternative, as an alternative settlement method for the Merger.

LETTER FROM RAINBOW CAPITAL

Pursuant to the Merger Agreement and the Supplemental Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions, a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) may, in exchange of its Shares, elect (i) the Cash Alternative on the following basis that the Offeror will pay in cash the Cancellation Price in the amount of: (a) HK\$24.60 per H Share to the H Shareholders (other than Fosun Industrial) for the cancellation of the H Shares; and (b) RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development), for the cancellation of the Unlisted Shares; or (ii) the Share Alternative on the following basis that the Hong Kong Rollover Entity and the PRC Rollover Entity will issue respectively (a) one Hong Kong Rollover Share per H Share; (b) one PRC Rollover Share per Unlisted Share; and (c) upon issuance of the Hong Kong Rollover Shares or PRC Rollover Shares (as the case may be), the Offeror will issue new shares in its share capital to the Hong Kong Rollover Entity or PRC Rollover Entity (as the case may be) on the basis of each 0.233108 shares in the Offeror's share capital for each Share to be cancelled (or 1 share in the Offeror's share capital for each 4.289864016 Shares to be cancelled). The Share Alternative is subject to the Share Alternative Cap. The cancellation of the 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be settled by the issuance of the Offeror's shares to them on the basis of each share in the share capital of the Offeror issued for the cancellation of each 4.289864016 Shares as held by them upon completion of the Merger.

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company from the Implementation Date and the Company will be eventually deregistered in the PRC.

As at the Latest Practicable Date, the Pre-Conditions have been fulfilled.

The Independent Board Committee consisting of all of the independent non-executive Directors, being Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin, has been established by the Board to advise the Independent H Shareholders as to: (i) whether the terms of the Merger are fair and reasonable for the purpose of the Takeovers Code; (ii) whether to vote in favour of the Merger at the EGM and the H Shareholders' Class Meeting; and (iii) whether to elect the Cash Alternative or the Share Alternative. None of the Company's non-executive Directors form part of the Independent Board Committee as (i) Mr. Chen Qiyu, Mr. Wu Yifang, Ms. Guan Xiaohui and Mr. Wen Deyong are directors of Fosun Pharma, and (ii) Dr. Wang Xingli is a member of the senior management of the Fosun Pharma Group (apart from the Group). We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent H Shareholders in connection with the Merger and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not associated with the Company, the Offeror, the Offeror Concert Parties, or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. We have acted as the independent financial adviser to the independent board

LETTER FROM RAINBOW CAPITAL

committee and the independent H shareholders of the Company in relation to (i) the connected transaction and continuing connected transactions in relation to the amendment to the license agreement, details of which are set out in the circular of the Company dated 11 August 2023; and (ii) the continuing connected transaction in relation to collaboration arrangements under the HLX01 agreement and HLX03 agreement, details of which are set out in the circular of the Company dated 5 December 2024. Saved as disclosed above, there has been no other engagement between the Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this engagement, no other arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, the Offeror Concert Parties, or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give an independent advice to the Independent Board Committee and the Independent H Shareholders in respect of the Merger.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Initial Joint Announcement, the Second Joint Announcement and the Composite Document; (ii) the annual reports of the Company for the two years ended 31 December 2022 (the “**2022 Annual Report**”) and 31 December 2023 (the “**2023 Annual Report**”), respectively, and the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”); (iii) the information supplied by the Directors and the management of the Group; (iv) the Merger Agreement and the Supplemental Merger Agreement; and (v) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true and accurate in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth and accuracy of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Composite Document and that all information or representations provided to us by the Directors and the management of the Group are true and accurate in all material respects and not misleading in any material respect at the time they were made and continue to be so until the Latest Practicable Date.

Shareholders will be informed by the Group and us as soon as possible in accordance with Rule 9.1 of the Takeovers Code if there is any material change to the information disclosed in the Composite Document (including the content of this letter) during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Independent H Shareholders accordingly.

LETTER FROM RAINBOW CAPITAL

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of independent in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, the Offeror, the Offeror Concert Parties or any of their respective subsidiaries and associates.

PRINCIPAL TERMS AND CONDITIONS OF THE MERGER

Details of the terms of the Merger are set out in the Letter from the Board. The relevant extracts are reproduced below for your reference.

1. Principal terms of the Merger

Pursuant to the Merger Agreement and the Supplemental Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions, a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) may, in exchange of its Shares, elect:

- (i) the Cash Alternative on the following basis that the Offeror will pay in cash the Cancellation Price in the amount of: (a) HK\$24.60 per H Share to the H Shareholders (other than Fosun Industrial) for the cancellation of the H Shares; and (b) RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development), for the cancellation of the Unlisted Shares; or
- (ii) the Share Alternative on the following basis that the Hong Kong Rollover Entity and the PRC Rollover Entity will issue respectively (a) one Hong Kong Rollover Share per H Share; (b) one PRC Rollover Share per Unlisted Share; and (c) upon issuance of the Hong Kong Rollover Shares or PRC Rollover Shares (as the case may be), the Offeror will issue new shares in its share capital to the Hong Kong Rollover Entity or PRC Rollover Entity (as the case may be) on the basis of each 0.233108 shares in the Offeror's share capital for each Share to be cancelled (or 1 share in the Offeror's share capital for each 4.289864016 Shares to be cancelled). The Share Alternative is subject to the Share Alternative Cap (being 43,479,588 Shares, representing 8% of the total number of issued Share in the Company as at the Second Joint Announcement Date).

The Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) may elect the Cash Alternative or (subject to the Share Alternative Cap) the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Shares (but not, for the avoidance of doubt, a combination of the two). Shareholders who do not make any election or whose elections are invalid will receive the Cash Alternative. The Offeror will take reasonable steps

LETTER FROM RAINBOW CAPITAL

to put in place measures so that a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) is only able to elect one settlement method, i.e. the Cash Alternative or the Share Alternative (but not both).

The cancellation of the 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be settled by the issuance of the Offeror's shares to them on the basis of each share in the share capital of the Offeror issued for the cancellation of each 4.289864016 Shares as held by them upon completion of the Merger.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

As at the Latest Practicable Date, the Company has not declared any dividend that has not been paid, and has no intention to declare, make or pay any dividend to the Shareholders between the date of the Composite Document and the date on which the Merger becomes effective pursuant to the terms of the Merger Agreement and the Supplemental Merger Agreement, or lapses (as the case may be).

2. Pre-Conditions and Conditions

The implementation of the Merger will be subject to the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions. As at the Latest Practicable Date, the Pre-Conditions have been fulfilled. Details of the Pre-Conditions and the Conditions are set out in the section headed "3. PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT" in the Letter from the Board.

As at the Latest Practicable Date, none of the Conditions to effectiveness and Conditions to implementation had been satisfied or (if applicable) waived. Upon satisfaction of all the Conditions to effectiveness, the Company does not intend to retain its listing on the Stock Exchange and will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

3. Right of a Dissenting Shareholder

According to the Articles, any Dissenting Shareholder may request the Company and/or the Consenting Shareholders to acquire its Shares at a "fair price". If any Dissenting Shareholder exercises its right, the Offeror (if so elected by the Company and/or the Consenting Shareholders) will assume the obligation which the Company and/or the Consenting Shareholders may have towards such Dissenting Shareholder to acquire the Shares held by such Dissenting Shareholder at a "fair price" and the Offeror may liaise with such Dissenting Shareholder in relation to the same, and the Dissenting Shareholder must refund the Cancellation Price received (if any) to the Offeror in order to be entitled to exercise such right. Details of the right of a Dissenting Shareholder are set out in the section headed "3. PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT" in the Letter from the Board.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Merger, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in (i) research and development, production and sale of monoclonal antibody (mAb) drugs and the provision of related technical services (except for the development and application of human stem cells, genetic diagnosis and therapy technology) and (ii) the transfer of its own technology and the provision of the related technology consultation services. The H Shares have been listed on the Main Board of the Stock Exchange by way of initial public offering on 25 September 2019 (the “IPO”).

As at 30 June 2024, 5 products (23 indications) of the Group have been successfully marketed in Mainland China, and 3 products have been successfully approved for marketing in Europe, the United States, Canada, Australia, Indonesia and other countries/regions, benefiting patients worldwide. In addition, the Group has a total of more than 50 molecules in its pipeline and 14 R&D platforms, with the forms of drug covering monoclonal antibody, bispecific antibody, ADC, recombinant protein and small molecule-drug conjugates, etc., and has conducted over 30 clinical studies worldwide.

Set out below are the brief descriptions of the principal activities of the Group for the two years ended 31 December 2023 (“FY2022” and “FY2023”, respectively) and the six months ended 30 June 2024 (“6M2024”). The revenue of the Group for FY2022, FY2023 and 6M2024 were substantially generated from (i) the sales of biopharmaceutical products; (ii) the provision of research and development services; and (iii) licensing revenue.

(i) Sales of biopharmaceutical products

The Group’s primary business is the sale of biopharmaceutical products, which contributed to approximately 83.2%, 84.4% and 90.3% of its total revenue for FY2022, FY2023 and 6M2024, respectively.

Since its inception in 2010, the Group has established, and continued to expand, a comprehensive product pipeline of both biosimilars and bio-innovative drugs. Through the Group’s efficient and innovative in-house capabilities, as at 30 June 2024, the Group has commercialised 5 products and developed a diversified, advanced and high-quality pipeline with a focus on oncology and autoimmune diseases. Details of the Group’s existing 5 commercially available products are set out below:

- (a) HANQUYOU (trastuzumab for injection, European trade name: Zercepac®, US trade name: HERCESSI™) is a therapeutic product for breast cancer and gastric cancer and is commercially available in the domestic market in Mainland China since 2020. It is the core product of the Group in the field of anti-tumour therapy, the first domestic

trastuzumab approved for marketing independently developed by the Group, and the first product sold and promoted by the Group's in-house commercialisation team in Mainland China. Since the marketing of HANQUYOU, its efficient market and access provided a strong foundation for the sales growth of HANQUYOU, the flexible dose portfolio of 150mg and 60mg also brings personalised and more economical treatment options for patients with different weight ranges. For oversea markets, Zercepac[®] was approved by the European Commission for marketing in the EU in July 2020 and HERCESSI[™] was approved by the United States Food and Drug Administration (FDA) for marketing in the United States in April 2024. Since then, HANQUYOU has become a monoclonal antibody biosimilar drug approved in Mainland China, Europe, and the United States. With its high international quality standards, HANQUYOU has been approved for marketing in a cumulative total of 48 countries and regions (including the United States, the United Kingdom, Germany, Spain, France, Italy, Switzerland, Australia, Singapore, Argentina, Brazil, Canada, etc.). Furthermore, the Group successfully cooperated with internationally renowned biomedicine enterprises to fully boost market share in Europe, the United States, Canada, and other regions, as well as many emerging markets at country level, covering approximately 100 countries/regions around the world. During FY2023, the Group recorded sales revenue of approximately RMB2,644.4 million attributable to HANQUYOU, representing a rapid increase of approximately RMB950.0 million or approximately 56.1% as compared to FY2022. In addition, Zercepac[®] recorded revenue of approximately RMB69.5 million and drug substance of trastuzumab recorded sales revenue of approximately RMB23.1 million in international market during FY2023. During 6M2024, the Group recorded sales revenue of approximately RMB1,406.2 million attributable to HANQUYOU and approximately RMB68.2 million attributable to Zercepac[®].

- (b) HANSIZHUANG (serplulimab injection) is the first self-developed and approved bio-innovative drug of the Group and is commercially available in the domestic market in Mainland China since 2022. In Mainland China, HANSIZHUANG's approved indications include locally advanced or metastatic squamous non-small cell lung cancer (sqNSCLC), extensive-stage small cell lung cancer (ES-SCLC) and PD-L1 positive, unresectable locally advanced/recurrent or metastatic esophageal squamous cell carcinoma (ESCC), etc. It has become the first monoclonal antibody drug targeting PD-1 approved for first-line treatment of ES-SCLC around the world, and its differentiated advantages of focusing on small cell lung cancer are uniquely competitive in the PD-1 market. As at 31 December 2023, HANSIZHUANG has completed the tendering process on the procurement platform in all provinces in Mainland China. With its excellent efficacy and data quality, HANSIZHUANG has also been widely acknowledged in the international market, further benefiting patients worldwide. As its licenses-out covering the United States, Europe, Southeast Asia, the Middle East and North Africa and India, the international commercialisation of HANSIZHUANG has been carried out in an orderly manner. After being approved for marketing in Indonesia in December 2023, HANSIZHUANG was also approved for marketing in Cambodia in April 2024 and Thailand in July 2024 for the treatment of ES-SCLC, continuously expanding its

LETTER FROM RAINBOW CAPITAL

international presence. During FY2023, the Group recorded sales revenue of approximately RMB1,119.8 million attributable to HANSIZHUANG, representing a dramatic increase of approximately RMB780.7 million or approximately 230.2% as compared to FY2022. During 6M2024, the Group recorded sales revenue of approximately RMB676.9 million attributable to HANSIZHUANG.

- (c) HANLIKANG (rituximab injection) is a rituximab biosimilar independently developed by the Group and is commercially available in the domestic market in Mainland China since 2019. As the first monoclonal antibody drug approved for marketing under the Guidelines for the R&D and Evaluation of Biosimilars (Trial) (《生物類似藥研發與評價技術指導原則(試行)》) in China in 2019, HANLIKANG has benefited over 260,000 patients in total in Mainland China to date. In May 2024, HANLIKANG (Peruvian trade name: AUDEXA[®]) received approval for marketing from the Peruvian General Directorate of Medicines, Supplies and Drugs (DIGEMID), becoming the third self-developed and manufactured product of the Group to be approved for overseas marketing after HANQUYOU and HANSIZHUANG. A subsidiary of Fosun Pharma was responsible for the domestic commercial sale of HANLIKANG. During FY2023, the Group recorded sales revenue of approximately RMB518.6 million attributable to HANLIKANG, and licensing income of approximately RMB21.9 million attributable to HANLIKANG under the profit-sharing arrangement with the Group's partners. During 6M2024, the Group recorded sales revenue of approximately RMB227.0 million attributable to HANLIKANG, and licensing income of approximately RMB11.0 million attributable to HANLIKANG under the profit-sharing arrangement with the Group's partners.
- (d) HANDAYUAN (adalimumab injection) is the Group's third product marketed in Mainland China and has been approved for all eight indications of originator adalimumab for domestic marketing, including rheumatoid arthritis, ankylosing spondylitis, psoriasis, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis, Crohn's disease and pediatric Crohn's disease. It is commercially available in the domestic market in Mainland China since 2020. A subsidiary of Fosun Pharma was responsible for the domestic commercial sale of HANDAYUAN. During FY2023, the Group recorded sales revenue of approximately RMB58.6 million attributable to HANDAYUAN under the profit-sharing arrangement with the Group's partners. During 6M2024, the Group recorded sales revenue of approximately RMB13.6 million attributable to HANDAYUAN under the profit-sharing arrangement with the Group's partners.
- (e) HANBEITAI (bevacizumab injection) is the fourth biosimilar product of the Group approved for marketing in Mainland China and commercialised by the Group's in-house team. It is commercially available in the domestic market since 2023 and mainly used for the treatment of metastatic colorectal cancer, advanced, metastatic or recurrent non-small cell lung cancer, recurrent glioblastoma, cervical cancer, as well as indications of epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer. As at 30

LETTER FROM RAINBOW CAPITAL

June 2024, HANBEITAI has fully covered the provinces adopting dual-channel medical insurance payment and successfully advanced towards the established commercialisation goals. During FY2023, the Group recorded sales revenue of approximately RMB119.4 million attributable to HANBEITAI. During 6M2024, the Group recorded sales revenue of approximately RMB86.7 million attributable to HANBEITAI.

(ii) *Research and development services*

For FY2022, FY2023 and 6M2024, the Group's revenue from research and development services accounted for approximately 10.1%, 13.0% and 9.1% of its total revenue, respectively.

Since its establishment, the Group has adhered to an international vision and focused on clinical needs. While deepening the differentiated innovation strategy, the Group has gradually established an international standard quality control system and accumulated extensive experience in international registration in large-scale international multi-centre phase 3 clinical trials. With the continuous implementation of the internationalization and innovation strategy, the Group's influence in the international market is growing, the number and overall amount of licensed-out projects are constantly expanding.

For FY2023, the Group's revenue from research and development services primarily generated from (a) its co-development and commercialisation agreement entered with PT Kalbe Genexine Biologics in September 2019 in relation to HANSIZHUANG; (b) its co-development and exclusive license agreement entered with Essex Bio-Investment Limited and Zhuhai Essex Bio-Pharmaceutical Co., Ltd.* (珠海億勝生物製藥有限公司) in October 2020 in relation to HLX04-O (recombinant humanised anti-VEGF monoclonal antibody injection); (c) its license and supply agreement entered with Organon LLC in June 2022 with respect to the exclusive right to commercialise HLX11 (recombinant anti-HER2 domain II humanised monoclonal antibody injection) and HLX14 (recombinant anti-RANKL human monoclonal antibody injection) worldwide except for China; (d) its license agreement entered with Fosun Pharma Industrial Development in November 2022 with respect to the exclusive commercialisation of HANSIZHUANG in the United States; (e) its technical service contract entered with Shanghai Zhenge Biotech Co., Ltd.* (上海臻格生物技術有限公司) in February 2022 in relation to the study and production of freeze-dried formulation at investigational new drug stage, an antibody drug under development; (f) a technical service contract entered with Shanghai KangaBio Co., Ltd. in September 2022 in relation to CMC services such as cell library construction and toxicology research for an innovative drug being developed by it; (g) a clinical trial research services agreement entered with Henan Genuine Biotech Co., Ltd.* (河南真實生物科技有限公司) and Fosun Pharma Industrial Development in November 2022 in relation to the provision of clinical trial research services; and (h) a CMC technical services framework agreement with Fosun Pharma Industrial Development in June 2023.

For 6M2024, the Group's revenue from research and development services primarily generated from (a) its license and supply agreement with Organon LLC in relation to HLX11 and HLX14; (b) its license agreement with Fosun Pharma Industrial Development in November 2022 with respect to the exclusive commercialisation of HANSIZHUANG in the United States; and (c) CMC service.

(iii) *Licensing revenue*

For FY2022, FY2023 and 6M2024, the Group's licensing revenue accounted for approximately 6.6%, 2.6% and 0.5% of its total revenue, respectively.

For FY2023, the Group's licensing revenue primarily represented the licensing fee received from (a) the profit-sharing arrangement with Fosun Pharma with respect to HANLIKANG; (b) its license arrangement with Accord Healthcare Limited entered in June 2018 with respect to the exclusive commercialisation rights of HANQUYOU in special territories; and (c) its license agreement entered with Intas Pharmaceuticals Limited in October 2023 with respect to the exclusive developing and commercial rights of HANSIZHUANG in special territories.

For 6M2024, the Group's licensing revenue primarily represented the licensing fee received from (a) the profit-sharing arrangement with Fosun Pharma with respect to HANLIKANG; and (b) its license arrangement with Accord Healthcare Limited entered in June 2018 with respect to the exclusive commercialisation rights of HANQUYOU in special territories

2. **Financial information of the Group**

The Group recorded qualified opinion for FY2022. As stated in independent auditor's report issued by the Group's reporting accountants Ernst & Young ("EY") contained in the 2022 Annual Report, on 25 September 2019, the Company entered into an investment management agreement (the "IMA") with AMTD Global Markets Limited ("AMTD", now renamed as oOo Securities (HK) Group Limited). Pursuant to the IMA, the Company deposited a total principal amount of USD117,000,000 into its investment portfolio account with AMTD (the "AMTD Account") and engaged AMTD to provide investment management services. As at 31 December 2021, the outstanding balance in the AMTD Account amounted to USD86,360,000 (equivalent to RMB550,610,000) and was recorded in restricted cash and bank balances and the provision was recorded in other payables and accruals. The management of the Company represented that during FY2022, the Company entered into notes purchase agreements to purchase promissory notes issued by three private entities (collectively, the "Notes") with the total principal amounts of USD86,360,000 (equivalent to RMB550,610,000) through the AMTD Account, which was recorded in financial assets at fair value through profit or loss. The Company has engaged an independent valuer to assess the fair value of the Notes and concluded that the fair value of the Notes as at 31 December 2022 was USD23,000,000 (equivalent to RMB160,186,000) giving rise to a total fair value loss of RMB390,424,000. The management of the Company has provided EY with the AMTD Account statement as at 31 December 2022 obtained from AMTD. However, the management of the Company were unable to provide EY with the signed notes purchase agreements or other adequate evidence to support the existence and valuation of the Notes. EY was not able to obtain the necessary corroborative evidence from the counterparties of the Notes neither. Because of the above scope limitations, and there were no alternative audit procedures that EY could perform, EY issued a qualified opinion in relation to the Group's transactions with AMTD for FY2022. Except for the effects of the matters described above, the EY considered that the consolidated financial statements of the Group for FY2022 gave a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated

LETTER FROM RAINBOW CAPITAL

financial performance and its consolidated cash flows for FY2022 in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

As stated in the 2023 Annual Report, as at 31 December 2023, the outstanding balances of the investment principal in AMTD Account amounted to USD66,360,000 (equivalent to RMB470,015,000). The Company has assessed the expected credit losses based on all the facts and available information, including historical correspondence with AMTD and relevant analysis from the external legal counsel of the Company, etc. As at 31 December 2022, a total expected credit loss amounting to USD63,360,000 (equivalent to RMB441,284,000) was provided in connection with the amount due from AMTD which was reclassified from the total fair value losses on the financial assets at fair value through profit or loss recognised in the previous year. For FY2023, an additional expected credit loss amounting to USD3,000,000 (equivalent to RMB21,249,000) was further recognised. As at 31 December 2023, the total cumulative expected credit losses amounted to USD66,360,000 (equivalent to RMB470,015,000) was fully provided in connection with the amount due from AMTD. In relation to this, certain amounts have been reclassified in the 2023 Annual Report, including (i) in the consolidated statement of financial position as at 31 December 2022, the financial assets at fair value through profit or loss amounting to RMB160,186,000 as at 31 December 2022 were reclassified to prepayments, deposits and other receivables, representing an amount due from AMTD amounting to RMB601,470,000, net of impairment allowance for the expected credit loss in connection with due from AMTD amounting to RMB441,284,000; (ii) in the consolidated statement of profit and loss for FY2022, a loss on fair value adjustment of financial assets at fair value through profit or loss of RMB199,153,000 recorded in other expenses were reclassified to impairment losses on financial assets; and (iii) in the consolidated statement of cash flow for FY2022, “Changes in restricted cash for investments” amounting to RMB550,610,000 were reclassified to “Purchase of investment measured at fair value through profit or loss” amounting to RMB550,610,000. For comparison purpose, the restated financial performance for FY2022 will be used to compare the financial performance for FY2023 in this section.

LETTER FROM RAINBOW CAPITAL

Set out in the table below is a summary of the consolidated financial performance of the Group for the two years ended 31 December 2023, as extracted from the 2023 Annual Report; and the six months ended 30 June 2023 (“6M2023”) and 2024, as extracted from the 2024 Interim Report:

(i) *Financial performance*

	FY2022 <i>RMB'000</i> (audited) (restated)	FY2023 <i>RMB'000</i> (audited)	6M2023 <i>RMB'000</i> (unaudited)	6M2024 <i>RMB'000</i> (unaudited)
Revenue	3,214,730	5,394,909	2,500,470	2,746,109
— Sales of biopharmaceutical products	2,675,372	4,553,548	2,152,901	2,479,351
— Research and development services	325,484	698,906	331,452	251,014
— Licensing revenue	211,016	138,953	14,037	14,258
— Others	928	782	746	85
— Gross rental income from operating leases	1,930	2,720	1,334	1,401
Cost of sales	(844,621)	(1,476,112)	(721,638)	(755,414)
Gross profit	2,370,109	3,918,797	1,778,832	1,990,695
Other income and gains	105,552	68,914	26,837	24,739
Selling and distribution expenses	(1,049,292)	(1,754,241)	(782,954)	(900,217)
Administrative expenses	(354,038)	(383,840)	(163,708)	(159,949)
Impairment losses on financial assets, net	(200,791)	(30,280)	(729)	—
Research and development expenses	(1,394,514)	(1,118,732)	(547,828)	(482,466)
Other expenses	(65,241)	(20,501)	(12,430)	(14,288)
Finance costs	(105,672)	(110,539)	(54,084)	(62,796)
(Loss)/Profit before tax	(693,887)	569,578	243,936	395,718
Income tax expense	(1,372)	(23,559)	(3,956)	(9,417)
(Loss)/Profit attributable to the Shareholders	(695,259)	546,019	239,980	386,301

LETTER FROM RAINBOW CAPITAL

FY2023 as compared to FY2022

The total revenue of the Group amounted to approximately RMB5,394.9 million for FY2023, representing an increase of approximately 67.8% as compared to the total revenue of approximately RMB3,214.7 million for FY2022. Such increase was primarily attributable to (a) the increase in revenue from sales of biopharmaceutical products by approximately 70.2% from approximately RMB2,675.4 million for FY2022 to approximately RMB4,553.5 million for FY2023. With the professional and efficient commercialisation team actively promoting the all-round innovative business operation model, the Group has achieved excellent commercialisation results during FY2023. In particular, HANQUYOU and HANSIZHUANG, the two core products of the Group in the field of anti-tumour therapy that were promoted and sold by the Group's in-house commercialisation team in Mainland China, have achieved rapid revenue growth by approximately 56.1% and 230.2% for FY2023, respectively, as compared to FY2022. In addition, HANBEITAI was commercially available in the domestic market in Mainland China since January 2023, and recorded substantial sales revenue during FY2023; and (b) the increase in revenue from the provision of research and development services by approximately 114.7% from approximately RMB325.5 million for FY2022 to approximately RMB698.9 million for FY2023. With the continuous implementation of the internationalisation and innovation strategy, the Group's influence in the international market was growing, and the number and overall amount of licensed-out projects were constantly expanding. During FY2023, the Group also carried out business cooperation with many partners around the world based on various projects, including intellectual property licensing, joint development, commercial authorisation, etc.

The Group's cost of sales mainly represented reagents and consumables, employee compensation, outsourcing fees, utilities expenses and depreciation and amortisation. The Group's cost of sales increased by approximately 74.8% from approximately RMB844.6 million for FY2022 to approximately RMB1,476.1 million for FY2023, primarily attributable to the increase in the cost of research and development services and the increase of the sales volume of the key commercial product markets during FY2023 as the continuous advancement of research and development services.

The Group's selling and distribution expenses increased by approximately 67.2% from approximately RMB1,049.3 million for FY2022 to approximately RMB1,754.2 million for FY2023, primarily attributable to the enhanced sales efforts made by the Group for the sales growth of HANQUYOU, HANSIZHUANG and HANBEITAI.

The Group's administrative expenses increased by approximately 8.4% from approximately RMB354.0 million for FY2022 to approximately RMB383.8 million for FY2023, primarily attributable to (a) the increase in the cost of the administrative staff with the expansion of the operations and development of the Group; and (b) the corresponding increase in depreciation costs, lease payments, travel expenses and conference expenses to improve operational efficiency.

LETTER FROM RAINBOW CAPITAL

The Group's net impairment losses on financial assets decreased by approximately 84.9% from approximately RMB200.8 million for FY2022 to approximately RMB30.3 million for FY2023, primarily attributable to the decrease in the investment loss related to the entrusted investment management services by AMTD as the majority of loss was provided in FY2022.

The Group's expensed research and development expenses decreased by approximately 19.8% from approximately RMB1,394.5 million for FY2022 to approximately RMB1,118.7 million for FY2023, primarily attributable to (a) the development expenditures under the contracts being included in cost of research and development services after certain projects were licensed out, thereby reducing the Group's own research and development expenses; and (b) the Group continuing to deploy scientific and efficient research and development strategy, focusing on unmet clinical needs and optimising allocation of pipeline resources.

Owing to the factors as mentioned above, the Group recorded a turnaround from loss attributable to the Shareholders of approximately RMB695.3 million for FY2022 to profit attributable to the Shareholders of approximately RMB546.0 million for FY2023.

6M2024 as compared to 6M2023

The total revenue of the Group amounted to approximately RMB2,746.1 million for 6M2024, representing an increase of approximately 9.8% as compared to the total revenue of approximately RMB2,500.5 million for 6M2023. Such increase was primarily attributable to the increase in revenue from sales of biopharmaceutical products by approximately 15.2% from approximately RMB2,152.9 million for 6M2023 to approximately RMB2,479.4 million for 6M2024 as a result of the enhanced sales efforts made by the Group's in-house commercialisation team in Mainland China for the promotion and sale of HANQUYOU and HANSIZHUANG.

The Group's cost of sales increased by approximately 4.7% from approximately RMB721.6 million for 6M2023 to approximately RMB755.4 million for 6M2024, primarily attributable to the increase in the sales volume of the Group's key commercial products.

The Group's selling and distribution expenses increased by approximately 15.0% from approximately RMB783.0 million for 6M2023 to approximately RMB900.2 million for 6M2024, primarily attributable to the continuous sales growth of HANQUYOU and HANSIZHUANG and the marketing expenses incurred in the marketing and selling of HANBEITAI.

The Group's administrative expenses decreased slightly by approximately 2.3% from approximately RMB163.7 million for 6M2023 to approximately RMB159.9 million for 6M2024, primarily attributable to the Group's overall cost reduction and efficiency improvement, as well as the decrease in third-party consulting expense.

LETTER FROM RAINBOW CAPITAL

The Group's expensed research and development expenses decreased by approximately 11.9% from approximately RMB547.8 million for 6M2023 to approximately RMB482.5 million for 6M2024, primarily attributable to advancing technology platform innovation, IND application and clinical trials for new drugs to accelerate the Company's innovation and transformation.

The Group's finance costs increased by approximately 16.1% from approximately RMB54.1 million for 6M2023 to approximately RMB62.8 million for 6M2024, primarily attributable to the increase in the Group's interest-bearing bank and other borrowings.

Owing to the factors as mentioned above, the Group recorded an increase in profit attributable to the Shareholders by approximately 61.0% from approximately RMB240.0 million for 6M2023 to approximately RMB386.3 million for 6M2024.

(ii) *Financial position*

	As at 31 December			As at
	2022	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)
	(un-restated)	(restated)		
Non-current assets	6,732,766	6,732,766	7,227,539	7,583,198
Property, plant and equipment	1,817,449	1,817,449	2,237,768	2,319,676
Intangible assets	4,332,283	4,332,283	4,510,729	4,819,859
Right-of-use assets	412,422	412,422	414,886	397,258
Other non-current assets	170,612	170,612	64,156	46,405
Current assets	2,191,542	2,191,542	2,676,032	2,396,562
Inventories	757,312	757,312	757,359	783,331
Trade receivables	455,509	455,509	647,828	744,101
Financial assets at fair value through profit or loss	160,186	—	—	—
Prepayments, deposits and other receivables	138,057	298,243	200,761	174,921
Contract assets	—	—	82,419	44,760
Cash and bank balances	680,478	680,478	987,665	649,449
Total assets	8,924,308	8,924,308	9,903,571	9,979,760

LETTER FROM RAINBOW CAPITAL

	As at 31 December			As at 30 June
	2022	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)
	(un-restated)	(restated)		
Current liabilities	5,001,578	5,001,578	5,067,433	4,902,950
Trade payables	713,552	713,552	544,815	617,145
Other payables and accruals	1,443,451	1,443,451	1,255,363	1,066,707
Contract liabilities	322,420	322,420	466,878	381,380
Interest-bearing bank and other borrowings	2,522,155	2,522,155	2,800,377	2,837,718
Non-current liabilities	2,286,398	2,286,398	2,643,837	2,498,553
Interest-bearing bank and other borrowings	1,154,940	1,154,940	1,292,674	1,216,371
Other long-term payables	292,370	292,370	172,071	72,801
Contract liabilities	645,594	645,594	949,044	982,201
Deferred income	193,494	193,494	230,048	227,180
Total liabilities	7,287,976	7,287,976	7,711,270	7,401,503
Net current liabilities	(2,810,036)	(2,810,036)	(2,391,401)	(2,506,388)
Equity attributable to the Shareholders	1,636,332	1,636,332	2,192,301	2,578,257

As at 30 June 2024, the total assets of the Group amounted to approximately RMB9,979.8 million, which primarily consisted of property, plant and equipment of approximately RMB2,319.7 million, mainly comprised of the Group's buildings, plant and machinery and construction in progress relating to the Group's biologics manufacturing facilities in Shanghai as well as equipment for its research and development functions. In order to satisfy the expected market demand for drug candidates, the Group is currently constructing a new manufacturing facility in Shanghai, the Henlius Biotech Biopharmaceutical Industrialization Base II (the "Songjiang Second Plant"), to significantly increase its overall production capacity. During FY2023, the construction of the Songjiang Second Plant's phase I project was completed and transferred to buildings. As at 30 June 2024, the remaining assets of the Group mainly consisted of (a) intangible assets of approximately RMB4,819.9 million; (b) inventories of approximately RMB783.3 million; (c) trade receivables of approximately RMB744.1 million; and (d) cash and bank balances of approximately RMB649.4 million.

LETTER FROM RAINBOW CAPITAL

As at 30 June 2024, the total liabilities of the Group amounted to approximately RMB7,401.5 million, primarily consisted of (a) trade payables of approximately RMB617.1 million; (b) other payables and accruals of approximately RMB1,066.7 million, mainly including payrolls and welfare payables and accruals; (c) interest-bearing bank and other borrowings of approximately RMB4,054.1 million, including (1) lease liabilities of approximately RMB263.5 million with effective interest rates from approximately 3.53% to 6.28% per annum; (2) unsecured bank borrowings of approximately RMB2,634.4 million with effective interest rates from approximately 2.80% to 3.95% per annum; and (3) secured bank borrowings of approximately RMB1,156.2 million which carried an effective interest rate of approximately 3.53% per annum and were secured by the Group's right-of-use assets and property, plant and equipment; and (d) contract liabilities of approximately RMB1,363.6 million, representing the advances received from customers in relation to sales of goods as well as the license and research and development services.

As at 30 June 2024, the Group had equity attributable to the Shareholders of approximately RMB2,578.3 million and net current liabilities of approximately RMB2,506.4 million. As disclosed in the 2024 Interim Report, the Group was indebted moderately with gearing ratio of approximately 59.2% as at 30 June 2024.

(iii) Prospects of the Group

As part of its commitment to provide affordable and high-quality biomedicines for patients worldwide, the Group has been dedicated to the continuous improvement of the establishment and layout of the integrated platform of research and development, production and commercialisation since its IPO in September 2019. Leveraging on the foresighted research and development strategy and commercialisation layout, the Group has achieved steady revenue growth for the years/periods under review and recorded full-year net profit for the first time for FY2023.

Despite the continuous business growth, the Group's debt level (i.e. the balance of interest-bearing bank and other borrowings) has increased from approximately RMB3,677.1 million as at 31 December 2022 to approximately RMB4,054.1 million as at 30 June 2024. The increase was mainly due to the substantial capital requirements for (a) progressing the development of the Group's product candidates towards receiving regulatory approval and commencing product commercialisation; (b) expanding the Group's drug candidate portfolio; and (c) constructing new manufacturing facility in Shanghai, the Songjiang Second Plant. In the meantime, the Group's net current liabilities position has also maintained at a high level of approximately RMB2,810.0 million, RMB2,391.4 million and RMB2,506.4 million as at 31 December 2022, 31 December 2023 and 30 June 2024, respectively.

Although the Chinese biopharma market has been dramatically developing in recent years, there are myriads of challenges confronting the industry. Currently, certain monoclonal antibody (mAb) biosimilars (e.g. rituximab) have already been included in the scope of centralised drug procurement at some provincial levels, but no mAb biosimilars have been included at national level. As advised by the management of the Group, in March 2022, HANLIKANG's price was reduced in the provincial centralised procurement in Guangdong Province, the PRC and became the first monoclonal antibody biosimilar drug involved in the provincial centralized procurement in China.

LETTER FROM RAINBOW CAPITAL

The trend of normalisation of volume-based procurement can largely reduce the financial burden of patients. However, if any of the Group's products or products from the Group's competitors were chosen to participate in tenders or included in centralised volume-based procurement, it may have a negative impact on the pricing of the drugs. In addition, the gradual approval of the competitive biosimilars has intensified the market competition among the Chinese biopharmaceutical companies since 2020, which may dilute the market share of the commercialised products of the Group.

In macro-economic terms, in recent years, the shadow of inflationary pressures, interest rate hikes in an environment already burdened by mounting international geopolitical tensions and military conflicts have presented, and are expected to continue to present, formidable challenges to the Group's business in the near term. The International Monetary Fund projected that the Chinese economic growth would drop to 4.6% in 2024, down from its 5.2% growth in 2023, and fall further to 3.4% by 2028. Such expected economic decline over the next four years was mainly driven by the rapidly ageing population, increasing unemployment and liquidity concerns in the domestic property sector. A globally high inflation and high interest rate environment as well as foreign exchange volatility in the near term can potentially add to the cost of goods sold of the Group's commercialised products and further erode the Group's gross profit margin.

In light of the challenging environment, as advised by the management of the Group, the Group aims to continue to explore new targets and mechanisms and conduct a series of clinical studies worldwide to diversify the product portfolio into new disease fields, which may not bring in immediate return in the short term. Besides, the Group anticipates to increase efforts on commercialisation of new products for the next few years in order to expand the sales and extend its market reach to cover more countries and regions. As advised by the management of the Group, the Group will continue to devote itself to oncology, auto-immune diseases and other fields, and deepen product innovation, market expansion and international cooperation through the following business strategies: (a) the Group will explore more business cooperation possibilities, further expand the commercialised product pipeline, enrich the overall business format of the Group and establish presence in the international market; (b) the Group will continue to leverage international resources and advantages to explore cutting-edge innovative products with clinical value, and deepen the early research and development results; and (c) the Group will promote the construction and operation of the Songjiang Second Plant as soon as possible, which is conducive to further strengthening the Group's research and development capabilities. As such, it is anticipated that constant capital commitment of substantial investments and spending would be required on the Group's product development, commercialisation activities and manufacturing facilities construction, which may negatively impact the Group's financial position and bring volatility to the Group's financial performance in the near term. It is also noted that commercial success was not guaranteed for all product development and sometimes products in the research and development portfolio and the newly commercialised products would encounter unanticipated set-backs during the process.

Taking into account the existing economic and business environment and the aforementioned circumstances, we are of the view that the near-term business prospects of the Group would be generally cautiously optimistic but with uncertainty in its overall future prospects.

3. Information on the Offeror and the future intention of the Offeror

The Offeror is a company incorporated in the PRC with limited liability on 12 September 2008. The business scope of the Offeror as set out in the business registration certificate including, *inter alia*, technology development, technology consulting, technology services and technology transfer of biomedicines, research and development of new medicines, and investment. As at the Latest Practicable Date, the 265,971,569 Unlisted Shares in the Company held by it was its sole asset and the Offeror has no other businesses. It has on 23 July 2024 effected a change in registration in the PRC and was converted into a joint stock limited company.

As at the Latest Practicable Date, the Offeror is wholly owned by Fosun Pharma Industrial Development, which in turn is wholly-owned by Fosun Pharma. Fosun Pharma Industrial Development is principally engaged in industrial investments, medical industry investments, import and export of goods and technologies. The Fosun Pharma Group is a leading healthcare group in the PRC and principally engages in the businesses of pharmaceutical manufacturing, medical devices and medical diagnosis, healthcare services and pharmaceutical distribution and retail.

The Offeror and the Offeror Concert Parties will not be considered as the Independent H Shareholders under the Takeovers Code and accordingly, they will not be entitled to vote at the H Shareholders' Class Meeting.

As disclosed in the Letter from the Board, it is the intention of the Offeror that the Group will continue to carry on its current principal business, and the Offeror does not have specific plans to make any major changes to the business of the Group, following the successful delisting of the Company. As at the Latest Practicable Date, there is no plan to list the Company in the PRC or on any other overseas stock exchange. The Offeror also does not have plans to make redundancies or material changes to the number of employees of the Group.

After completion of the Merger, the Offeror will continue to consider business decisions which best enhance shareholders' value in the long term. The Offeror is also committed to actively working with any Shareholder acquiring Rollover Securities through the Share Alternative to facilitate liquidity proposals for the shares in the Rollover Entities and/or the Offeror, as the case may be. Trade sales and capital market opportunities for such unlisted companies would be seriously considered and proactively facilitated as and when such opportunities arise.

The payment of the total Cancellation Price for the Merger will be financed by internal cash resources and/or external debt financing including loan facilities respectively entered into between the Offeror/Lustrous Star Limited (which is indirectly wholly owned by Fosun Pharma) and China Merchants Bank Co., Ltd. Shanghai Branch.

4. Reasons for and benefits of the Merger

As mentioned in the section headed "2. Financial information of the Group" above, despite the continuous sales growth and the realisation of net profits in recent periods, the Group has maintained a high net current liabilities position of approximately RMB2,810.0 million,

LETTER FROM RAINBOW CAPITAL

RMB2,391.4 million and RMB2,506.4 million as at 31 December 2022, 31 December 2023 and 30 June 2024, respectively. In order to finance the capital requirements of the Group's product development, commercialisation activities, and new manufacturing facilities construction, the Group has increased its interest-bearing bank and other borrowings from approximately RMB3,677.1 million as at 31 December 2022 to approximately RMB4,054.1 million as at 30 June 2024. While the Group did not carry out any equity fund raising activities since the IPO in 2019, as the H Shares have been traded within a relatively low-price range with sluggish trading volume for the most of the time, the Company's ability to raise funds from the equity market is significantly limited. As further investments and capital expenditures are anticipated to be required on the Group's research and development as well as marketing and commercialisation activities in the coming years, these may adversely impact the Group's financial position and bring volatility to the Group's financial performance in the short run.

Although (i) the Group has achieved a steady development since its IPO in 2019; (ii) the Company recorded net profit for the first time for FY2023; and (iii) the Group's commercialisation, product development and research and development expansion plans just began to embark in recent years, the Independent H Shareholders should be aware that (i) the economic and business environment remains uncertain and challenging for the Group; (ii) the trial outcome of the Group's clinical-stage product candidates are uncertain and the regulatory approval processes relating to the marketing of the Group's drug candidates could be lengthy, time-consuming and subject to significant risks; (iii) significant marketing and research and development costs are expected to be incurred which may further increase the Company's debt burden and affect its financial position; and (iv) even if the clinical trials of the Group's clinical-stage product candidates are successful, such successful clinical trials will not guarantee commercial success and may not translate into profits of the Company.

It is also noted that since the IPO in 2019, a combination of factors has weighed on the capital market in Hong Kong and the Company's share price, including global macroeconomic challenges such as geopolitical tensions, lack of investor confidence, as well as ongoing regulatory reform, which have caused the H Shares to be traded at a low-price range during the most of the time since the IPO. Furthermore, the Hang Seng Healthcare Index has declined by approximately 30.10% during the 12-month period immediately prior to and including the last trading day prior to the Second Joint Announcement. In light of the above, as set out in the Letter from the Board, the Cash Alternative represents an opportunity for the Independent H Shareholders to monetise their investments in the Company under a challenging capital market environment. The Cancellation Price under the Cash Alternative represents significant premiums in the range of approximately 30.57% to approximately 81.42% for various periods in the 180 trading days up to and including the last trading day prior to the Initial Joint Announcement Date (the **"Initial Last Trading Date"**, i.e. 22 May 2024), as set out in the sub-section headed "5. Cash Alternative — (i) Cancellation Price comparison" below. From the Independent H Shareholders' perspective, the Cash Alternative provides an opportunity for the Independent H Shareholders to dispose of their H Shares for cash at a significant premium over the prevailing market prices of the H Shares without having to suffer any illiquidity discount and settlement risk, and may redeploy the proceeds from accepting the Merger into other investment opportunities.

LETTER FROM RAINBOW CAPITAL

The trading liquidity of the H Shares has been at a low level over a long period of time. As disclosed in the Letter from the Board, the average daily trading volume of the Shares for the 24 months up to and including the Initial Last Trading Date was approximately 0.18 million Shares per day, representing only approximately 0.11% of the issued H Shares as at the date of the Second Joint Announcement. Given the thin liquidity of the H Shares as mentioned above and our analyses set out in the sub-section headed “5. Cash Alternative — (iii) Historical trading liquidity of the H Shares” below, we concur with the Directors that the Cash Alternative allows the Independent H Shareholders to dispose of their H Shares, particularly for those Independent H Shareholders holding a significant number of the H Shares, without having to suffer significant illiquidity discount or adversely affecting the market prices of the H Shares.

On the other hand, from the Company’s perspective, the Company will lose its listing platform and reduces its equity financing capabilities. Nevertheless, we have reviewed the announcements published by the Company and noted that the Company has not carried out any equity fundraising activities since the IPO. As the H Shares have been traded within a low-price range with sluggish trading volume for the most of the time, it may not be in the interests of the Company to carry out equity fundraising activities which would dilute the shareholdings with low issue prices, indicating an apparent limitation in its ability to raise funds from the stock market. Upon the completion of the Merger, the H Shares will be delisted from the Stock Exchange, which may help the Company save the administrative costs and management resources associated with maintaining the Company’s listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Group to manage the Group’s business and focus on its strategic direction and business operations. With reference to the Letter from the Board, the Offeror considers that the depressed share price has not fully reflected the Company’s core value as a global biopharmaceutical company with a diversified and high-quality product pipeline, which might be detrimental to its business focus as well as its employee morale. The Merger will help the Offeror and the Group to concentrate on solving critical issues in relation to the core business and operations, free from distractions brought by share price fluctuations. In addition, following the implementation of the Merger, Fosun Pharma Group, as a global innovation-driven pharmaceutical and healthcare industry group, shall be more efficiently and feasibly to provide greater support to the long-term development of the Group.

In addition to the Cash Alternative, the Merger provides the Independent H Shareholders who are also Qualifying Shareholders (the “**Qualifying Independent H Shareholders**”) and have confidence in the long-term development of the Company, through the election of the Share Alternative, with an opportunity to remain invested (subject to the Share Alternative Cap) and participated in the Company’s biopharmaceutical business, subject to the risk factors as disclosed in the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE — Risk factors” in the Letter from the Board. For our detailed analysis of the Share Alternative, please refer to the section headed “6. Share Alternative” below.

Based on the aforesaid, we consider that the Merger (i) through the Cash Alternative, provides an opportunity for the Independent H Shareholders to dispose of their H Shares at a price significantly above the market prices prior to the issue of the Initial Joint Announcement, without

having to suffer any illiquidity discount and settlement risk; (ii) through the Share Alternative, provides an opportunity for the Qualifying Independent H Shareholders who have confidence in the long-term development of the Company to remain invested in the Company; (iii) upon its realisation, will allow the Group to focus its resources in formulating long-term growth strategies and executing its strategies more efficiently and effectively as a private entity, without being subject to regulatory restrictions, compliance obligations, pressure of market expectations and share price fluctuations arising from being a publicly listed company; and (iv) will not materially impact the financing abilities of the Group given the Group's current ability to raise funds from the public equity market is limited and the Fosun Pharma Group would be able to support the Group more efficiently.

5. Cash Alternative

Under the Merger, the Independent H Shareholders can undertake to elect the Cash Alternative at the Cancellation Price of HK\$24.60 per H Share. In order to assess the fairness and reasonableness of the Cancellation Price under the Cash Alternative, we have considered the following principal factors:

(i) Cancellation Price comparison

The Cancellation Price of HK\$24.60 per H Share represents:

- (a) a premium of approximately 2.93% over the closing price per H Share of HK\$23.90 on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 36.67% over the closing price per H Share of HK\$18.00 on the Stock Exchange on the Undisturbed Date;
- (c) a premium of approximately 37.28% over the average closing price of HK\$17.92 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Undisturbed Date;
- (d) a premium of approximately 40.01% over the average closing price of HK\$17.57 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Undisturbed Date;
- (e) a premium of approximately 52.04% over the average closing price of HK\$16.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Undisturbed Date;
- (f) a premium of approximately 63.13% over the average closing price of HK\$15.08 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Undisturbed Date;

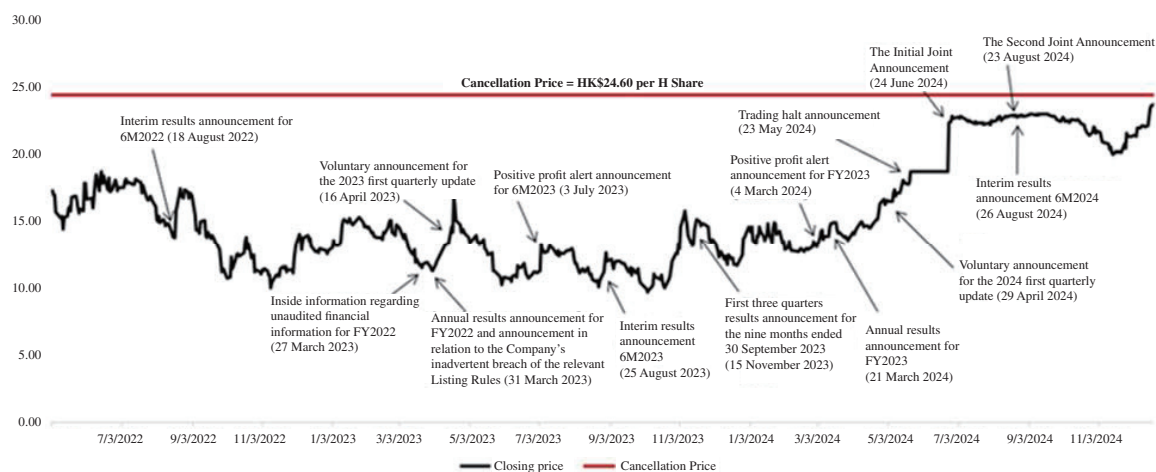
LETTER FROM RAINBOW CAPITAL

- (g) a premium of approximately 82.09% over the average closing price of HK\$13.51 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Undisturbed Date;
- (h) a premium of approximately 30.57% over the closing price per H Share of HK\$18.84 on the Stock Exchange on the Initial Last Trading Date and on the last business day before the Initial Joint Announcement Date (i.e. 21 June 2024);
- (i) a premium of approximately 35.31% over the average closing price of HK\$18.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Initial Last Trading Date;
- (j) a premium of approximately 38.75% over the average closing price of HK\$17.73 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Initial Last Trading Date;
- (k) a premium of approximately 50.83% over the average closing price of HK\$16.31 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Initial Last Trading Date;
- (l) a premium of approximately 62.06% over the average closing price of HK\$15.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Initial Last Trading Date;
- (m) a premium of approximately 81.42% over the average closing price of HK\$13.56 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Initial Last Trading Date;
- (n) a premium of approximately 6.72% over the closing price per H Share of HK\$23.05 on the Stock Exchange on the last trading date prior to the Second Joint Announcement Date (i.e. 22 August 2024);
- (o) a premium of approximately 456.43% over the audited consolidated net asset value of the Company as at 31 December 2023 of approximately RMB4.03 per Share (equivalent to approximately HK\$4.42 per Share); and
- (p) a premium of approximately 373.08% over the unaudited consolidated net asset value of the Company as at 30 June 2024 of approximately RMB4.74 per Share (equivalent to approximately HK\$5.20 per Share).

LETTER FROM RAINBOW CAPITAL

(ii) *Historical price performance of the H Shares*

Set out below is the chart showing the movement of the daily closing prices of the H Shares as quoted on the Stock Exchange during the period from 3 May 2022 up to the Initial Last Trading Date (the “**Review Period**”), being approximately two years period, and up to the Latest Practicable Date. We consider such Review Period to be fair, reasonable and representative as we consider it a sufficient period to illustrate the general trend and level of movement of the daily closing prices of the H Shares for the purpose of this analysis, which reflects the prevailing market sentiment for conducting a comparison between the closing prices of the H Shares and the Cancellation Price.



Source: the website of the Stock Exchange and Bloomberg

As illustrated in the chart above, during the Review Period, the H Shares traded at an average of approximately HK\$13.72, with the highest and lowest closing prices of the H Shares, being HK\$18.84 recorded on 22 May 2024 (i.e. the Initial Last Trading Date) and HK\$9.70 recorded on 5 October 2023, respectively. The Cancellation Price of HK\$24.60 per H Share is higher than the historical closing prices of the H Shares throughout the entire Review Period and represents premiums of approximately 30.57%, 153.61% and 79.30% over the highest closing price, the lowest closing price and the average closing prices of the H Shares during the Review Period, respectively.

LETTER FROM RAINBOW CAPITAL

The closing prices of the H Shares fluctuated between HK\$13.86 per H Share and HK\$18.80 per H Share during the period from 3 May 2022 to 18 August 2022 and closed at HK\$13.90 per H Share on 18 August 2022. On 18 August 2022, the Company published the interim results announcement for the six months ended 30 June 2022 (“**6M2022**”) and announced that the total revenue of the Group increased by approximately 103.5% from approximately RMB633.6 million for the six months ended 30 June 2021 to approximately RMB1,289.4 million for 6M2022. It was noted that such increase in total revenue was primarily attributable to the significant increase in sales revenue of HANQUYOU by during 6M2022. Subsequent to the aforesaid announcement, the closing prices of the H Shares surged to HK\$17.52 on 23 August 2022 but soon entered a declining trend and dropped to HK\$10.02 per H Share on 10 November 2022. Thereafter, the closing prices of the H Shares fluctuated between HK\$10.22 per H Share and HK\$16.90 per H Share from 11 November 2022 to 3 July 2023.

On 3 July 2023, the Company published a positive profit alert announcement for 6M2023 and announced that based on the preliminary assessment of the Group’s unaudited consolidated management accounts for 6M2023, it was expected that the Group would record a profit of approximately RMB200 million for 6M2023, as compared to the loss of approximately RMB252.1 million for 6M2022, which was the first time for the Group to achieve half-year profits. Such turnaround from loss to profit of the Group during 6M2023 was primarily attributable to (a) the profitability of HANQUYOU has been enhanced during the period; (b) the sales revenue of HANSIZHUANG has continued to increase since its approval for marketing in March 2022; and (c) the Group continued to strengthen its meticulous management measures and achieved results in respect of cost control. Subsequent to the aforesaid announcement, the closing prices of the H Shares generally exhibited an upward trend from HK\$11.28 per H Share on 3 July 2023 and reached the highest closing price of HK\$18.84 per H Share on 22 May 2024 (i.e. the Initial Last Trading Date). Except for the aforesaid positive profit alert announcement, such general increasing trend in the closing prices of the H Shares may also be due to the Company’s publication of (a) the first three quarters results announcement for the nine months ended 30 September 2023 on 15 November 2023 which announced the increase in the Group’s total revenue by approximately 84.0% and the turnaround from loss to profit for the nine months ended 30 September 2023 as compared to the previous period in 2022; (b) the positive profit alert announcement and annual results announcement for FY2023 published on 4 March 2024 and 21 March 2024, respectively, which announced the Group’s turnaround from loss to profit for FY2023 as compared to FY2022, which was the first time for the Group to achieve full-year profits; and (c) the 2024 first quarterly update voluntary announcement published on 29 April 2024 which announced the Group’s promising operating income in the first quarter of 2024.

LETTER FROM RAINBOW CAPITAL

Trading in the H Shares was suspended with effect from 9:00 a.m. on 23 May 2024 pending the issue of the Initial Joint Announcement. Subsequent to the publication of the Initial Joint Announcement, the closing price of the H Shares surged to HK\$22.50 per H Share. During the period from the first trading day after the publication of the Initial Joint Announcement and up to the Latest Practicable Date (i.e. from 25 June 2024 to 20 December 2024) (the “**Post-Initial Joint Announcement Period**”), the closing prices of the H Shares had been trading below the Cancellation Price within a narrow band of between HK\$20.15 and HK\$23.9, which is significantly above the average closing H Shares price of approximately HK\$13.72 per H Share during the Review Period.

The closing prices of the H Shares during the Review Period might reflect the market perception and expectation on the Group’s financial performance (it is uncertain as to whether the H Shares prices will rise to a level above the Cancellation Price in the future) and the Cancellation Price is higher than the closing prices of the H Shares in all trading days during the entire Review Period. From the Independent H Shareholders’ perspective, the Cancellation Price represents an immediate uplift in the Shareholders’ value as compared to the recent H Shares prices. We are of the view that the aforesaid surge in the H Shares prices during the Post-Initial Joint Announcement Period was driven by the announcement of the Merger, in particular, the Cancellation Price of HK\$24.60 per H Share. However, the Independent H Shareholders should note that the H Shares were still traded below the Cancellation Price during the Post-Initial Joint Announcement Period and the prevailing H Shares prices may not be sustained if the Merger is not approved or otherwise lapses.

LETTER FROM RAINBOW CAPITAL

(iii) *Historical trading liquidity of the H Shares*

The following table sets out the average daily trading volume of the H Shares for each month or period and the percentages of such average daily trading volume to the total number of H Shares in issue and held by the public during the period from 3 May 2022 to the Latest Practicable Date:

		Approximate average daily trading volume of the H Shares	Approximate percentage of average daily trading volume to the total number of H Shares in issue	Approximate percentage of average daily trading volume to the total number of H Shares held by the public
	Number of trading days (Note 1)		(Note 2)	(Note 3)
2022				
May	20	133,589	0.0817%	0.1044%
June	21	62,401	0.0382%	0.0488%
July	20	33,726	0.0206%	0.0264%
August	23	62,954	0.0385%	0.0492%
September	21	35,910	0.0220%	0.0281%
October	20	128,187	0.0784%	0.1002%
November	22	242,178	0.1482%	0.1893%
December	20	87,676	0.0536%	0.0685%
2023				
January	18	136,646	0.0836%	0.1068%
February	20	98,823	0.0605%	0.0773%
March	23	72,068	0.0441%	0.0563%
April	17	293,729	0.1797%	0.2297%
May	21	79,617	0.0487%	0.0622%
June	21	62,094	0.0380%	0.0485%
July	20	165,995	0.1016%	0.1298%
August	23	223,882	0.1370%	0.1750%
September	19	361,108	0.2210%	0.2823%
October	20	300,554	0.1839%	0.2350%
November	22	470,480	0.2879%	0.3678%
December	19	198,034	0.1212%	0.1548%

LETTER FROM RAINBOW CAPITAL

		Approximate average daily trading volume of the H Shares	Approximate percentage of average daily trading volume to the total number of H Shares in issue	Approximate percentage of average daily trading volume to the total number of H Shares held by the public
	Number of trading days (Note 1)		(Note 2)	(Note 3)
2024				
January	22	228,970	0.1401%	0.1790%
February	19	129,918	0.0795%	0.1016%
March	20	179,505	0.1098%	0.1403%
April	20	363,310	0.2223%	0.2841%
May	14	606,011	0.3708%	0.4738%
June	4	5,894,916	3.6070%	4.6089%
July	22	713,266	0.4364%	0.5577%
August	22	310,102	0.1897%	0.2425%
September	19	386,430	0.2365%	0.3021%
October	21	209,749	0.1283%	0.1640%
November	21	204,006	0.1248%	0.1595%
From 1 December to the Latest Practicable Date	15	404,170	0.2473%	0.3160%

Source: the website of the Stock Exchange and Bloomberg

Notes:

1. Number of trading days of the H Shares represents number of trading days during the month or period which excludes any trading day on which trading of the H Shares on the Stock Exchange was suspended for the whole trading day (if applicable).
2. Based on the total number of H Shares in issue at the end of each month or period as disclosed in the monthly return of the Company.
3. Based on the number of H Shares held by the public Shareholders as calculated by deducting the number of Shares held by the Offeror and the Offeror Concert Parties as at the Latest Practicable Date.

As illustrated in the above table, the trading of the H Shares was generally inactive during the Review Period. The monthly average daily trading volume of the H Shares for the respective month or period during the Review Period ranged from approximately 33,726 H Shares in July 2022 to approximately 606,011 H Shares in May 2024, representing approximately 0.0206% to 0.3708% of the total issued H Shares and approximately 0.0264% to 0.4738% of the issued H Shares held by the public. Since the publication of the Initial Joint Announcement, there has also been a surge in

LETTER FROM RAINBOW CAPITAL

trading volume of the H Shares, reflecting the initial positive market reaction to the Merger. The monthly average daily trading volume of the H Shares for the respective month or period during the Post-Initial Joint Announcement Period ranged from approximately 204,006 H Shares in November 2024 to approximately 5,894,916 H Shares in June 2024, representing approximately 0.1248% to 3.6070% of the total issued H Shares and approximately 0.1595% to 4.6089% of the issued H Shares held by the public. We consider that the active trading activities of the H Shares in June 2024 was mainly due to the initial positive market reaction to the Merger and the limited trading days of the H Shares in June 2024 (i.e. a total of 4 days) and hence not being representative.

In view of the above, we consider that the trading of the H Shares was generally inactive. Given the historical thin liquidity of the H Shares, it may be difficult for the Independent H Shareholders to dispose of a significant number of H Shares within a short period in the market without exerting downward pressure on the market prices of the H Shares. In addition, the higher level of trading volume of the H Shares after the publication of the Initial Joint Announcement may not be sustained if the Merger lapses. As such, we consider that the Cash Alternative represents an opportunity for the Independent H Shareholders, especially those with relatively sizeable shareholdings, to exit at the fixed cancellation prices which are substantially above the prevailing trading price.

(iv) *Dividend history*

The Company had not paid or declared any dividend in the period from its listing date in September 2019 on the Stock Exchange to the Latest Practicable Date. Given there are other companies whose shares are listed on the Stock Exchange that offer higher dividend yields, the Independent H Shareholders who favour dividend-paying listed issuers that can offer a higher dividend yield and/or dividend growth may consider switching their investments to other listed issuers that offer higher dividend yields. Accordingly, the dividend history of the Company can be considered as a factor in support of the Merger.

(v) *Comparable companies*

The Group is principally engaged in the research, development, production and sales of monoclonal antibody products. Although the Group has successfully achieved international coverage, its principal place of operation is Mainland China, which generated over 80% of the Group's total revenue for the three years ended 31 December 2023.

Price-to-earnings (“**P/E(s)**”), price-to-book (“**P/B(s)**”) and price-to-sale (“**P/S(s)**”) multiples are the three most commonly used benchmarks in valuing a company. Given that (a) the Group was profit making for FY2023; (b) the Group recorded net assets position as at 30 June 2024; and (c) the Group recorded volatile revenue for the two years ended 31 December 2023, we consider the valuation methodology using P/E and P/B is more appropriate in valuing the Group. Based on (a) the Cancellation Price of HK\$24.60 per H Share; (b) 543,494,853 Shares (including both of the H Shares and Unlisted Shares) in issue as at the Latest Practicable Date; (c) profit attributable to the Shareholders of approximately RMB546.0 million for FY2023; (d) equity attributable to the Shareholders of approximately RMB2,578.3 million as at 30 June 2024; and (e) the exchange rate

LETTER FROM RAINBOW CAPITAL

of HK\$1= RMB0.9 for illustrative purpose, the P/E and P/B implied by the Cancellation Price are approximately 22.04 times and 4.67 times, respectively (the “**Implied P/E**” and the “**Implied P/B**”, respectively).

In assessing the fairness and reasonableness of the Cancellation Price, we consider that it is relevant to assess the Cancellation Price by marking reference to market valuation for companies listed in Hong Kong which are principally engaged in business similar to those of the Group. We have, based on our search on Bloomberg and the website of the Stock Exchange, identified an exhaustive list of companies (the “**Comparable Companies**”) which (a) are principally engaged in biopharmaceutical business in the PRC; (b) have their shares listed and traded on the Main Board of the Stock Exchange; (c) have generated revenue from product sales during the latest financial year; and (d) have market capitalisation ranging from HK\$1.0 billion to HK\$20.0 billion on the Initial Last Trading Date. Based on the aforesaid criteria, we have identified 16 Comparable Companies, which represents an exhaustive list. We consider that the Comparable Companies are fair and representative for comparison purpose as (a) all of them are principally engaged in the biopharmaceutical sector as the Group does; (b) all of them generated over 50% of total revenue from the PRC; (c) all of them have generated revenue from product sales indicating they are in the similar business stage as the Group; and (d) their sizes are generally comparable to that of the Group in terms of market capitalisation implied by the Cancellation Price.

The following table set out the details of the Comparable Companies:

Company name (stock code)	Principal business	Market capitalisation as at the Initial Last Trading Date	P/E	P/B
		(HK\$ million)	(Note 1) (times)	(Note 2) (times)
3SBIO INC. (1530.HK)	Development, production, marketing and sale of biopharmaceutical products	15,389.6	8.94	0.99
Shanghai Haohai Biological Technology Co., Ltd. (6826.HK)	Research and development, manufacturing and sales of biomedical materials	15,162.6	32.79	2.42
InnoCare Pharma Limited (9969.HK)	Research and development, production and commercialization of biopharmaceuticals	9,679.4	Net loss	1.22
AIM Vaccine Co., Ltd. (6660.HK)	Research and development, manufacturing and commercialization of vaccine products for human use	9,204.1	Net loss	2.27
CanSino Biologics Inc. (6185.HK)	Develop, manufacture and commercialisation of vaccines	9,133.3	Net loss	1.56
Everest Medicines Limited (1952.HK)	Licensing, clinical development and commercialisation of therapies to address critical unmet medical needs	7,711.6	Net loss	1.40
Ascentage Pharma Group International (6855.HK)	Developing novel therapies for cancers, hepatitis B virus and certain age-related diseases	5,862.5	Net loss	87.33 (excluded as outlier)
ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (1541.HK)	Research and development of testing biotechnology	5,410.3	Net loss	6.51
Ocumension Therapeutics (1477.HK)	Discovering, developing and commercializing ophthalmic therapies	4,751.5	Net loss	1.46

LETTER FROM RAINBOW CAPITAL

Company name (stock code)	Principal business	Market capitalisation as at the Initial Last Trading Date	P/E	P/B
		(HK\$ million)	(Note 1) (times)	(Note 2) (times)
Alphamab Oncology (9966.HK)	Research, development, manufacture, and commercialization of innovative tumour immunobiology macromolecular targeted drugs	4,727.7	Net loss	2.54
Cutia Therapeutics (2487.HK)	Research and development and manufacture of dermatological biological drugs	2,303.8	Net loss	1.54
3D Medicines Inc. (1244.HK)	Research and development and commercialization of biopharmaceuticals	1,853.9	Net loss	1.78
CStone Pharmaceuticals (2616.HK)	Development, manufacturing and sales of biopharmaceutical products	1,823.6	Net loss	3.59
TOT BIOPHARM International Company Limited (1875.HK)	Developing and commercializing innovative oncology drugs and therapies	1,499.2	Net loss	1.96
Mabpharm Limited (2181.HK)	Research, development and production of monoclonal antibody drugs for cancers and autoimmune diseases	1,484.7	Net loss	6.52
Asclepis Pharma Inc. (1672.HK)	Research, development, production, marketing and sales of pharmaceutical products	1,347.0	Net loss	0.52
		Maximum	32.79	6.52
		Minimum	8.94	0.52
		Average	20.87	2.42
		Median	20.87	1.78
	The Company	13,370.0	22.04	4.67
		implied by the Cancellation Price	(Note 3)	(Note 4)

Source: the website of the Stock Exchange and Bloomberg

Notes:

1. For each of the Comparable Companies, its P/E is calculated based on (a) the market capitalisation as at the Initial Last Trading Date; (b) the profit attributable to its shareholders for the latest financial year; and (c) the exchange rate of HK\$1=RMB0.9 for illustrative purpose;
2. For each of the Comparable Companies, its P/B is calculated based on (a) the market capitalisation as at the Initial Last Trading Date; (b) the equity attributable to its shareholders as at the end of the latest financial year; and (c) the exchange rate of HK\$1=RMB0.9 for illustrative purpose;
3. Being the Implied P/E; and
4. Being the Implied P/B.

LETTER FROM RAINBOW CAPITAL

As shown in the table above, out of the 16 Comparable Companies selected, 14 of them have incurred net losses in the latest financial year. The P/Es of the Comparable Companies have a significant disparity ranging from approximately 8.94 times to approximately 32.79 times on the Initial Last Trading Date. As such, the P/Es of the Comparable Companies may not be directly comparable to the Company and shall be used as a reference only.

Excluding Ascentage Pharma Group International as an outlier as its P/B on the Initial Last Trading Date was abnormally high, the P/Bs of the Comparable Companies ranged from approximately 0.52 time to approximately 6.52 times, with an average and a median of approximately 2.42 times and 1.78 times, respectively, on the Initial Last Trading Date. The Implied P/B of approximately 4.67 times is significantly higher than the average and median of those of the Comparable Companies and lies towards the high end of the P/Bs of the Comparable Companies.

Taking into account that (a) for reference only, the Implied P/E lies in the middle of those of the Comparable Companies; and (b) the Implied P/B is significantly higher than the average and median of those of the Comparable Companies, we consider the Cancellation Price was determined with reference to the prevailing market valuation of the Comparable Companies, which we consider to be fair and reasonable as far as the Independent H Shareholders are concerned.

(vi) *Privatisation precedents*

In order to further assess the fairness and reasonableness of the Cancellation Price, we have reviewed privatisation precedents of companies listed on the Main Board of the Stock Exchange based on the following selection criteria: (a) the privatisation was announced during the period from 1 June 2022 (being approximately 2 years period prior to the date of the Initial Joint Announcement) and up to the date of the Initial Joint Announcement; (b) the privatisation involved cash consideration; and (c) the privatisation has been completed or approved by disinterested shareholders or the required acceptance level was achieved as at the date of the Initial Joint Announcement. Based on the aforesaid criteria, we have identified, on a best effort basis, an exhaustive list of 19 privatisation precedents (the “**Privatisation Precedents**”). We consider that a review period of 2 years is adequate and appropriate to (a) capture the recent successful market practice involving privatisation with cash consideration under the prevailing market conditions; and (b) provide a sufficient and reasonable sample for comparison with the Merger.

Although the issuers involved in the Privatisation Precedents have different principal activities and market capitalisations as compared to those of the Company, taking into account that (a) the Privatisation Precedents would provide us with the recent and relevant information to demonstrate the pricing of successful privatisation of the Main Board listed companies in Hong Kong; and (b) the review period is adequate and appropriate as discussed above, we consider the Privatisation Precedents to be a fair and representative sample which can serve as a useful reference to the recent market pricings of privatisation proposals in the Hong Kong capital market, so as to determine whether the Cancellation Price is in line with market practices. We consider that the Privatisation Precedents are fair, representative and exhaustive samples for our assessment of the Cancellation Price for illustrative purpose.

LETTER FROM RAINBOW CAPITAL

The table below illustrates the premiums/discounts of the cancellation/offer prices offered by the Privatisation Precedents over/to the prevailing share prices prior to the last trading day as well as the net asset value per share of the Privatisation Precedents:

Date of initial announcement	Company (stock code)	Principal activities	Cancellation/offer price	Premium/ (discount) of the cancellation/offer price over/to the average closing price for the last 10 consecutive trading days up to and including the last trading day (Notes 1 & 2)	Premium of the cancellation/offer price over the average closing price for the last 30 consecutive trading days up to and including the last trading day (Notes 1 & 2)	Premium/ (discount) of the cancellation/offer price over/to the average closing price for the last 60 consecutive trading days up to and including the last trading day (Notes 1 & 2)	Premium/ (discount) of the cancellation/offer price over/to the average closing price for the last 180 consecutive trading days up to and including the last trading day (Notes 1 & 2)	Premium/ (discount) of the cancellation/offer price over/to the latest reassessed net asset value per share (Note 3)
28 March 2024	SciClone Pharmaceuticals (Holdings) Limited (6600.HK)	Developing and commercialising its portfolio with potential in its focused therapeutic areas including oncology and severe infection	HK\$18.8	33.90%	36.23%	47.47%	67.06%	228.35% (Note 3)
14 December 2023	Sinosoft Technology Group Limited (1297.HK)	Businesses covering government big data software and related services and low carbon and ecology software and related Services	HK\$0.33	29.41%	31.21%	31.13%	14.23%	(78.85%) (Note 3)
4 December 2023	Weiqiao Textile Company Limited (2698.HK)	Production, sales and distribution of cotton yarn, grey fabric and denim; and the electricity and steam business	HK\$3.50	104.68%	102.66%	111.10%	144.93%	(78.34%) (Note 4)
6 October 2023	Haitong International Securities Group Limited (665.HK)	Provision of brokerage and retail margin financing, corporate finance, investment management, fixed income, currency and commodities as well as structured financing products and services	HK\$1.52	114.08%	108.22%	126.53%	110.53%	(39.32%) (Note 3)
6 October 2023	Pine Care Group Limited (1989.HK)	Provision of residential care homes for the elderly and senior care services	HK\$0.89	(1.11%)	0.91%	1.48%	43.78%	(7.87%) (Note 4)
15 September 2023	Lansen Pharmaceutical Holdings Limited (503.HK)	Pharmaceutical businesses	HK\$1.80	26.76%	22.45%	20.00%	23.29%	(22.08%) (Note 3)
1 September 2023	CST Group Limited (985.HK)	(a) Exploration, development and mining of mineral resources; (b) investments in financial instruments; (c) property investments; and (d) money lending	HK\$1.00	61.29%	21.36%	36.61%	(33.82%)	(60.68%) (Note 3)
27 June 2023	Dali Foods Group Company Limited (3799.HK)	A food and beverage company	HK\$3.75	37.87%	39.41%	30.21%	12.99%	151.68% (Note 3)
27 June 2023	Poly Culture Group Corporation Limited (3636.HK)	Art business and auction, performance and theatre management and cinema investment and management	HK\$8.88	77.60%	125.15%	133.13%	138.38%	(30.91%) (Note 3)
11 June 2023	Mason Group Holdings Limited (273.HK)	(a) Provision of wealth and asset management, financial brokerage and related services; (b) trading of securities investments; (c) provision of financing services; and (d) manufacture of infant formula and nutritional products	HK\$0.0338	20.71%	19.43%	19.01%	19.01%	(60.09%) (Note 3)
28 May 2023	Golden Eagle Retail Group Limited (3308.HK)	Lifestyle centre and stylish department store chain development and operation, property development and hotel operation	HK\$6.88	63.42%	61.50%	55.30%	45.15%	(47.40%) (Note 4)
8 May 2023	Hailan Holdings Limited (2278.HK)	Development and sales of properties as well as development and lease of properties	HK\$3.36	5.00%	5.00%	5.00%	3.79%	(60.19%) (Note 4)
21 February 2023	Jiangnan Group Limited (1366.HK)	Manufacture of wires and cables for power transmission, distribution systems and electrical equipment	HK\$0.40	12.68%	89.93%	101.44%	77.48%	(63.78%) (Note 3)
17 February 2023	AAG Energy Holdings Limited (2686.HK)	Coalbed methane exploration and development	HK\$1.85	10.12%	9.27%	10.78%	25.85%	27.45% (Note 3)
24 October 2022	Kingston Financial Group Limited (1031.HK)	Operation of entertainment and financial services businesses	HK\$0.30	47.78%	47.57%	39.41%	10.99%	(80.24%) (Note 3)

LETTER FROM RAINBOW CAPITAL

Date of initial announcement	Company (stock code)	Principal activities	Cancellation/ offer price	Premium/ (discount) of the cancellation/ offer price over/ the average closing price for the last 10 consecutive trading days up to and including the last trading day (Notes 1&2)	Premium of the cancellation/ offer price over the average closing price for the last 30 consecutive trading days up to and including the last trading day (Notes 1&2)	Premium/ (discount) of the cancellation/ offer price over/ the average closing price for the last 60 consecutive trading days up to and including the last trading day (Notes 1&2)	Premium/ (discount) of the cancellation/ offer price over/ the average closing price for the last 180 consecutive trading days up to and including the last trading day (Notes 1&2)	Premium/ (discount) of the cancellation/ offer price over/ the latest/ reassessed net asset value per share (Note 1)
8 August 2022	EYOC Intelligent Technology Company Limited (2308.HK)	Research, development, manufacture and distribution of special computer products and the trading of electronic products and accessories	HK\$1.75	15.13%	44.63%	44.63%	47.43%	(55.41%) (Note 4)
5 August 2022	Lifestyle International Holdings Limited (1212.HK)	Operation of department stores, property development and investment	HK\$5.00	62.34%	81.88%	70.11%	30.01%	(52.83%) (Note 4)
9 June 2022	China VAST Industrial Urban Development Company Limited (6166.HK)	(a) Planning, development and operation of large-scale industrial town projects through cooperation with local governments; (b) property development; and (c) property leasing	HK\$2.40	30.43%	28.82%	31.39%	30.66%	(41.89%) (Note 4)
2 June 2022	Xiamen International Port Co., Ltd (3378.HK)	(a) Container, bulk and general cargo loading and unloading and storage businesses; (b) comprehensive port logistics services, including port-related logistics, shipping agency, tugboat berthing and unberthing services, tallying; and (c) trading of merchandise	HK\$2.25	55.17%	100.89%	134.21%	158.62%	(14.77%) (Note 3)
			Maximum	114.08%	125.15%	134.21%	158.62%	228.35%
			Minimum	(1.11%)	0.91%	1.48%	(33.82%)	(80.24%)
			Average	42.49%	51.40%	55.21%	51.07%	(20.38%)
			Median	33.90%	39.41%	39.41%	30.66%	(47.40%)
			Undisturbed	36.67%	40.01%	52.04%	82.09%	456.43%
			Initial Last Trading	30.57%	38.75%	50.83%	81.42%	456.43%

Source: the website of the Stock Exchange and Bloomberg

Notes:

1. Subject to rounding differences.
2. Up to and including the last trading day/unaffected price date of the shares prior to the publication of the first announcement pursuant to Rule 3.5 or Rule 3.7 of the Takeovers Code (where applicable).
3. Based on the latest net asset value per share extracted from the relevant scheme document/offer document of the Privatisation Precedents.
4. Based on the latest re-assessed net asset value per share extracted from the relevant scheme document/offer document of the Privatisation Precedents.

LETTER FROM RAINBOW CAPITAL

The comparison of the cancellation price to market prices, in our view, serves to demonstrate the premium over market prices in successful privatisations in Hong Kong in the past, i.e. how much the shareholders are being offered and the level of premium that is acceptable to shareholders in terms of historical share price ranges.

As shown in the table above, the premiums represented by the Cancellation Price over the Undisturbed Date, 10, 30, 60 and 180 consecutive trading days average closing prices are all within the ranges of the Privatisation Precedents. In particular, the premiums represented by the Cancellation Price over the Undisturbed Date, 10, 30, 60 and 180 consecutive trading days average closing prices of approximately 36.67%, 40.01%, 52.04%, 63.13% and 82.09%, respectively, are generally more favourable than the median premiums of the Privatisation Precedents. In respect of the average premiums of the Privatisation Precedents, the premiums represented by the Cancellation Price over the Undistributed Date are generally more favourable than the average premiums of the Privatisation Precedents for the longer period comparisons (i.e. 60-day and 180-day) while comparatively less favourably with shorter period comparisons (i.e. last trading day, 10-day and 30-day).

Furthermore, the premiums represented by the Cancellation Price over the Initial Last Trading Date, 10, 30, 60 and 180 consecutive trading days average closing prices are also all within the ranges of the Privatisation Precedents and are generally more favourable than or close to both of the median and average premiums of the Privatisation Precedents in most types of comparisons (i.e. 30-day, 60-day and 180-day), except it lagged behind both of the median and average premiums of the Privatisation Precedents in the last trading day and 10-day comparisons. It is worth mentioning that all of the Privatisation Precedents were successfully completed or approved by disinterested shareholders, indicating that the terms of the privatisation proposals in the Privatisation Precedents were accepted by the market. In other words, if the premiums represented by the Cancellation Price are within the range and close to the medians of those of the Privatisation Precedents, the terms of the Cash Alternative are suggested to be no less favourable than some of the Privatisation Precedents that were accepted by the market.

The Cancellation Price represents a significant premium of approximately 456.43% over the audited consolidated net asset value per Share as at 31 December 2023, which is better than all of the Privatisation Precedents. For reference purpose, the Cancellation Price represents a significant premium of approximately 373.08% over the unaudited consolidated net asset value per Share as at 30 June 2024, which is better than all of the Privatisation Precedents as well.

In view of (a) the premiums represented by the Cancellation Price, especially over the closing H Share prices on, and for different periods up to and including, the Undisturbed Date and the Initial Last Trading Date, are generally favourable compared to those of the Privatisation Precedents; and (b) the significant premium represented by the Cancellation Price over the latest audited consolidated net asset value per Share is better than all of the Privatisation Precedents, we consider that the Cancellation Price is in line with the market practice, and is fair and reasonable.

6. Share Alternative

Under the Merger, apart from the Cash Alternative, the Qualifying Independent H Shareholders are also offered to elect the Share Alternative. Under the Share Alternative, the Qualifying Shareholders are offered (i) one Hong Kong Rollover Share per H Share; (ii) one PRC Rollover Share per Unlisted Share; and (iii) upon issuance of the Hong Kong Rollover Shares or PRC Rollover Shares (as the case may be), the Offeror will issue new shares in its share capital to the Hong Kong Rollover Entity or PRC Rollover Entity (as the case may be) on the basis of each 0.233108 shares in the Offeror's share capital for each Share to be cancelled (or 1 share in the Offeror's share capital for each 4.289864016 Shares to be cancelled).

The maximum number of Shares to be exchanged for Rollover Securities (including both of the Hong Kong Rollover Shares and the PRC Rollover Shares) pursuant to the election to receive the Share Alternative shall not exceed the Share Alternative Cap (being 43,479,588 Shares, representing 8% of the total number of issued Share in the Company as at the Second Joint Announcement Date). In the event that aggregate number of Shares underlying all elections for the Share Alternative by Share Alternative Holders which comply with the eligibility requirements regarding the Share Alternative set out in the Composite Document and the Election Form exceeds the Share Alternative Cap, the number of Shares to be settled by the Share Alternative (with each such H Share being exchanged for one Hong Kong Rollover Share and each such Unlisted Share being exchanged for one PRC Rollover Share) for each Share Alternative Holder shall be reduced under the *Pro Rata* Downward Adjustment Mechanism, and the consideration for the remaining portion of each such Share Alternative Holder's respective Shares will be settled in cash at the Cancellation Price. Only Shares held by registered Shareholders who are Qualifying Shareholders will be eligible for the Share Alternative.

For details of the Share Alternative, please refer to the section headed "5. INFORMATION ON THE SHARE ALTERNATIVE" in the Letter from the Board.

(i) *Restriction and rights of the Hong Kong Rollover Shares*

The Hong Kong Rollover Entity is established for the purpose of issuing the Hong Kong Rollover Shares under the Share Alternative. Although shareholders of the Hong Kong Rollover Entity will not benefit from the protection afforded by the Listing Rules and the Takeovers Code (assuming the Hong Kong Rollover Entity is not determined by the Executive to be a "public company in Hong Kong" as defined in the Takeovers Code), their rights and obligations in relation to the Hong Kong Rollover Entity will be governed by the provisions of the articles and associations of the Hong Kong Rollover Entity, which are detailed in Appendix VI in the Composite Document.

If the Qualifying Independent H Shareholders wish to consider the Share Alternative, they are recommended to read the information carefully, particularly the section headed "5. INFORMATION ON THE SHARE ALTERNATIVE" in the Letter from the Board. Risks which

LETTER FROM RAINBOW CAPITAL

the Qualifying Independent H Shareholders should consider in evaluating the Share Alternative are set out in the sub-section headed “(iii) Risk factors of holding the Hong Kong Rollover Shares” below.

(ii) Valuation of the Hong Kong Rollover Shares

As aforementioned, under the Share Alternative, each Qualifying Shareholder is offered to (a) one Hong Kong Rollover Share per H Share; (b) one PRC Rollover Share per Unlisted Share; and (c) upon issuance of the Hong Kong Rollover Shares or PRC Rollover Shares (as the case may be), the Offeror will issue new shares in its share capital to the Hong Kong Rollover Entity or PRC Rollover Entity (as the case may be) on the basis of each 0.233108 shares in the Offeror’s share capital for each Share to be cancelled (or 1 share in the Offeror’s share capital for each 4.289864016 Shares to be cancelled). The Hong Kong Rollover Shares will be shares of the Hong Kong Rollover Entity which is newly incorporated and unlisted. The value of the Hong Kong Rollover Share will be primarily determined by the value of the Offeror after completion of the Merger. The full text of the estimate of value of the SPV Shares (including both the Hong Kong SPV Shares and the PRC SPV Shares) (the “**Estimate of Value**”) is set out in Appendix V to the Composite Document (the “**Letter from CICC**”). On the basis of, and subject to, the assumptions and methodologies in the Letter from CICC, the Estimate of Value ranged between HK\$17.22 and HK\$24.60 for each SPV Share. Under the Share Alternative, Qualifying Shareholders are offered one Hong Kong SPV Share for each H Share cancelled or one PRC SPV Share for each Unlisted Share cancelled. The Qualifying Independent H Shareholders should note that it is expressed in the Letter from CICC that such Estimate of Value is not necessarily indicative of, among others, the price at which the SPV Shares might actually trade at any future date.

We have reviewed and discussed with CICC the methodologies used, and the bases and assumptions adopted, for the Estimate of Value. It is noted that CICC has made several major assumptions, including but not limited to, (a) as at the Latest Practicable Date, the Merger has become or been declared effective and the Company is a wholly-owned subsidiary of the Offeror; (b) the SPV Shares issued in connection with the Merger comprise the entire issued share capital of the Rollover Entities and no person has any right to acquire or subscribe for any share or loan capital of the Rollover Entities other than the SPV Shares issued in connection with the Merger; (c) the Shares subject to the Merger comprise the entire issued share capital of the Company and, no person other than the Offeror has any right to acquire or option to subscribe for any share or loan capital of the Company and no share capital of the Company is disposed of nor any right granted over or in respect of it at any future date; (d) the Offeror, the Rollover Entities and the Company exist on a continuing basis; and (e) the Company and its subsidiaries will continue to operate in the ordinary course as a going concern and are not subject to any material adverse event; the assets and liabilities of the Company (on a consolidated basis) are fairly reflected in the 2023 Annual Report and the 2024 Interim Report; neither the Company nor any of its subsidiaries disposes of any asset for less than its fair value (as reflected in the Last Accounts) nor suffers or incurs any liability, other than in the ordinary course of business.

LETTER FROM RAINBOW CAPITAL

Set out below is a summary of the scenario illustrating the calculations of the Estimate of Value:

Assuming the maximum number of Shares to be exchanged for Rollover Securities pursuant to the election to receive the Share Alternative reach the Share Alternative Cap		
Cancellation Price per Share	A	HK\$24.60
Total number of the outstanding shares	B	126,692,792
Number of Shares to be cancelled for 1 share in the Offeror's share capital	C	4.289864016
The estimated value of all of the outstanding Shares	$D = A \times B \times C$	HK\$13,369,973,297
Rollover Entities' aggregate percentage of shareholding in the Company	E	8.00%
Total value of the New Shares issued by the Rollover Entities	$F = D \times E$	HK\$1,069,597,864
Number of the SPV Shares in issue	G	43,479,588
Top end value per SPV Share	$H = F / G$	HK\$24.60
Bottom end value per SPV Share (assuming a 30% discount for non-marketability of the SPV Shares)		HK\$17.22

As advised by the CICC, the Estimate of Value is based on the Cancellation Price of HK\$24.60 per Share under the Cash Alternative and has been derived under one scenario which is assuming the Share Alternative is settled up to the Share Alternative Cap, the Offeror will be owned by Fosun Pharma Industrial Development and Fosun Industrial as to 92.0% in aggregate and the Rollover Entities as to 8.0% in aggregate following the Merger becoming effective. As shown on the table above, the main difference between the top end and bottom end of the range is the assumption on discount for the non-marketability of the SPV Shares. For the bottom end value, 30% discount on the value of the SPV Shares was applied, and there was no discount applied on the top end value. CICC believes that such range of discounts is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatisation precedents in Hong Kong which involves unlisted shares being offered as an alternative transaction consideration and which adopts an illiquidity discount methodology to assess the value of the unlisted shares. Based on the above, the Estimate of Value would be within a range of HK\$17.22 and HK\$24.60 per SPV Share.

LETTER FROM RAINBOW CAPITAL

In view that the SPV Shares are illiquid with consideration restriction and limited shareholders' rights, we consider applying a discount to the SPV Shares is reasonable. In order to further assess the fairness and reasonableness of the level of discount, we have reviewed the successful privatisation precedents of companies listed on the Main Board of the Stock Exchange which (a) involved the valuation of unlisted shares; and (b) were published in the respective composite document and/or scheme document since 2019. Based on the aforesaid criteria, we have identified, on a best effort basis, an exhaustive list of 7 precedents. We consider that a review period of 5 years is sufficient and representative to provide an overview of the general market practice in relation to the valuation of unlisted shares with the lack of marketability and shareholders' rights.

Date of scheme/ composite document	Company (stock code)	Discount applied
2 July 2024	L'Occitane International S.A. (973.HK)	30%
22 September 2023	Trigiant Group Limited (1300.HK)	30%
4 May 2022	Suchuang Gas Corporation Limited (1430.HK)	30%
10 November 2021	Lee Hing Development Limited (68.HK)	30%
3 August 2021	Clear Media Limited (100.HK)	30%
26 January 2021	Huifu Payment Limited (1806.HK)	30%
20 June 2019	China Power Clean Energy Development Company Limited (735.HK)	30%

As shown in the table above, we noted that a lack of marketability/shareholders' rights discount of 30% were applied in all of the successful privatisation precedents.

Having considered that the SPV Shares under the Share Alternative are unlisted and illiquid, we are of the view that the methodologies adopted by CICC is a reasonable approach in establishing the Estimate of Value and is in line with the commonly adopted approaches in similar privatisation cases for share alternatives in Hong Kong. We also consider that it is not practicable to estimate a discount to reflect lack of marketability and limited shareholders' rights (from the Independent H Shareholders' perspective) very precisely, as it depends on different circumstances. On the basis of the above, we consider that a range of 0% to 30% adopted by CICC in its estimate, to be acceptable.

For further details of the methodologies, bases, assumptions and computations of the Estimate of Value, please refer to the Letter from CICC set out in Appendix VI to the Composite Document which should be read in its entirety.

LETTER FROM RAINBOW CAPITAL

(iii) Risk factors of holding the Hong Kong Rollover Shares

The Qualifying Independent H Shareholders should bear in mind the risk factors of holding the Hong Kong Rollover Shares and indirect ownership of the Company (after the Company is delisted) through the Hong Kong Rollover Entity as disclosed in the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE” in the Letter from the Board, in particular the following:

- (a) the Hong Kong Rollover Shares are securities in a private and unlisted company incorporated in and governed by the laws of Hong Kong, and as at the Latest Practicable Date, the Hong Kong Rollover Entity has no intention for these securities to be listed or admitted to trading on any exchange or market, or be quoted on any inter-dealer system. Accordingly, these securities will be illiquid and it is unlikely that an active trading market will develop for the Hong Kong Rollover Shares;
- (b) your interest in the Hong Kong Rollover Shares will be that of a minority shareholder with limited shareholder protection rights and you will not have the benefits and protections of the Listing Rules;
- (c) the value of the Hong Kong Rollover Entity and your Hong Kong Rollover Shares in the future remains uncertain and can be adversely affected by changes in the business and economic environment, and competition in the global biopharmaceutical industry, and there can be no assurance that your Hong Kong Rollover Shares can be sold in the future for a value that is at least the same as the Cancellation Price;
- (d) dividend payments in respect of the Hong Kong Rollover Shares will not be guaranteed or secured. Payment of dividends on the Hong Kong Rollover Shares (if any) would solely depend on whether such payment is recommended or declared by the Hong Kong Rollover Entity’s board of directors and/or shareholders’ meeting and subject to the Hong Kong Rollover Entity’s constitutional documents and applicable laws; and
- (e) the Hong Kong Rollover Entity and the Offeror may not be “public companies” under the Takeovers Code, in which case, the protections under these codes will not be applicable or afforded to Share Alternative Holders.

The Qualifying Independent H Shareholders should note that given (i) the nature of the Hong Kong Rollover Shares; (ii) the risks and restrictions associated with the Hong Kong Rollover Shares as set out in the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE” in the Letter from the Board and highlighted above in this section; (iii) the illiquid nature of the Hong Kong Rollover Shares; and (iv) the uncertainty over the dividend payment by the Hong Kong Rollover Entity and future value of the Hong Kong Rollover Entity and the Hong Kong Rollover Shares, we consider the Share Alternative to be suitable principally for sophisticated Qualifying Independent H Shareholders only, and we do not consider it suitable for the general Qualifying Independent H Shareholders who are not accustomed to holding unlisted shares.

LETTER FROM RAINBOW CAPITAL

Before deciding whether to accept the Share Alternative, aside from the specific features of the Share Alternative and the associated risks of holding the Hong Kong Rollover Shares, the Qualifying Independent H Shareholders should also consider (i) the background of the Offeror; and (ii) the future prospects and profitability of the Group.

RECOMMENDATION AND OPINION

In arriving at our recommendation in respect of the Merger, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- *The Merger provides an opportunity for the Independent H Shareholders to dispose of their H Shares for cash at significant premiums over the closing prices of the H Shares prior to the issue of the Initial Joint Announcement without having to suffer any illiquidity discount and settlement risk*

The premiums as represented by the Cancellation Price were approximately 30.57%, 50.83%, 62.06% and 81.42% over the closing price on the Initial Last Trading Date, and the average closing prices for the periods of 30, 60 and 180 trading days up to and including the Initial Last Trading Date, respectively. The premiums as represented by the Cancellation Price were also approximately 36.67%, 52.04%, 63.13% and 82.09% over the closing price on the Undisturbed Date, and the average closing prices for the periods of 30, 60 and 180 trading days up to and including the Undisturbed Date, respectively.

Subsequent to the publication of the Initial Joint Announcement, the closing price of the H Shares surged to HK\$22.5 per H Share. Nevertheless, the closing prices of the H Shares had remained trading below the Cancellation Price within a narrow band during the Post-Initial Joint Announcement Period. The H Shares closed at HK\$23.9 as at the Latest Practicable Date. We consider such price hike is due to the announcement of the Merger and there is no assurance that the prevailing H Share prices will remain at the current level if the Merger is not approved or otherwise lapses.

The monthly average daily trading volume of the H Shares during the Review Period has been generally thin. During the Post-Initial Joint Announcement Period, the trading volume of the H Shares has been active in June 2024, which we consider was mainly due to the initial positive market reaction to the Merger and the limited trading days of the H Shares in June 2024 (i.e. a total of 4 days), and hence not being representative. Given the thin liquidity of the H Shares in general, from the Independent H Shareholders' perspective, in particular those holding large blocks of the H Shares, the Merger will provide a good opportunity for the Independent H Shareholders to realise their holdings at significant premium over the prevailing market price, which would not normally be available through the market.

LETTER FROM RAINBOW CAPITAL

- *The prospects of the Group's business and financial performance*

Leveraging on the foresighted research and development strategy and commercialisation layout, the Group has achieved steady revenue growth for the two years ended 31 December 2023 and 6M2024 and recorded full-year net profit for the first time for FY2023. Despite the continuous business growth, the Group's debt level (i.e. the balance of interest-bearing bank and other borrowings) has increased from approximately RMB3,677.1 million as at 31 December 2022 to approximately RMB4,054.1 million as at 30 June 2024, in order to finance the substantial capital requirements for (i) progressing the development of the Group's product candidates towards receiving regulatory approval and commencing product commercialisation; (ii) expanding the Group's drug candidate portfolio; and (iii) constructing new manufacturing facility in Shanghai, the Songjiang Second Plant. In the meantime, the Group's net current liabilities position has also maintained at a high level of approximately RMB2,810.0 million, RMB2,391.4 million and RMB2,506.4 million as at 31 December 2022, 31 December 2023 and 30 June 2024, respectively

In light of the challenging environment, the Group aims to continue to explore new targets and mechanisms and conduct a series of clinical studies worldwide to diversify the product portfolio into new disease fields. However, the diversification is not expected to bring in immediate return to the Group in the short term. Besides, the Group anticipates to increase efforts on commercialisation of new products for the next few years in order to expand the sales and extend its market reach to cover more countries and regions. As such, it is anticipated that constant capital commitment of substantial investments and spending would be required on the Group's product development, commercialisation activities and manufacturing facilities construction, which may negatively impact the Group's financial position and bring volatility to the Group's financial performance in the near term. Given the above, we consider that while the near-term business prospects of the Group would be generally cautiously optimistic, there is still uncertainty in its overall future prospects.

- *The Cancellation Price is fair and reasonable*

For the evaluation of the Cancellation Price, we have taken into consideration of the following:

- (i) the Cancellation Price is higher than the closing prices of the H Shares in all trading days during the entire Review Period;
- (ii) the Implied P/B is significantly higher than the average and median of those of the Comparable Companies on the Initial Last Trading Date;

LETTER FROM RAINBOW CAPITAL

- (iii) the premiums represented by the Cancellation Price, especially over the closing H Share prices on, and for different periods up to and including, the Undisturbed Date and the Initial Last Trading Date, are generally favourable compared to those of the Privatisation Precedents; and
- (iv) the Cancellation Price represents a significant premium of approximately 456.43% over the audited consolidated net asset value per Share as at 31 December 2023 and approximately 373.08% over the unaudited consolidated net asset value per Share as at 30 June 2024, which is better than all of the Privatisation Precedents;

- *The Cash Alternative vs the Share Alternative*

The Merger comprises the Cash Alternative and the Share Alternative. The Share Alternative will enable the Qualifying Independent H Shareholders to remain indirect shareholding in the Company on the basis of one Hong Kong Rollover Share per H Share. The maximum number of Shares to be exchanged for Rollover Securities (including both of the Hong Kong Rollover Shares and the PRC Rollover Shares) pursuant to the election to receive the Share Alternative shall not exceed the Share Alternative Cap (being 43,479,588 Shares, representing 8% of the total number of issued Shares in the Company as at the Second Joint Announcement Date). In the event that aggregate number of Shares underlying all elections for the Share Alternative by Share Alternative Holders which comply with the eligibility requirements regarding the Share Alternative set out in the Composite Document and the Election Form exceeds the Share Alternative Cap, the number of Shares to be settled by the Share Alternative (with each such H Share being exchanged for one Hong Kong Rollover Share and each such Unlisted Share being exchanged for one PRC Rollover Share) for each Share Alternative Holder shall be reduced under the *Pro Rata* Downward Adjustment Mechanism, and the consideration for the remaining portion of each such Share Alternative Holder's respective Shares will be settled in cash at the Cancellation Price. Only Shares held by registered Shareholders who are Qualifying Shareholders will be eligible for the Share Alternative.

As set out in the Letter from CICC, the Estimate of Value is HK\$17.22 (if a 30% discount for non-marketability is applied) or HK\$24.60 (the same as the Cancellation Price under the Cash Alternative) per SPV Share. The Hong Kong Rollover Shares are subject to certain risks and restrictions, in particular, (i) the Hong Kong Rollover Shares are unlisted with no ready market; (ii) the holders of the Hong Kong Rollover Shares, being minority shareholders of the Offeror, will only have limited shareholder protection rights; and (iii) dividends on the Hong Kong Rollover Shares will not be guaranteed. On this basis, we consider the Share Alternative to be suitable principally for the sophisticated Qualifying Independent H Shareholders only, and we do not consider it suitable for the general Qualifying Independent H Shareholders without experience in, for example, investing as minorities in unlisted investment vehicles.

LETTER FROM RAINBOW CAPITAL

Based on the above, we consider that the terms of the Merger (including the Cancellation Price) are fair and reasonable so far as the Independent H Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent H Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM and the H Shareholders' Class Meeting to approve and implement the Merger.

We recommend the Qualifying Independent H Shareholders (other than the sophisticated Qualifying Independent H Shareholders) to accept the Cash Alternative of HK\$24.60 per H Share and not to take the Share Alternative, which we consider to be suitable only for the sophisticated Qualifying Independent H Shareholders who have knowledge of and experience in investing as minority shareholders of privately held companies. In our opinion, only those Qualifying Independent H Shareholders who are particularly attracted by the background of the Offeror and are optimistic about the future prospects and profitability of the Group and have carefully studied the specific features of the Share Alternative and the associated risks of holding the Hong Kong Rollover Shares should consider taking the Share Alternative.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

Unless otherwise defined, capitalised terms used in this Composite Document (which includes all Parts and Appendices annexed to this Composite Document) and the Election Documents, shall have the meanings defined below.

“acting in concert”	has the meaning given to it under the Takeovers Code and “concert party” or “concert parties” shall be construed accordingly;
“Articles”	the articles of association of the Company;
“associate(s)”	has the meaning given to it under the Listing Rules or the Takeovers Code (as the case may be);
“Board”	the board of directors of the Company;
“business day” or “trading day”	a day on which the Stock Exchange is open for the transaction of business;
“Cancellation Consideration”	the Cash Alternative or the Share Alternative;
“Cancellation Price”	the cancellation price of HK\$24.60 per H Share and RMB22.444794 per Unlisted Share payable in cash by the Offeror to the Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial), as described in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT</i> ” in the “LETTER FROM THE BOARD”;
“Cash Alternative”	HK\$24.60 per H Share and RMB22.444794 per Unlisted Share;
“Cayman Henlius”	Henlius Biopharmaceuticals, Inc., a company established in Cayman Islands on 23 February 2009;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“CCASS Participant”	the CCASS participant through which a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) holds a Share that is deposited in CCASS and registered under the name of HKSCC Nominees;

“CICC”	China International Capital Corporation Hong Kong Securities Limited, the lead financial adviser to the Offeror in respect of the Merger. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“Company” or “Henlius”	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange (Stock Code: 02696);
“Composite Document”	this composite document, together with all parts and Appendices annexed hereto;
“Conditions”	collectively, the Conditions to effectiveness and the Conditions to implementation;
“Conditions to effectiveness”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT</i> ” in the “LETTER FROM THE BOARD”;
“Conditions to implementation”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT</i> ” in the “LETTER FROM THE BOARD”;
“Consenting Shareholders”	the Shareholders who have approved the Merger;
“Declaration Period”	a period commencing on the Delisting Date and expiring on the third (3rd) business day from (and excluding) the Delisting Date, during which any Dissenting Shareholder may declare to exercise its right;
“Delisting Date”	the date on which the listing of the Company on the Stock Exchange is withdrawn;
“Director(s)”	director(s) of the Company;

“Dissenting Shareholder”	a Shareholder who has validly voted against the resolutions in respect of the Merger at the EGM and (if applicable) the H Shareholders’ Class Meeting and has requested the Company or the Consenting Shareholders to acquire its Shares at a “fair price”;
“Effective Date”	the date on which the Merger becomes unconditional, i.e. all of the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation having been fulfilled;
“EGM”	the extraordinary general meeting of the Company to be convened at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC on 22 January 2025 at 2:00 p.m., or any adjournment thereof, to consider and, if thought fit, approve (among other things) the Merger Agreement, the Supplemental Merger Agreement and transactions respectively contemplated thereunder including the Merger and relevant arrangements;
“Election Documents”	the Election Form and the Qualifying Shareholder Questionnaire;
“Election Form”	the form of election to be completed for election of the Cash Alternative or (for Qualifying Shareholders) the Share Alternative (but not, for the avoidance of doubt, a combination of the two), which is despatched to Shareholders together with this Composite Document;
“Election Period”	the period commencing on the date of this Composite Document and ending on the 15th business day after the Effective Date (or such other time as the Executive may permit) during which Shareholders may elect the Cash Alternative or the Share Alternative (but not both) pursuant and subject to the directions and other terms and conditions set out in this Composite Document;
“evidence of title”	in respect of a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial), satisfactory evidence of title showing that the Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) has title over their Shares, being original share certificate(s), original transfer receipt(s), or satisfactory indemnity/indemnities, or a combination thereof;

“Exchange Rate”	the exchange rate of HK\$1: RMB0.91239, which is the latest available central parity rate of RMB to Hong Kong Dollar as at the Initial Joint Announcement Date as announced by the People’s Bank of China;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“exempt fund manager”	has the meaning given to it under the Takeovers Code;
“exempt principal trader”	has the meaning given to it under the Takeovers Code;
“Exercise Date”	the date on which the Company and/or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) pays cash consideration to Dissenting Shareholders who effectively declare and exercise their right to request for the acquisition of the Shares held by them at “fair price”, which will be separately announced by the Company;
“Fosun Agreement”	the agreement dated 24 June 2024 entered into by the Offeror, Fosun Pharma Industrial Development and Fosun Industrial in relation to the arrangement in relation to the treatment of Shares held by Fosun Parma Industrial Development and Fosun Industrial as disclosed in the Initial Joint Announcement and the Second Joint Announcement, i.e. (i) the issue of shares by the Offeror to Fosun Pharma Industrial Development and Fosun Industrial on the basis of each share in the share capital of the Offeror issued for the cancellation of each 4.289864016 Shares as held by them and (ii) the subscription of the shares in the Offeror by Fosun Pharma Industrial Development by reference to the Shares held by Shareholders (other than the Offeror, Fosun Pharma Industrial Development and Fosun Industrial and Share Alternative Holders (to the extent their Shares or the relevant proportion thereof are settled by the Rollover Securities)) to be cancelled for cash under the Merger, adopting the same ratio of each 1 share in the Offeror for each 4.289864016 Shares held by the aforesaid Shareholders and to be cancelled under the Merger;
“Fosun Industrial”	Fosun Industrial Co., Limited, a company incorporated in Hong Kong on 22 September 2004 with limited liability, and a wholly-owned subsidiary of Fosun Pharma;

“Fosun International Capital”	Fosun International Capital Limited, the joint financial adviser to the Offeror in respect of the Merger. Fosun International Capital is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, an indirectly wholly owned subsidiary of Fosun International Limited, a company listed on the Stock Exchange (Stock Code: 656) and the controlling shareholder of Fosun Pharma (Stock Code: 2196, the indirect parent company of the Offeror and the Company (Stock Code: 2696));
“Fosun International Securities”	Fosun International Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, an indirectly wholly owned subsidiary of Fosun International Limited, a company listed on the Stock Exchange (Stock Code: 656) and the controlling shareholder of Fosun Pharma (Stock Code: 2196, the indirect parent company of the Offeror and the Company (Stock Code: 2696));
“Fosun Pharma”	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 2196) and the Shanghai Stock Exchange (stock code: 600196), respectively;
“Fosun Pharma Group”	Fosun Pharma and its subsidiaries;
“Fosun Pharma Industrial Development”	Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司), a company established in the PRC on 27 November 2001 with limited liability, and a wholly-owned subsidiary of Fosun Pharma;
“Group”	the Company and its subsidiaries;

“H Share(s)”	the overseas listed foreign shares issued by the Company, with a RMB denominated par value of RMB1.00 each, which are listed and traded on the Stock Exchange, representing approximately 30.07% of all issued Shares in the Company as at the Latest Practicable Date;
“H Share Registrar”	Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong;
“H Shareholder(s)”	the holder(s) of H Share(s);
“H Shareholders’ Class Meeting”	class meeting of the Company to be convened at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC on 22 January 2025 at 2:30 p.m. for H Shareholders, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Supplemental Merger Agreement and transactions respectively contemplated thereunder including the Merger and relevant arrangements;
“HenLink”	HenLink, Inc., a holder of 15,876,694 Unlisted Shares, representing approximately 2.92% of all issued Shares of the Company as at the Latest Practicable Date;
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HK\$” or “Hong Kong Dollar”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Rollover Entity”	Xing Tao Yi Yao Co., Limited (星韜以耀有限公司), a company incorporated in Hong Kong on 3 December 2024 with limited liability, which is the unlisted special purpose vehicle entity designated by the Offeror for the sole purpose of issuing the Hong Kong Rollover Shares and holding shares in the Offeror;
“Hong Kong Rollover Shares”	new shares of the Hong Kong Rollover Entity to be issued under the Share Alternative;

“Hong Kong SPV Shares”	ordinary shares in the share capital of the Hong Kong Rollover Entity and for the avoidance of doubt, include the Hong Kong Rollover Shares;
“Implementation Date”	the implementation date of the Merger agreed between the Offeror and the Company upon which the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company;
“Independent Board Committee”	the independent board committee established by the Company for the purposes of considering (among other things) the Merger, which comprises all of the independent non-executive Directors, being Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin;
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee who will advise the Independent Board Committee and the Independent H Shareholders in respect of (among other things) the Merger;
“Independent H Shareholders”	the H Shareholders other than the Offeror and the Offeror Concert Parties;
“Independent Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties;
“Initial Joint Announcement”	the announcement dated 24 June 2024 jointly issued by the Offeror, Fosun Pharma and the Company pursuant to Rule 3.5 of the Takeovers Code;
“Initial Joint Announcement Date”	24 June 2024, being the date of the Initial Joint Announcement;
“Latest Election Date”	28 February 2025, being the last date of the Election Period and the latest date by which the Qualifying Shareholder may lodge the Election Form with (i) in the case of H Shareholders, the H Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong and (ii) in the case of Unlisted Shareholders, the Company’s Board secretary office (for holders of Unlisted Shares), at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC;

“Latest Practicable Date”	20 December 2024, being the latest practicable date prior to the printing of the Composite Document for ascertaining certain information herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long-stop Date”	30 April 2025, being the last date the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation can be satisfied, unless the Offeror and the Company otherwise agree, subject to the consent of the SFC;
“Merger”	the proposed merger by absorption of the Company by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement and the Supplemental Merger Agreement;
“Merger Agreement”	the merger agreement entered into between the Offeror and the Company on 24 June 2024 in relation to the Merger, as supplemented by the Supplemental Merger Agreement;
“Non-qualifying Shareholder”	a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) who is not eligible for the Share Alternative, as further explained in the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE — <i>Non-qualifying Shareholders not eligible for Share Alternative</i> ” in the “LETTER FROM THE BOARD”;
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 24 June 2024 (the Initial Joint Announcement Date) and ending on the Effective Date or the date on which the Merger is not approved or otherwise lapses or the date determined by the Executive as the date on which the relevant offer period shall end, whichever is earlier;
“Offeror” or “Fosun New Medicine”	Shanghai Fosun New Medicine Research Company Limited* (上海復星新藥研究股份有限公司), formerly known as Shanghai Fosun New Medicine Research Company Limited* (上海復星新藥研究有限公司), a company established in the PRC on 12 September 2008 with limited liability and converted into a joint stock company on 23 July 2024, and an indirectly wholly-owned subsidiary of Fosun Pharma as at the Latest Practicable Date;

“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror in respect of the Company under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), (including those as listed in the table set out in the section headed “7. INFORMATION ON THE OFFEROR AND THE COMPANY — (3) Shareholdings in the Company and Relevant Securities in Issue” in the “LETTER FROM THE BOARD” of this Composite Document and the Rollover Entities);
“PRC” or “China”	the People’s Republic of China, which for the purposes of this Composite Document does not include Hong Kong, the Macau Special Administrative Region and Taiwan unless the context otherwise specifies;
“PRC Company Law”	the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time;
“PRC Laws”	any and all laws, regulations, statutes, rules, decrees, notices, and supreme court’s judicial interpretations as may be in force and publicly available in the PRC from time to time;
“PRC Rollover Entity”	Shanghai Xing Tao Biotech Pharmaceutical Company Limited* (上海星韜生物醫藥有限責任公司), a company incorporated in the PRC on 29 November 2024 with limited liability, which is being an unlisted entity incorporated by Fosun Pharma through its subsidiary, which will be a limited liability company for the sole purpose of issuing the PRC Rollover Shares and holding shares in the Offeror;
“PRC Rollover Shares”	new registered capital in the PRC Rollover Entity to be issued under the Share Alternative;
“PRC SPV Shares”	registered capital in the PRC Rollover Entity and for the avoidance of doubt, includes the PRC Rollover Share;
“Pre-Conditions”	have the meaning given to it in the section headed “3. PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT — Pre-Conditions to the Merger Agreement becoming effective” in the “LETTER FROM THE BOARD” of this Composite Document;

“ <i>Pro Rata</i> Downward Adjustment Mechanism”	the pro rata downward adjustment mechanism applicable to the Share Alternative in the manner set out in the section headed “5. INFORMATION ON THE SHARE ALTERNATIVE — <i>Cap on the Share Alternative</i> ” in the “LETTER FROM THE BOARD”;
“Qualifying Shareholder”	a Shareholder (other than Fosun Pharma Industrial Development and Fosun Industrial) who is not a Non-qualifying Shareholder;
“Qualifying Shareholder Questionnaire”	the questionnaire for overseas Qualifying Shareholders who wish to elect the Share Alternative to first complete, sign and return to the H Share Registrar;
“Record Date”	22 January 2025, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM and/or H Shareholders’ Class Meeting;
“Relevant Period”	the period commencing from 24 December 2023 (i.e. the date that is six months prior to the publishing date of the Initial Joint Announcement) and ending on and including the Latest Practicable Date;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rollover Entities”	collectively, the Hong Kong Rollover Entity and the PRC Rollover Entity;
“Rollover Securities”	collectively, the Hong Kong Rollover Shares and the PRC Rollover Shares;
“Second Joint Announcement”	the second announcement dated 23 August 2024 jointly issued by the Offeror, Fosun Pharma and the Company pursuant to Rule 3.5 of the Takeovers Code;
“Second Joint Announcement Date”	23 August 2024, being the date of the Second Joint Announcement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time);

“Shareholders”	H Shareholders, and the Unlisted Shareholders;
“Share(s)”	collectively, H Shares and Unlisted Shares;
“Share Alternative”	the alternative whereby Shareholders who may opt to receive the Rollover Securities on an exchange ratio of (a) one Hong Kong Rollover Share to exchange for one H Share; and (b) one PRC Rollover Share to exchange for one Unlisted Share in lieu of cash consideration;
“Share Alternative Cap”	up to 43,479,588 Shares, being the maximum number of Shares that will be exchanged for Rollover Securities under the Share Alternative; the Share Alternative Cap represents 8% of the total number of issued Shares as at the Latest Practicable Date;
“Share Alternative Holder”	(i) before settlement of the Share Alternative, a Qualifying Shareholder who validly elects the Share Alternative; and (ii) following settlement of the Share Alternative, a holder of a Rollover Security under the Share Alternative;
“SPV Shares”	collectively, Hong Kong SPV Shares and PRC SPV Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Merger Agreement”	the supplemental merger agreement entered into between the Offeror and the Company on 23 August 2024 in relation to the Merger, specifically the Share Alternative;
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC (as revised, supplemented or otherwise modified from time to time);
“trading day”	a day on which the Stock Exchange is open for dealing or trading in securities;
“Undisturbed Date”	21 May 2024, being the last trading day prior to 22 May 2024 when there were irregular trading volumes in the Shares;
“Undisturbed Period”	the 12-month period immediately prior to and including the Undisturbed Date;

“Unlisted Shares”	the shares issued by the Company which are not listed in domestic and overseas stock exchanges, with a RMB denominated par value of RMB1.00 each, representing approximately 69.93% of all issued Shares in the Company as at the Latest Practicable Date;
“Unlisted Shareholder(s)”	the holder(s) of Unlisted Share(s);
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended; and
“%”	per cent.

1. SUMMARY OF FINANCIAL INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in the PRC with limited liability on 12 September 2008 and is an investment holding company. The 265,971,569 Unlisted Shares in the Company are held by it as its sole asset and the Offeror has no other businesses. It has on 23 July 2024 effected a change in registration in the PRC and was converted into a joint stock limited company. The Offeror does not have published audited accounts.

Statement of indebtedness of Offeror

As at 31 October 2024, the Offeror had no outstanding indebtedness, including any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

2. SUMMARY OF FINANCIAL INFORMATION OF FOSUN PHARMA GROUP

The following is a summary of the financial results of Fosun Pharma Group for each of the three years ended 31 December 2021, 2022 and 2023 and for the nine months ended 30 September 2024 as extracted from Fosun Pharma's annual reports for the years ended 31 December 2021, 2022 and 2023, and its quarterly report for the nine months ended 30 September 2024, respectively.

	For the nine months ended 30 September 2024 <i>RMB'000</i> (Unaudited)	For the year ended 31 December 2023 <i>RMB'000</i> (Audited)	For the year ended 31 December 2022 <i>RMB'000</i> (Audited)	For the year ended 31 December 2021 <i>RMB'000</i> (Audited) (Restated)
Revenue	<u>30,911,889</u>	<u>41,248,505</u>	<u>43,811,385</u>	<u>38,864,174</u>
Profit before taxation	3,071,566	3,276,908	4,580,552	6,042,670
Income tax expenses	<u>(553,048)</u>	<u>(369,504)</u>	<u>(626,918)</u>	<u>(1,066,401)</u>
Total comprehensive income for the year/period	<u>2,304,590</u>	<u>2,939,260</u>	<u>4,061,677</u>	<u>4,632,088</u>
Total comprehensive income attributable to:				
Owners of the parent	1,833,395	2,363,164	3,837,585	4,396,458
Non-controlling interests	471,196	576,096	224,092	235,630
	2,304,590	2,939,260	4,061,677	4,632,088
Earnings per share attributable to ordinary equity holders of the parent				
Basic and diluted (RMB)	0.75	0.90	1.43	1.85
Dividends	—	721,548	1,122,306	1,435,223
Dividends per share (RMB)	—	0.27	0.42	0.56

There are no other items of income or expense which are material for each of the three years ended 31 December 2021, 2022 and 2023 and the nine-month period ended 30 September 2024.

The consolidated financial statements of Fosun Pharma Group for the years ended 31 December 2021, 2022 and 2023 were audited by Ernst & Young. No modified opinion, emphasis of matter or material uncertainty related to going concern was given by the auditors of Fosun Pharma Group in respect of Fosun Pharma Group's audited consolidated financial statements for the financial years ended 31 December 2021, 2022 and 2023. The unaudited consolidated results of the Fosun Pharma Group for the nine months ended 30 September 2024 were unaudited but have been reviewed by the board of directors of Fosun Pharma.

3. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FOSUN PHARMA GROUP FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023 AND UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FOSUN PHARMA GROUP FOR THE THREE MONTHS ENDED 31 MARCH 2024, SIX MONTHS ENDED 30 JUNE 2024 AND NINE MONTHS ENDED 30 SEPTEMBER 2024

The audited consolidated financial statements of the Fosun Pharma Group for the year ended 31 December 2021 (including the notes thereto) (the “**2021 Fosun Pharma Financial Statements**”) are set out from pages 179 to 315 in the annual report of Fosun Pharma for the year ended 31 December 2021 (the “**2021 Fosun Pharma Annual Report**”) which was published on 14 April 2022 on the websites of Fosun Pharma (<https://www.fosunpharma.com/en/Upload/File/202207/1e5c43a0243645548499bc350007c2aa.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0414/2022041400318.pdf>).

The audited consolidated financial statements of the Fosun Pharma Group for the year ended 31 December 2022 (including the notes thereto) (the “**2022 Fosun Pharma Financial Statements**”) are set out from pages 197 to 337 in the annual report of Fosun Pharma for the year ended 31 December 2022 (the “**2022 Fosun Pharma Annual Report**”) which was published on 21 April 2023 on the websites of Fosun Pharma (<https://www.fosunpharma.com/en/Upload/File/202304/9f1e422b7d0040228d9e51df86b86633.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100549.pdf>).

The audited consolidated financial statements of the Fosun Pharma Group for the year ended 31 December 2023 (including the notes thereto) (the “**2023 Fosun Pharma Financial Statements**”) are set out from pages 268 to 408 in the annual report of Fosun Pharma for the year ended 31 December 2023 (the “**2023 Fosun Pharma Annual Report**”) which was published on 24 April 2024 on the websites of Fosun Pharma (<https://www.fosunpharma.com/en/Upload/File/202408/d6003d60f044480398a440b708098c72.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400726.pdf>).

The unaudited consolidated financial statements of the Fosun Pharma Group for the three months ended 31 March 2024 (the “**Unaudited 2024 First Quarter Fosun Pharma Financial Statements**”) are set out from pages 13 to 23 in the 2024 first quarterly report of Fosun Pharma for

the three months ended 31 March 2024 (the “**2024 Fosun Pharma First Quarterly Report**”) which was published on 29 April 2024 on the websites of Fosun Pharma (<https://www.fosunpharma.com/en/Upload/File/202404/8a9529618f824c1984a6fb35f784d36c.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042903785.pdf>).

The unaudited consolidated financial statements of the Fosun Pharma Group for the six months ended 30 June 2024 (including the notes thereto) (the “**Unaudited 2024 Interim Fosun Pharma Financial Statements**”) are set out from pages 62 to 99 in the interim report of Fosun Pharma for the six months ended 30 June 2024 (the “**2024 Fosun Pharma Interim Report**”) which was published on 20 September 2024 on the websites of Fosun Pharma (<https://www.fosunpharma.com/en/Upload/File/202409/ef5e5c542d9c48abbd5fffd16e31d11f.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0920/2024092000637.pdf>).

The unaudited consolidated financial statements of the Fosun Pharma Group for the nine months ended 30 September 2024 (the “**Unaudited 2024 Third Quarter Fosun Pharma Financial Statements**”) are set out from pages 17 to 27 in the 2024 third quarterly report of Fosun Pharma for the nine months ended 30 September 2024 (the “**2024 Fosun Pharma Third Quarterly Report**”) which was published on 29 October 2024 on the websites of Fosun Pharma (<https://www.fosunpharma.com/en/Upload/File/202410/311554d071064143a6ae3d494d8717a6.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1029/2024102900948.pdf>).

The 2021 Fosun Pharma Financial Statements, the 2022 Fosun Pharma Financial Statements, the 2023 Fosun Pharma Financial Statements, Unaudited 2024 First Quarter Fosun Pharma Financial Statements, the Unaudited 2024 Interim Fosun Pharma Financial Statements and the Unaudited 2024 Third Quarter Fosun Pharma Financial Statements are incorporated by reference into this Composite Document and form part of this Composite Document.

4. INDEBTEDNESS STATEMENT

As at 31 October 2024, Fosun Pharma Group had the following outstanding liabilities:

Interest-bearing bank and other borrowings

		As at 31 October 2024
	<i>Notes</i>	<i>RMB'000</i>
Interest-bearing bank borrowings		
Secured	(i)	2,205,810
Unsecured		30,391,719
Lease liabilities	(ii)	<u>2,784,250</u>
		<u><u>35,381,779</u></u>

Notes:

- (i) As at 31 October 2024, Fosun Pharma Group had outstanding interest-bearing bank borrowings of RMB2,205,810 which were secured by mortgages over the intangible assets, property, plant and equipment, construction in progress and equity investment which had a net carrying amount of RMB367,925,168, RMB2,022,809,585, RMB897,565,869 and RMB546,008,187 respectively.
- (ii) As at 31 October 2024, Fosun Pharma Group had outstanding lease liabilities of approximately RMB2,784,250,394, and the lease liabilities represented the present value of outstanding lease payments under the lease agreements.

Contingent liabilities or guarantees

As at 31 October 2024, the Fosun Pharma Group did not have any contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at 31 October 2024, Fosun Pharma Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities, guarantees or other material contingent liabilities.

The directors of Fosun Pharma were not aware of any material adverse changes in Fosun Pharma Group's indebtedness position and contingent liabilities since the close of business on 31 October 2024 up to the Latest Practicable Date.

5. SUMMARY OF FINANCIAL INFORMATION OF THE ROLLOVER ENTITIES

The Hong Kong Rollover Entity is a company incorporated in Hong Kong with limited liability on 3 December 2024 and is an investment holding company. As at the Latest Practicable Date, the share capital of the Hong Kong Rollover Entity was USD10,000 comprising one share and the Hong Kong Rollover Entity had no business operations. The Hong Kong Rollover Entity does not have published audited accounts. As at the Latest Practicable Date, the Hong Kong Rollover Entity did not have any income or expense which is material, outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

The PRC Rollover Entity is a company incorporated in the PRC with limited liability on 29 November 2024 and is an investment holding company. As at the Latest Practicable Date, the registered and issued share capital of the PRC Rollover Entity were RMB10,000 and the PRC Rollover Entity had no business operations. The PRC Rollover Entity does not have published audited accounts. As at the Latest Practicable Date, the PRC Rollover Entity did not have any income or expense which is material, outstanding mortgages, charges, debentures or other loan

capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

6. MATERIAL CHANGE

The directors of the Offeror confirm that, as at the Latest Practicable Date, there was no material change in the financial position or trading position or outlook of the Rollover Entities since their respective date of incorporation on 3 December 2024 and 29 November 2024 up to and including the Latest Practicable Date.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the unaudited consolidated financial results of the Group for the six months ended 30 June 2024 and the audited consolidated financial results of the Group for each of the three years ended 31 December 2021, 2022 and 2023, the figures of which are extracted from the interim report of the Company for the six months ended 30 June 2024 and the annual reports of the Company for the years ended 31 December 2021, 2022 and 2023, respectively, prepared in accordance with IFRSs.

Summary of Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended 30 June 2024 RMB'000 (Unaudited)	For the year ended 31 December 2023 RMB'000 (Audited)	For the year ended 31 December 2022 RMB'000 (Audited & Restated)	For the year ended 31 December 2021 RMB'000 (Audited)
Revenue	2,746,109	5,394,909	3,214,730	1,682,472
Cost of sales	(755,414)	(1,476,112)	(844,621)	(522,748)
Gross profit	1,990,695	3,918,797	2,370,109	1,159,724
Other income and gains	24,739	68,914	105,552	45,091
Selling and distribution expenses	(900,217)	(1,754,241)	(1,049,292)	(520,261)
Administrative expenses	(159,949)	(383,840)	(354,038)	(280,606)
Impairment losses on financial assets, net	—	(30,280)	(200,791)	(174)
Research and development expenses	(482,466)	(1,118,732)	(1,394,514)	(1,023,930)
Other expenses	(14,288)	(20,501)	(65,241)	(251,763)
Finance costs	(62,796)	(110,539)	(105,672)	(84,820)
Profit/(loss) before tax	395,718	569,578	(693,887)	(956,739)
Income tax expenses	(9,417)	(23,559)	(1,372)	(27,313)
Profit/(loss) for the period	386,301	546,019	(695,259)	(984,052)
Owners of the parent	386,301	546,019	(695,259)	(984,052)
Non-controlling interests	—	—	—	—
Total comprehensive income/ (loss) for the period	385,956	546,036	(699,256)	(984,500)
Owners of the parent	385,956	546,036	(699,256)	(984,500)
Non-controlling interests	—	—	—	—
Earnings/(loss) per share attributable to ordinary equity holders of the parent				
Basic and diluted (RMB)	0.71	1.01	(1.28)	(1.83)
Dividends	—	—	—	—
Dividends per share	—	—	—	—

The consolidated financial statements of the Group for the years ended 31 December 2021, 2022 and 2023 were audited by Ernst & Young.

It is noted that the Group recorded qualified opinion for the year ended 31 December 2022. As stated in independent auditor's report issued by the Group's reporting accountant Ernst & Young contained in the annual report for the year ended 31 December 2022, on 25 September 2019, the Company entered into an investment management agreement (the "IMA") with AMTD Global Markets Limited ("AMTD", now renamed as oOo Securities (HK) Group Limited). Pursuant to the IMA, the Company deposited a total principal amount of USD117,000,000 into its investment portfolio account with AMTD (the "AMTD Account") and engaged AMTD to provide investment management services. As at 31 December 2021, the outstanding balance in the AMTD Account amounted to USD86,360,000 (equivalent to RMB550,610,000) and was recorded in restricted cash and bank balances and the provision was recorded in other payables and accruals. The management of the Company represented that during the year ended 31 December 2022, the Company entered into notes purchase agreements to purchase promissory notes issued by three private entities (collectively, the "Notes") with the total principal amounts of USD86,360,000 (equivalent to RMB550,610,000) through the AMTD Account, which was recorded in financial assets at fair value through profit or loss. The Company has engaged an independent valuer to assess the fair value of the Notes and concluded that the fair value of the Notes as at 31 December 2022 was USD23,000,000 (equivalent to RMB160,186,000) giving rise to a total fair value loss of RMB390,424,000. The management of the Company has provided Ernst & Young with the AMTD Account statement as at 31 December 2022 obtained from AMTD. However, the management of the Company were unable to provide Ernst & Young with the signed notes purchase agreements or other adequate evidence to support the existence and valuation of the Notes. Ernst & Young was not able to obtain the necessary corroborative evidence from the counterparties of the Notes neither. Because of the above scope limitations, and there were no alternative audit procedures that Ernst & Young could perform, Ernst & Young issued a qualified opinion in relation to the Group's transactions with AMTD for the year ended 31 December 2022. Except for the effects of the matters described above, the Ernst & Young considered that the consolidated financial statements of the Group for the year ended 31 December 2022 gave a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

As stated in the annual report for the year ended 31 December 2023, as at 31 December 2023, the outstanding balances of the investment principal in AMTD Account amounted to USD66,360,000 (equivalent to RMB470,015,000). The Company has assessed the expected credit losses based on all the facts and available information, including historical correspondence with AMTD and relevant analysis from the external legal counsel of the Company, etc. As at 31 December 2022, a total expected credit loss amounting to USD63,360,000 (equivalent to RMB441,284,000) was provided in connection with the amount due from AMTD which was reclassified from the total fair value losses on the financial assets at fair value through profit or loss recognised in the previous year. For the year ended 31 December 2023, an additional expected credit loss amounting to USD3,000,000 (equivalent to RMB21,249,000) was further recognised. As at 31 December 2023, the total cumulative expected credit losses amounted to USD66,360,000

(equivalent to RMB470,015,000) was fully provided in connection with the amount due from AMTD. In relation to this, certain amounts have been reclassified in the annual report for the year ended 31 December 2023, including (i) in the consolidated statement of financial position as at 31 December 2022, the financial assets at fair value through profit or loss amounting to RMB160,186,000 as at 31 December 2022 were reclassified to prepayments, deposits and other receivables, representing an amount due from AMTD amounting to RMB601,470,000, net of impairment allowance for the expected credit loss in connection with due from AMTD amounting to RMB441,284,000; (ii) in the consolidated statement of profit and loss for the year ended 31 December 2022, a loss on fair value adjustment of financial assets at fair value through profit or loss of RMB199,153,000 recorded in other expenses were reclassified to impairment losses on financial assets; and (iii) in the consolidated statement of cash flow for the year ended 31 December 2022, “Changes in restricted cash for investments” amounting to RMB550,610,000 were reclassified to “Purchase of investment measured at fair value through profit or loss” amounting to RMB550,610,000. For comparison purpose, the restated financial performance for the year ended 31 December 2022 will be used to compare the financial performance for the year ended 31 December 2023 in this section while the un-restated financial performance for the year ended 31 December 2022 will be used to compare the financial performance for the year ended 31 December 2021.

Saved as disclosed above, no modified opinion, emphasis of matter or material uncertainty related to going concern was given by the auditors of the Group in respect of the Group’s audited consolidated financial statements for the financial years ended 31 December 2021, 2022 and 2023.

Saved as disclosed above, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2021, 2022 and 2023.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 (including the notes thereto) are set out on pages 29 to 52 of the interim report of the Company for the six months ended 30 June 2024, which was published on 26 September 2024 on the websites of the Company (<https://www.henlius.com/upload/202409/26/2024InterimReport.pdf>) and the Hong Kong Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0926/2024092600403.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 December 2023 (including the notes thereto) are set out on pages 99 to 178 of the annual report of the Company for the year ended 31 December 2023, which was published on 17 April 2024 on the websites of the Company (<https://www.henlius.com/upload/202404/17/2023AnnualReport.pdf>) and the Hong Kong Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0417/2024041700261.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 December 2022 (including the notes thereto) are set out on pages 100 to 178 of the annual report of the Company for the year ended 31 December 2022 which was published on 24 April 2023 on the websites of the Company (<https://www.henlius.com/upload/202304/24/2022AnnualReport.pdf>) and the Hong Kong Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400347.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 December 2021 (including the notes thereto) are set out on pages 80 to 156 of the annual report of the Company for the year ended 31 December 2021 which was published on 21 April 2022 on the websites of the Company (<https://www.henlius.com/upload/202204/21/202204211839104566.PDF>) and the Hong Kong Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100854.pdf>).

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2021, 2022 and 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2024, being the most recent practicable date prior to the printing of this Composite Document for the purpose of ascertaining information contained in this indebtedness statement, the Group had the following liabilities:

(a) Interest-bearing bank and other borrowings:

		As at 31 October 2024
	<i>Notes</i>	<i>RMB'000</i>
Interest-bearing bank borrowings		
Secured	(i)	1,156,219
Unsecured		2,695,496
Lease liabilities	(ii)	<u>242,504</u>
		<u><u>4,094,219</u></u>

Notes:

- (i) As at 31 October 2024, the Group had outstanding interest-bearing bank borrowings of RMB1,156,219,000 which were secured by mortgages over the Group's right-of-use assets and property, plant and equipment, which had a net carrying of RMB189,077,000 and RMB1,091,804,000, respectively.

- (ii) As at 31 October 2024, the Group had outstanding lease liabilities of approximately RMB242,504,000, and the lease liabilities represent the present value of outstanding lease payments under the lease agreements.

(b) Contingent liabilities or guarantees

As at 31 October 2024, the Group did not have any contingent liabilities or guarantees.

Save as aforesaid or as otherwise items disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 October 2024, the Group did not have any material outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities, guarantees or other material contingent liabilities.

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes to the Group's indebtedness position or contingent liabilities.

4. MATERIAL CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENTS

As at the Latest Practicable Date, the Board comprises 11 Directors, namely Mr. Zhang Wenjie as the chairman and executive director, Dr. Zhu Jun as the executive director, Mr. Chen Qiyu, Mr. Wu Yifang, Ms. Guan Xiaohui, Mr. Wen Deyong and Dr. Wang Xingli as the non-executive directors, and Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin as the independent non-executive directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those in relation to the Offeror and the Offeror Concert Parties who are not members of the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror in their capacity as directors of Offeror and the directors of Fosun Pharma in their capacity as directors of Fosun Pharma) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the registered share capital of the Company was RMB543,494,853 divided into 543,494,853 shares, comprising 380,066,312 unlisted shares and 163,428,541 H shares;
- (b) the total issued share capital of the Company was 543,494,853 shares, comprising 380,066,312 unlisted shares and 163,428,541 H shares;
- (c) all Shares in issue were fully paid or credited as fully paid and rank *pari passu* in all respects with each other, including, as to rights to dividends, voting and capital;
- (d) since 31 December 2023, being the end of the last financial year of the Company up to and including the Latest Practicable Date, the Company had not issued any Shares; and
- (e) save for the 543,494,853 Shares in issue, the Company did not have any outstanding shares, options, warrants, convertible securities or other relevant securities in issue.

3. MARKET PRICES

The table below sets out the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange (i) at the end of each of the calendar months during the Relevant Period; (ii) on the Undisturbed Date; (iii) on the Last Trading Date; and (iv) on the Latest Practicable Date.

Date	Closing price per Share HK\$
29 December 2023	13.90
31 January 2024	13.40
29 February 2024	13.42
28 March 2024	13.62
30 April 2024	16.32
21 May 2024 (being the Undisturbed Date)	18.00
22 May 2024 (being the Last Trading Date)	18.84
31 May 2024	18.84
21 June 2024 (being the last business day before the Initial Joint Announcement Date)	18.84
28 June 2024	22.85
31 July 2024	22.35
30 August 2024	23.00
30 September 2024	22.60
31 October 2024	21.75
29 November 2024	21.50
20 December 2024 (being the Latest Practicable Date)	23.90

During the Relevant Period, the highest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK\$23.90 on 20 December 2024, and the lowest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK\$12.50 on 27 December 2023.

4. DISCLOSURE OF INTERESTS

(1) Interests of the Offeror and Offeror Concert Parties in the Shares.

See the section headed “7. INFORMATION ON THE OFFEROR AND THE COMPANY — (3) Shareholdings in the Company and Relevant Securities in Issue” in the “LETTER FROM THE BOARD” for details of the interests in the Company held by the Offeror and the Offeror Concert Parties.

(2) Directors' interests and short positions in the Shares and shares in the Company's associated corporations

As at the Latest Practicable Date, the interests and short positions of Director, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed to have under such provisions of the SFO), or were recorded in the register required to be maintained by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company referred to therein and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, or were required to be disclosed under the Takeovers Code were as follows:

Interest in Shares of the Company

Name of Shareholder	Nature of interest and capacity	Class	Number of shares	Approximate Percentage in relevant class of shares	Approximate Percentage in total shares
Zhu Jun ⁽¹⁾	Interest in controlled entity	H Shares	50,000	0.03%	0.01%

- (1) Dr. Zhu Jun wholly owned Dr. JZ Limited. Dr. Zhu Jun was deemed to be interested in the H Shares which Dr. JZ Limited was interested in. In addition, Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership) held directly approximately 0.99% of the Shares in the Company and Dr. Jun Zhu held approximately 3.09% of the shares in Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership).

Interest in Shares of the Associated Corporation

Name	Name of the associated corporation	Nature of interest and capacity	Class	Number of shares	Approximate Percentage in relevant class of shares
Zhang Wenjie ⁽²⁾	Fosun International	Beneficial owner	Share Option	200,000	0.00%
Chen Qiyu	Fosun International	Beneficial owner	Ordinary Shares	17,930,400	0.22%
	Fosun International	Beneficial owner	Share Option	18,450,000	0.23%
	Fosun Pharma	Beneficial owner	A Shares	114,075	0.01%
	Fosun Tourism Group	Beneficial owner	Ordinary Shares	501,478	0.04%
Wu Yifang	Fosun Pharma	Beneficial owner	H Shares	373,000	0.07%
	Fosun Pharma	Beneficial owner	A Shares	922,224	0.04%
	Fosun International	Beneficial owner	Ordinary Shares	360,000	0.00%
	Fosun International	Beneficial owner	Share Option	400,000	0.00%

Name	Name of the associated corporation	Nature of interest and capacity	Class	Number of shares	Approximate Percentage in relevant class of shares
Guan Xiaohui	Fosun International	Beneficial owner	Ordinary Shares	200,000	0.00%
	Fosun International	Beneficial owner	Share Option	1,200,000	0.01%
	Fosun Pharma	Beneficial owner	A Shares	331,357	0.02%
	Fosun Pharma	Beneficial owner	H Shares	25,000	0.00%
Wen Deyong	Fosun Pharma	Beneficial owner	A Shares	145,357	0.01%
	Fosun Pharma	Beneficial owner	H Shares	20,000	0.00%
Feng Rongli	Fosun Pharma	Beneficial owner	A Shares	103,500	0.01%
Kong Deli	Fosun Pharma	Beneficial owner	A Shares	27,200	0.00%

- (2) Save as disclosed above, HenLink held directly approximately 2.92% of the Shares in the Company, and Mr. Zhang Wenjie held approximately 8.93% of the Shares in HenLink.

Interest in Debentures of the Associated Corporation

Name	Name of the associated corporation	Nature of interest and capacity	Class	Details of debentures	Amount of debentures
Wu Yifang	Fortune Star (BVI) Limited	Beneficial owner	Debentures	Principal amount of USD700,000,000 due on 29 October 2025	USD36,440
		Beneficial owner	Debentures	Principal amount of USD500,000,000 due on 18 May 2026	USD36,440

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or shares and debentures of any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code.

(3) Interests of Substantial Shareholders in the Shares

Name of Shareholder	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares	Approximate percentage in total Shares
Offeror	Beneficial owner	Unlisted shares	265,971,569	69.98%	48.94%
Fosun Pharma Industrial Development ⁽³⁾	Beneficial owner	Unlisted shares	25,393,818	6.68%	4.67%
	Interest in controlled entity	Unlisted shares	265,971,569	69.98%	48.94%
Fosun Pharma ⁽⁴⁾	Interest in controlled entity	Unlisted shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun High Tech ⁽⁵⁾	Interest in controlled entity	Unlisted shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun International ⁽⁶⁾	Interest in controlled entity	Unlisted shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
FHL ⁽⁷⁾	Interest in controlled entity	Unlisted shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
FIHL ⁽⁸⁾	Interest in controlled entity	Unlisted shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Guo Guangchang ⁽⁹⁾	Interest in controlled entity	Unlisted shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun Industrial	Beneficial owner	H Shares	32,331,100	19.78%	5.95%
Al Rayyan Holding LLC	Beneficial owner	H Shares	11,370,960	6.96%	2.09%
Qatar Holding LLC ⁽¹⁰⁾	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
Qatar Investment Authority ⁽¹⁰⁾	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
DIC Holding LLC	Beneficial owner	H Shares	1,684,899	1.03%	0.31%
Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC) ⁽¹¹⁾	Interest in controlled entity	H Shares	1,684,899	1.03%	0.31%
Cayman Henlius ⁽¹²⁾	Beneficial owner	H Shares	43,756,960	26.77%	8.05%

Name of Shareholder	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares	Approximate percentage in total Shares
Wei-Dong Jiang ⁽¹³⁾	Beneficial owner	H Shares	720,955	0.44%	0.13%
	Interest in controlled entity	H Shares	43,756,960	26.77%	8.05%
Scott Shi-Kau Liu ⁽¹⁴⁾	Beneficial owner	H Shares	2,410,695	1.48%	0.44%
	Interest in controlled entity	H Shares	43,756,960	26.77%	8.05%
UBS Group AG	Interest in controlled entity	H Shares	16,262,303	9.95%	2.99%

- (3) The offeror was wholly owned by Fosun Pharma Industrial Development. Fosun Pharma Industrial Development was deemed to be interested in the Unlisted Shares which the offeror was interested in.
- (4) Fosun Pharma Industrial Development and Fosun Industrial were wholly owned by Fosun Pharma. Fosun Pharma was deemed to be interested in the Unlisted Shares and H Shares which Fosun Pharma Industrial Development and Fosun Industrial were interested in.
- (5) Fosun High Tech held approximately 35.99% of the shares in Fosun Pharma. Fosun High Tech was deemed to be interested in the Unlisted Shares and H Shares which Fosun Pharma was interested in.
- (6) Fosun High Tech was wholly owned by Fosun International. In addition, Fosun International held approximately 0.22% of the shares in Fosun Pharma. Fosun International was deemed to be interested in the Unlisted Shares and H Shares which Fosun High Tech and Fosun Pharma were interested in.
- (7) FHL directly held approximately 72.76% of the shares in Fosun International. FHL was deemed to be interested in the Unlisted Shares and H Shares which Fosun International was interested in.
- (8) FHL was wholly owned by FIHL. FIHL was deemed to be interested in the Unlisted Shares and H Shares which FHL was interested in.
- (9) Mr. Guo Guangchang held approximately 85.29% of the shares in FIHL. Mr. Guangchang Guo was deemed to be interested in the Unlisted Shares and H Shares which FIHL was interested in.
- (10) Al Rayyan Holding LLC was wholly owned by Qatar Holding LLC, which was wholly owned by Qatar Investment Authority. Qatar Holding LLC and Qatar Investment Authority were deemed to be interested in the H Shares which Al Rayyan Holding LLC was interested in.
- (11) DIC Holding LLC was wholly owned by Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC). Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC) was deemed to be interested in the H Shares which DIC Holding LLC was interested in.
- (12) Cayman Henlius was held by Dr. Scott Shi-Kau Liu and Dr. Wei-Dong Jiang as to approximately 64.20% and 35.80% of the total equity interests, respectively.
- (13) Dr. Wei-Dong Jiang held approximately 35.80% of the shares in Cayman Henlius. Dr. Wei-Dong Jiang was deemed to be interested in the H Shares which Cayman Henlius was interested in.

- (14) Dr. Scott Shi-Kau Liu held approximately 64.20% of the shares in Cayman Henlius. Dr. Scott Shi-Kau Liu was deemed to be interested in the H Shares which Cayman Henlius was interested in.

Save as disclosed herein, there is no other person known to the Directors/Supervisors or chief executive of the Company who, as of the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

5. DEALINGS IN THE SECURITIES OF THE COMPANY, THE OFFEROR AND THE ROLLOVER ENTITIES

- (1) During the Relevant Period, the Company had not dealt for value in any shares in the Offeror or the Rollover Entities, or in any convertible securities, warrants, options or derivatives in respect of the shares in the Offeror or the Rollover Entities.
- (2) During the Relevant Period, none of the Directors, the Offeror, directors of the Offeror or the Offeror Concert Parties had dealt for value in any Shares, the shares in the Offeror or the Rollover Entities, or in convertible securities, warrants, options or derivatives in respect of the Shares, the shares of the Offeror or the Rollover Entities, or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, the Offeror or the Rollover Entities.
- (3) During the Offer Period and up to and including the Latest Practicable Date, none of the following categories of persons had dealt for value in the Shares, the shares in the Offeror or the Rollover Entities, or in convertible securities, warrants, options or derivatives in respect of the Shares, the shares in the Offeror or the Rollover Entities:
 - (i) the Group, a pension fund of the Group, or a person presumed to be acting in concert with the Company under class (5) or an associate of the Company under class (2) (excluding principal traders and exempt fund managers) of the Takeovers Code; or
 - (ii) discretionary fund managers (other than exempt fund managers) connected with the Company.
- (4) During the Offer Period and up to and including the Latest Practicable Date, save for the Merger Agreement, the Supplemental Merger Agreement, the Fosun Agreement, the share charge with respect to shares in the Company as held by the Offeror granted by the Offeror to China Merchants Bank Co., Ltd. Shanghai Branch as security for the external debt financing for the payment of Cancellation Price, and the transactions contemplated respectively thereunder, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code

between the Company, or any person who is presumed to be acting in concert with the Company under classes (1), (2), (3) and (5) or associate of the Company under classes (2), (3) and (4) of the Takeovers Code, and any other person.

6. OTHER CONFIRMATIONS

As at Latest Practicable Date:

- (1) the Company does not have any shareholding in the Offeror or the Rollover Entities;
- (2) none of the Group, a pension fund of the Group, or a person presumed to be acting in concert with the Company under class (5) or an associate of the Company under class (2) (excluding exempt principal traders and exempt fund managers) of the Takeovers Code owned or controlled any Shares or any shares in the Offeror or the Rollover Entities, or any convertible securities, warrants, options or derivatives in respect of the Shares, the shares in the Offeror or the Rollover Entities;
- (3) save as disclosed above under the section headed “*Directors’ interests and short positions in the Shares and shares in the Company’s associated corporations*”, none of the Directors was interested in any Shares or any shares in the Offeror or the Rollover Entities, or any convertible securities, warrants, options or derivatives in respect of the Shares, the shares in the Offeror or the Rollover Entities;
- (4) save for the Merger Agreement, the Supplemental Merger Agreement, the Fosun Agreement, the share charge with respect to shares in the Company as held by the Offeror granted by the Offeror to China Merchants Bank Co., Ltd. Shanghai Branch as security for the external debt financing for the payment of Cancellation Price, and the transactions contemplated respectively thereunder, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Company, or any person who is presumed to be acting in concert with the Company under classes (1), (2) (3) and (5) or associate of the Company under classes (2), (3) and (4) of the Takeovers Code, and any other person;
- (5) neither the Company nor a Director has borrowed or lent any relevant securities (as defined in Note 4 to the Rule 22 of the Takeovers Code) in the Company, the Offeror or the Rollover Entities;
- (6) there are no Shares or the shares of the Offeror or the Rollover Entities which are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (7) there is no outstanding derivative in respect of the securities in the Company that has been entered into by the Directors;
- (8) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Merger;

- (9) as disclosed above under the section headed “*Directors’ interests and short positions in the Shares and shares in the Company’s associated corporations*”) Dr. Zhu Jun is the only Director holding an interest in any Shares which would entitle him or her to accept or reject the Merger. Since Dr. Zhu Jun is an Offeror Concert Party, he will abstain from voting at the H Shareholders’ Class Meeting. Dr. Zhu Jun has indicated his intention to vote for the Merger at the EGM;
- (10) there are no agreements or arrangement between any Director and any other person which is conditional on or depend upon the outcome of the Merger or otherwise connected to the Merger;
- (11) there is no material contract to which Offeror is a party in which any Director has a material personal interest; and
- (12) there is no agreement, arrangement or understanding or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder, on the one hand, and (ii) the Company, its subsidiaries or associated companies, on the other hand.

7. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force that: (a) (including both continuous and fixed term contracts) had been entered into or amended within six months before the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) was a fixed term contract with more than 12 months to run irrespective of the notice period.

8. EXPERT AND CONSENTS

The following is the qualification of the expert who has given opinion or advice contained in this Composite Document:

Name	Qualification
Rainbow Capital (HK) Limited	A registered institution under the SFO, licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

Rainbow Capital (HK) Limited has given and has not withdrawn its written consents to the issue of this Composite Document with the inclusion of its letter, and references to its names in the form and context in which they respectively appear.

As at the Latest Practicable Date, Rainbow Capital (HK) Limited: (a) had no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) was not

interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

9. MATERIAL LITIGATION

As disclosed in the announcement of the Company dated 31 March 2023, the section headed “Update on the AMTD Matter” in the interim results announcement of the Company for the six months ended 30 June 2023 dated 25 August 2023, and the section headed “Legal Disputes in relation to the Investment Management Agreement” in the inside information announcement dated 10 November 2023, with respect to the lawsuit filed by AMTD against the Company in the Court of First Instance of the High Court of Hong Kong relating to the IMA dated on 25 September 2019 entered into between the Company and AMTD, the Company received a letter from the legal representatives of AMTD on 30 March 2023, attaching a Writ of Summons issued in relation to a litigation commenced by AMTD against the Company in the Court of First Instance of the High Court of Hong Kong. AMTD alleged that the Company had breached the IMA by withdrawing the USD30,640,000 without the written consent of AMTD, and not paying management fees for services provided by AMTD. AMTD sought monetary and declaratory relief, as well as specific performance.

On 21 June 2023, AMTD further filed a Statement of Claim with the Court of First Instance of the High Court of Hong Kong and alleged, among others, that the Company had breached the IMA by procuring the withdrawals of an aggregate amount of USD68,300,000 since October 2020 from the AMTD Account without AMTD’s written consent, and not having paid the management fees for services allegedly provided by AMTD since September 2021.

On 30 August 2023, the Company filed a summons with the Court of First Instance of the High Court of Hong Kong for an application for stay of the court proceedings in favour of arbitration. Subsequently, on 6 November 2023, the Court of First Instance of the High Court of Hong Kong granted an order by consent of the parties, *inter alia*, that the court proceedings be stayed in favour of arbitration.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation and no litigation was known to the Directors threatened by or against any member of the Group.

10. MATERIAL CONTRACTS

Save as disclosed below, the Group had not, within the two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date, entered into any other material contract (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group):

- (1) the Merger Agreement; and
- (2) the Supplemental Merger Agreement.

11. MISCELLANEOUS

- (1) The key general corporate information of the Company are as follows:

Head Office and Principal Place of Business in China:	11F, Building B8, 188 Yizhou Road, Xuhui District, Shanghai, PRC
Registered Office in China:	Room 901, 9th Floor, Building 1, No. 367 Shengrong Road, China (Shanghai) Pilot Free Trade Zone, PRC
Principal place of business in Hong Kong:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
H Share Registrar:	Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Joint Company Secretary:	Yan Wang (王燕) Chong Wan Kai (莊運啟)

- (2) The key corporate information of the Financial Adviser to the Company is as follows:

Name:	BOCI Asia Limited
Principal place of business in Hong Kong:	26/F, Bank of China Tower, 1 Garden Road, Hong Kong

- (3) The key corporate information of the Independent Financial Adviser is as follows:

Name:	Rainbow Capital (HK) Limited
Principal place of business in Hong Kong:	Office No. 710, 7/F, Wing On House, 71 Des Voeux Road Central, Hong Kong

12. DOCUMENTS ON DISPLAY

- (1) With respect to the Company, the following documents are available for viewing on the website of the Company (www.henlius.com); and the Securities and Futures Commission (www.sfc.hk) from the date of this Composite Document until the end of the Offer Period:
- (i) the articles of association of the Company;
 - (ii) the interim report of the Company for the six months ended 30 June 2024;
 - (iii) the annual reports of the Company for the years ended 31 December 2021, 2022 and 2023;
 - (iv) the letter of consent referred to in the sub-section headed “8. Experts and Consents”;
 - (v) the material contract(s) referred to in the section headed “10. Material Contracts”;
 - (vi) the Letter from the Board (the text of which is set out in the section headed “Letter from the Board”);
 - (vii) the Letter from the Independent Board Committee (the text of which is set out in the section headed “Letter from the Independent Board Committee”);
 - (viii) the Letter from the Independent Financial Adviser (the text of which is set out in the section headed “Letter from the Independent Financial Adviser”);
 - (ix) the Composite Document; and
 - (x) Qualifying Shareholder Questionnaire.

1. RESPONSIBILITY STATEMENTS

- (1) The respective directors of the Offeror and Fosun Pharma jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. REGISTERED AND ISSUED SHARE CAPITAL OF OFFEROR

- (1) *Share capital of the Offeror.* As at Latest Practicable Date, the registered and issued share capital of the Offeror were as follows:

RMB

Registered share capital:

62,000,000 ordinary shares of RMB 1.00 each	62,000,000
---	------------

Issued and fully paid:

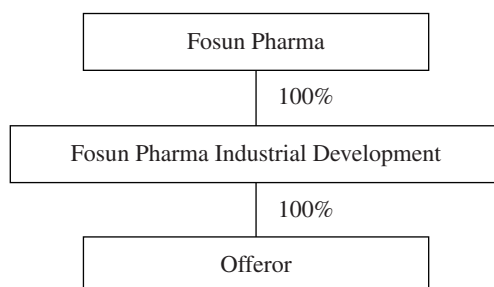
62,000,000 ordinary shares of RMB 1.00 each	62,000,000
---	------------

On 23 July 2024, the Offeror effected a change in registration in the PRC and was converted into a joint stock limited company. As at Latest Practicable Date, the Offeror is wholly owned by Fosun Pharma Industrial Development, which in turn is wholly-owned by Fosun Pharma. Fosun Pharma Industrial Development is principally engaged in industrial investments, medical industry investments, import and export of goods and technologies.

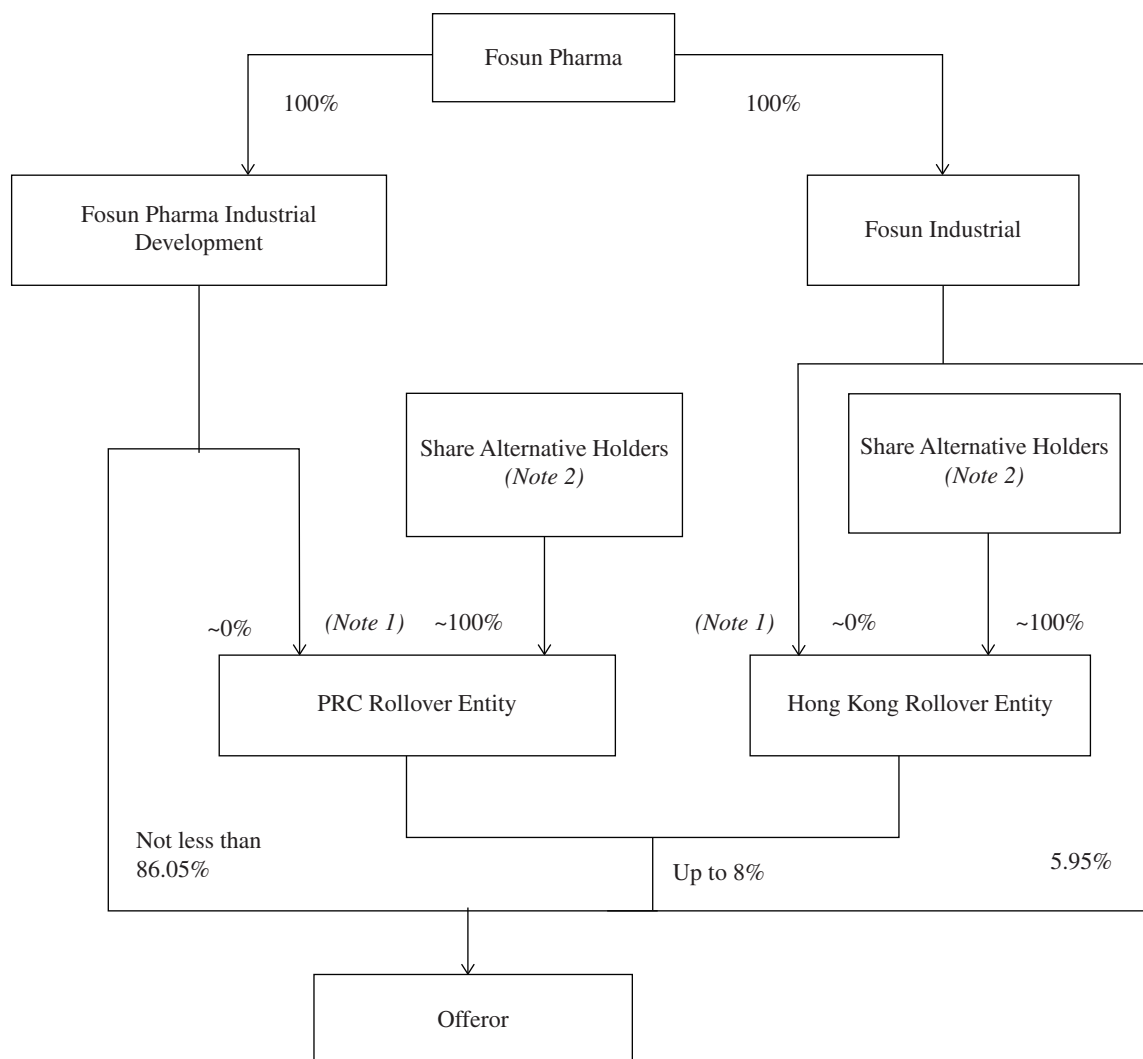
- (2) All of the shares of the Offeror currently in issue rank *pari passu* in all respects with each other, including voting rights, right to receive dividend payment and capital.
- (3) Since 31 December 2023, being the date of the last financial year of the Offeror and up to the Latest Practicable Date, no shares had been issued or bought back by the Offeror.

- (4) There were not any outstanding options, derivatives, warrants, or any conversion rights affecting the shares issued by the Offeror during the Relevant Period and the Offeror had not entered into any agreement for the issue of such options, derivatives, warrants, or securities convertible or exchangeable into shares, and the Offeror had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period.
- (5) *Shareholding of Offeror.* The following corporate structure charts depict a simplified shareholding structure of Offeror in the Company during Offer Period:

As at Latest Practicable Date



Upon completion of the Merger (assuming that the Share Alternative is settled up to the Share Alternative Cap)



Notes:

- (1) The interests of Fosun Pharma Industrial Development in the PRC Rollover Entity and Fosun Industrial in the Hong Kong Rollover Entity depicted in the chart above illustrate their respective founder interests in those entities upon their incorporation. Upon settlement of the Share Alternative, the Offeror will structure the shareholding of the Rollover Entities such that the founder shares will not be voted, and, therefore, will not influence any voting outcome of the Rollover Entities through such shares.
- (2) Subject to the Share Alternative Cap as aforesaid, H Shareholders and Unlisted Shareholders electing the Share Alternative who are Qualifying Shareholders will, on settlement, receive Hong Kong Rollover Shares and PRC Rollover Shares, respectively, such that their indirect shareholding interest in the Offeror through the Hong Kong Rollover Entity or the PRC Rollover Entity (as the case may be) is proportionate to their shareholding in the Company on the Effective Date.

3. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES OF THE OFFEROR

- (1) *Disclosure of interests.* As at the Latest Practicable Date, the Offeror was wholly owned by Fosun Pharma Industrial Development, which in turn was wholly owned by Fosun Pharma. As at the Latest Practicable Date, Shanghai Fosun High Technology (Group) Company Limited* (上海復星高科技(集團)有限公司) (“**Fosun High Tech**”) held approximately 35.99% of the shares in Fosun Pharma, Fosun High Tech is deemed to be interested in the unlisted shares and H shares which Fosun Pharma was interested in. As at the Latest Practicable Date, Fosun High Tech was wholly owned by Fosun International Limited (“**Fosun International**”), which in turn was owned as to 72.76% by Fosun Holdings Limited (“**Fosun Holdings**”), and Fosun Holdings was wholly owned by Fosun International Holdings Limited (“**Fosun International Holdings**”). As Fosun International Holdings was owned as to 85.29% by Guo Guangchang (郭廣昌) (“**Mr. Guo**”), Fosun Holdings, Fosun International Holdings and Mr. Guo are deemed to be interested in these shares which Fosun Pharma are interested in.
- (2) *Dealings during the relevant period.* Save as disclosed in the section headed “2. REGISTERED AND ISSUED SHARE CAPITAL OF OFFEROR” above, no person (including the Company, Directors and Offeror Concert Parties) had dealt for value in any shares of the Offeror, convertible securities, warrants, options or derivatives in respect of shares of the Offeror or any other relevant securities (as defined in Note 4 to Rules 22 of the Takeovers Code) of the Offeror during the Relevant Period.

4. OTHER CONFIRMATIONS IN RELATION TO THE OFFEROR

- (1) As at Latest Practicable Date:
- (i) save as disclosed under the section headed “7. INFORMATION ON THE OFFEROR AND THE COMPANY” in the “LETTER FROM THE BOARD”, section headed “3. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES OF THE OFFEROR” above and section headed “APPENDIX VI — SUMMARY OF ROLLOVER SECURITIES”, the Offeror Concert Parties did not own, control or have direction over any voting rights in any Shares, shares of the Offeror or shares of the Rollover Entities nor own, control or have direction over any warrants, options, derivatives or other securities convertible or exchangeable into shares or other types of equity interest of the Company, the Offeror or the Rollover Entities. Save for the subscriptions of the founder shares of Fosun Pharma Industrial Development in the PRC Rollover Entity and Fosun Industrial in the Hong Kong Rollover Entity, none of the Offeror or the Offeror Concert Parties had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) (excluding dealings by CICC group members and Fosun International Securities for the account of non-discretionary investment clients of the CICC group and Fosun International Securities, respectively) in the Company, the Offeror and the Rollover Entities during the Relevant Period;

- (ii) the Offeror and the Offeror Concert Parties had not received any irrevocable commitment to vote for or against the Merger and thus there were no shareholdings in the Company, the Offeror or the Rollover Entities owned or controlled by any person who has given an irrevocable undertaking;
- (iii) there was no outstanding derivative in respect of the securities in the Company that has been entered into by Offeror Concert Parties;
- (iv) save for the Merger Agreement, the Supplemental Merger Agreement, the Fosun Agreement, the share charge with respect to shares in the Company as held by the Offeror granted by the Offeror to China Merchants Bank Co., Ltd. Shanghai Branch as security for the external debt financing for the payment of Cancellation Price, and the transactions contemplated respectively thereunder, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between Offeror or Offeror Concert Parties and any other person in relation to the Shares or other securities in the Company, Offeror or the Rollover Entities which might be material to the Merger during the Relevant Period and save for the subscriptions of the founder shares of Fosun Pharma Industrial Development in the PRC Rollover Entity and Fosun Industrial in the Hong Kong Rollover Entity, none of the Offeror or the Offeror Concert Parties had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, the Offeror and the Rollover Entities during the Relevant Period;
- (v) none of the Offeror nor any Offeror Concert Party has borrowed or lent any relevant securities in the Company, Offeror or the Rollover Entities (as defined in Note 4 to the Rule 22 of the Takeovers Code);
- (vi) there were no shareholdings in the Offeror, the Rollover Entities and in the Company in which directors of the Offeror are interested;
- (vii) save for the issuance by the Offeror of its shares to Fosun Pharma Industrial Development and Fosun Industrial upon the Merger Agreement becoming effective (as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE SUPPLEMENTAL MERGER AGREEMENT*” in the “LETTER FROM THE BOARD”), there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) the Offeror and the Offeror Concert Parties; and
- (viii) the Offeror did not undergo any re-organisation of capital during 2 financial years before the Offer Period.

5. EXPERTS AND CONSENTS

- (1) The following is the qualification of the experts engaged by the Offeror who have given opinion or advice contained in this Composite Document:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO.

- (2) CICC has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letters, and references to its name in the form and context in which they respectively appear.
- (3) Fosun International Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the references to its name in the form and context in which they respectively appear.

6. MATERIAL LITIGATION OF THE OFFEROR

- (1) As at Latest Practicable Date, the Offeror was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the directors of the Offeror to be pending or threatened by or against the Offeror.

7. ARRANGEMENTS IN CONNECTION WITH THE MERGER**(1) Arrangements affecting the Directors/Offeror directors**

As at the Latest Practicable Date:

- (i) no benefit (save for statutory compensation required under applicable laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Merger;
- (ii) The emolument of the directors of the Offeror will not be affected by the Merger or by any associated transactions.

(2) Arrangement with the Offeror in connection with the Merger

- (i) As at the Latest Practicable Date, no person who owned or controlled any Shares, the shares of the Offeror and the Rollover Securities or any convertible securities, warrants, options or derivatives in respect of the Shares, the shares of the Offeror and the Rollover Securities had irrevocably committed themselves to vote in favour of or against (as the case may be) the resolutions in respect of the Merger.
- (ii) As at the Latest Practicable Date, save for the Merger Agreement, the Supplemental Merger Agreement, the Fosun Agreement and the transactions respectively contemplated thereunder, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, Fosun Pharma or any person acting in concert with them on the one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Merger.
- (iii) As at the Latest Practicable Date, save for the Merger Agreement, the Supplemental Merger Agreement, the external debt financing of the loan facilities respectively entered into between the Offeror/Lustrous Star Limited (which is indirectly wholly owned by Fosun Pharma) and China Merchants Bank Co., Ltd. Shanghai Branch and the transactions respectively contemplated thereunder, there was no agreement or arrangement to which the Offeror or Fosun Pharma is a party which relate to the circumstances in which either of them may or may not invoke or seek to invoke any Conditions of the Merger.
- (iv) As at the Latest Practicable Date, save for the share charge with respect to shares in the Company as held by the Offeror granted by the Offeror to China Merchants Bank Co., Ltd. Shanghai Branch as security for the external debt financing for the payment of Cancellation Price, the Offeror did not have any intention to transfer, charge or pledge any Shares acquired pursuant to the Merger to any other person.
- (v) As at the Latest Practicable Date, save for the Merger Agreement, the Supplemental Merger Agreement, the Fosun Agreement, the share charge with respect to shares in the Company as held by the Offeror granted by the Offeror to China Merchants Bank Co., Ltd. Shanghai Branch as security for the external debt financing for the payment of Cancellation Price, and the transactions respectively contemplated thereunder, there were no arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, Fosun Pharma or any person acting in concert with any of them and any other person.

8. MATERIAL CONTRACTS

(1) The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by Offeror) have been entered into by the Offeror within two years immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date:

- (i) the Merger Agreement;
- (ii) the Supplemental Merger Agreement; and
- (iii) the Fosun Agreement.

9. MISCELLANEOUS

(1) Principal members of the Offeror's concert group include (i) Fosun Pharma Industrial Development, (ii) Fosun Industrial, (iii) Fosun Pharma, (iv) Fosun International Limited, (v) Fosun Holdings Limited, (vi) Fosun International Holdings Limited and (vii) Guo Guangchang. Details (including directors) of the principal members of the Offeror's concert group are as follows:

Name of principal member	Directors	Registered Office/ Correspondence Address
Fosun Pharma Industrial Development	Wu Yifang Wang Kexin Guan Xiaohui Wen Deyong Chen Qiyu Liu Qiang Li Jing	Room 350, No. 25, Kangshi Road, Kangqiao Town, Pudong New Area, Shanghai, the PRC
Fosun Industrial	Guan Xiaohui Law Tsz Kwan Iris	5/F, Manulife Place, 348 Kwun Tung Road, Kowloon, Hong Kong

Name of principal member	Directors	Registered Office/ Correspondence Address
Fosun Pharma	Wu Yifang Wang Kexin Guan Xiaohui Wen Deyong Chen Qiyu Xu Xiaoliang Pan Donghui Chen Yuqing Li Ling Tang Guliang Wang Quandi Yu Tze Shan Hailson	Building A, No. 1289 Yishan Road, Shanghai, China
Fosun International Limited	Guo Guangchang Wang Qunbin Chen Qiyu Xu Xiaoliang Gong Ping Huang Zhen Pan Donghui Yu Qingfei Li Shupe Li Fuhua Zhang Shengman Zhang Huaqiao David T. Zhang Lee Kai-Fu Tsang King Suen Katherine	Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong
Fosun Holdings Limited	Guo Guangchang Li Tao Law Tsz Kwan Iris	Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong
Fosun International Holdings Limited	Guo Guangchang Li Tao Law Tsz Kwan Iris	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands

Name of principal member	Directors	Registered Office/ Correspondence Address
Guo Guangchang	—	Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong
(2) The registered office of the Offeror is situated at Room 1205, 2/F, No. 306 Libing Road, China (Shanghai) Pilot Free Trade Zone, the PRC, and the principal office in Hong Kong of the Offeror is 5/F, Manulife Place, 348 Kwun Tung Road, Kowloon, Hong Kong.		
(3) The directors of the Offeror are Mr. Wu Yifang, Ms. Guan Xiaohui and Mr. Wen Deyong.		
(4) CICC is the lead financial adviser to the Offeror in relation to the Merger and its address is 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.		
(5) Fosun International Capital is the joint financial adviser to the Offeror in relation to the Merger and its registered address is Suite 2101–2105, 21/F, Champion Tower, 3 Garden Road, Central, Hong Kong.		
(6) No immediate and material adverse effect on the assets, liabilities, profits and business of the Offeror is expected from the Merger. See “APPENDIX V — ESTIMATE OF VALUE OF THE ROLLOVER SECURITIES” for more information.		

10. GENERAL INFORMATION OF THE ROLLOVER ENTITIES

(1) The Hong Kong Rollover Entity

The Hong Kong Rollover Entity is a company incorporated in Hong Kong with limited liability on 3 December 2024 and is an investment holding company established for the sole purpose of implementing the Share Alternative. Since its establishment, the Hong Kong Rollover Entity has not engaged in, and is not intended to engage in, any business activities. Accordingly, assuming the Merger becomes unconditional in all respects and that there are Qualifying Shareholders electing the Share Alternative, the sole material asset of the Hong Kong Rollover Entity following completion of the Merger are the shares of the Offeror. Upon cancellation of the H Shares held by the Share Alternative Holders and the issuance of the Hong Kong Rollover Shares to the Share Alternative Holders, the Offeror will also issue its shares to the Hong Kong Rollover Entity such that the indirect shareholding interest of such Share Alternative Holders in the Offeror through the Hong Kong Rollover Entity is proportionate to their shareholding in the Company.

As at Latest Practicable Date, the share capital of the Hong Kong Rollover Entity was USD10,000 comprising one share.

The principal office in Hong Kong of the Hong Kong Rollover Entity is at 17th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong.

(2) The PRC Rollover Entity

The PRC Rollover Entity is a company incorporated in the PRC with limited liability on 29 November 2024 and is an investment holding company established for the sole purpose of implementing the Share Alternative. Since its establishment, the PRC Rollover Entity has not engaged in, and is not intended to engage in, any business activities. Accordingly, assuming the Merger becomes unconditional in all respects and that there are Qualifying Shareholders electing the Share Alternative, the sole material asset of the PRC Rollover Entity following completion of the Merger are the shares of the Offeror. Upon cancellation of the Unlisted Shares held by the Share Alternative Holders and the issuance of the PRC Rollover Shares to the Share Alternative Holders, the Offeror will also issue its shares to the PRC Rollover Entity such that the indirect shareholding interest of such Share Alternative Holders in the Offeror through the PRC Rollover Entity is proportionate to their shareholding in the Company.

As at Latest Practicable Date, the registered and issued share capital of the PRC Rollover Entity were as follows:

	<i>RMB</i>
Registered share capital:	10,000
Issued share capital:	10,000

The principal office in Hong Kong of the PRC Rollover Entity is 17th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong.

(3) Other Confirmations in relation to the Rollover Entities

- (i) Save for the subscriptions of the founder shares of Fosun Pharma Industrial Development in the PRC Rollover Entity and Fosun Industrial in the Hong Kong Rollover Entity, there had been no other transactions involving the securities of the Rollover Entities during the Relevant Period.
- (ii) Save for the founder shares of Fosun Pharma Industrial Development in the PRC Rollover Entity and Fosun Industrial in the Hong Kong Rollover Entity which will, upon settlement of the Share Alternative, be restructured such that they do not carry any voting rights and limited dividend and liquidation rights, all of the PRC Rollover Shares and the Hong Kong Rollover Shares will rank *pari passu* in all respects with each other, and the interests held by Fosun Pharma Industrial Development and Fosun Industrial, respectively, including voting rights, right to receive dividend payment and capital.

- (iii) Save for the issuance on incorporation of founder shares as described above, none of the Rollover Entities has bought back their respective shares since their respective incorporation.
- (iv) As at the Latest Practicable Date, there were not any outstanding options, derivatives, warrants, or any conversion rights affecting the shares issued by the Rollover Entities and the Rollover Entities had not entered into any agreement for the issue of such options, derivatives, warrants, or securities convertible or exchangeable into shares.
- (v) The Rollover Entities did not undergo any re-organisation of capital during 2 financial years before the Offer Period.
- (vi) Since its establishment and up to the Latest Practicable Date, the Rollover Entities did not have any bank overdrafts or loans, or other similar indebtedness, outstanding mortgages, charges, or guarantees or other material contingent liabilities.
- (vii) As at Latest Practicable Date, the Rollover Entities were not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the directors of the Rollover Entities to be pending or threatened by or against the Rollover Entities.
- (viii) The Rollover Entities had not, within the two years prior to the Offer Period and up to and including Latest Practicable Date, entered into any contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Rollover Entities) which is or may be material.

11. DOCUMENTS ON DISPLAY

- (1) With respect to Offeror and the Rollover Entities, the following documents are available for viewing on the websites of the Fosun Pharma (<https://www.fosunpharma.com/en/>); and the Securities and Futures Commission (www.sfc.hk) from the date of this Composite Document until the end of the Offer Period:
 - (i) the respective articles of association of the Offeror and the Rollover Entities;
 - (ii) the quarterly report of Fosun Pharma for the six months ended 30 September 2024;
 - (iii) the interim report of Fosun Pharma for the six months ended 30 June 2024;
 - (iv) the quarterly report of Fosun Pharma for the three months ended 31 March 2024;
 - (v) the annual reports of Fosun Pharma for the years ended 31 December 2021, 2022 and 2023;

- (vi) the estimate of value of the Rollover Securities (the text of which is set out in “APPENDIX V — ESTIMATE OF VALUE OF THE ROLLOVER SECURITIES”);
- (vii) the letters of consent referred to in the sub-section headed “5. Experts and consents”; and
- (viii) the material contracts referred to in the sub-section headed “8. Material contracts”.

The directors of the Offeror

23 December 2024

PROPOSED PRIVATISATION OF HENLIUS
BY SHANGHAI FOSUN NEW MEDICINE RESEARCH COMPANY
LIMITED BY WAY OF MERGER BY ABSORPTION OF HENLIUS
BIOTECH, INC.

ESTIMATE OF VALUE OF THE ROLLOVER SECURITIES

Dear Sirs,

We refer to the document of even date jointly issued by Shanghai Henlius Biotech, Inc. (the “**Company**” or “**Henlius**”) and Shanghai Fosun New Medicine Research Company Limited (the “**Offeror**”) (the “**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter will, unless otherwise stated, have the same meaning given to them in the Composite Document.

Pursuant to the requirements of the Takeovers Code, you have requested us to provide you with an estimate of value of the SPV Shares (the “**Estimate of Value**”). Under the Merger, the Shareholders may elect (i) the **Cash Alternative** on the following basis that the Offeror will pay the Cancellation Price in the amount of: HK\$24.60 per H Share to the H Shareholders (other than Fosun Industrial) for the cancellation of the H Shares, and RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development), for the cancellation of the Unlisted Shares; or (ii) the **Share Alternative** on the following basis that the Hong Kong Rollover Entity and the PRC Rollover Entity will issue respectively: one Hong Kong Rollover Share per H Share, one PRC Rollover Share per Unlisted Share, and upon issuance of the Hong Kong Rollover Shares/PRC Rollover Shares (as the case may be), the Offeror will issue new shares in its share capital to the Hong Kong Rollover Entity/PRC Rollover Entity (as the case may be) on the basis of each 0.233108 shares in the Offeror’s share capital for each Share to be cancelled (or 1 share in the Offeror’s share capital for each 4.289864016 Shares to be cancelled).

PURPOSE

The Estimate of Value has been provided to the Offeror solely for the purposes of Paragraph 30 of Schedule I to the Takeovers Code, and shall not be used or relied upon for any other purpose whatsoever, and is not made on behalf of, and shall not confer rights or remedies upon, any third party. It is to be emphasized that the Estimate of Value contained herein is an estimated value of each SPV Share based on certain assumptions and therefore does not necessarily reflect the actual value of SPV Shares. This letter is not addressed to any third party and the contents of it may not be relied upon by any third party for any purpose whatsoever; and CICC expressly disclaims any

duty or liability to any third party with respect to the contents of this letter. Except for its inclusion in the Composite Document, this letter may not be quoted or referred to, in whole or in part, nor may any other public reference to CICC be made, without our prior written consent.

This letter sets out an Estimate of Value of each SPV Share assuming the Merger has declared effective and such SPV Share is in issue as at the date of this letter.

The Estimate of Value does not represent the value that a holder of a SPV Share may realize on any future sale — and such a value may be higher or lower than the figure in this letter. CICC assumes no obligation to reaffirm, update or revise the Estimate of Value based upon circumstances or events occurring after the date hereof. Additionally, the Estimate of Value is based on the announced value of HK\$24.60 per H Share and RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, under the Cash Alternative, on which CICC expresses no opinion and gives no representation.

In providing the Estimate of Value, CICC expresses no opinion and makes no recommendation to any person as to whether they should vote in favour of the Merger or whether they should make any election to choose the Cash Alternative or the Share Alternative. Further, CICC expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the number and nature of SPV Shares comprised in the Share Alternative as referenced in the Merger.

ASSUMPTIONS

For the purposes of our analysis, we have made the following assumptions:

- i. There exists a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm's length basis, each having knowledge of all relevant facts;
- ii. As at the date of this letter, the Merger has become or been declared effective and the Company is a wholly owned subsidiary of the Offeror;
- iii. The SPV Shares issued in connection with the Merger comprise the entire issued share capital of the Rollover Entities and no person has any right to acquire or subscribe for any share or loan capital of the Rollover Entities other than the SPV Shares issued in connection with the Merger. Such shares have been issued pursuant to the terms of the Merger free from all encumbrances, credited as fully-paid, non-assessable, and ranking *pari passu* with all issued shares in the Rollover Entities, including the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of their issue. The interests of Fosun Pharma Industrial Development in the PRC Rollover Entity and Fosun Industrial in the Hong Kong Rollover Entity represented their respective founder interests in those entities upon their incorporation. Upon settlement of the Share Alternative, the Offeror will structure the shareholding of the Rollover Entities such that the founder shares will not be voted, and, therefore, will not influence any voting outcome of the Rollover Entities through such shares;

- iv. Any Shares in the issued share capital of the Company acquired by the Offeror have been acquired free from all liens, options and third party rights and together with the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of this letter;
- v. The Shares subject to the Merger comprise the entire issued share capital of the Company and, no person other than the Offeror has any right to acquire or option to subscribe for any share or loan capital of the Company and no share capital of the Company is disposed of nor any right granted over or in respect of it at any future date;
- vi. No dividend or other distribution (whether in cash or in kind) shall be declared, made or paid by the Company to the Shareholders between the date of the Announcement and the Effective Date, and any further dividend or distribution shall be subject to the consent of the Offeror;
- vii. The Offeror, the Rollover Entities and the Company exist on a continuing basis;
- viii. The SPV Shares are unlisted and are valued on this basis. Whilst it is not possible to give a precise measure of the discount to reflect, among other things, the lack of marketability, the rights of the shareholders of the Rollover Entities and no methodological analysis can be undertaken for the purposes of estimating such a discount, for the purposes of calculating our range of Estimate of Value, we have assumed a range of discounts of 0–30% to an equivalent listed security to reflect, among other things, the lack of marketability and such shareholders' rights. We believe such range of discounts is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatization precedents in Hong Kong which involves unlisted shares being offered as an alternative transaction consideration and which adopts an illiquidity discount methodology to assess the value of the unlisted shares. In evaluating the level of discount applied, we have identified the following general offer/privatisation cases since 2013 which involved valuation of unlisted shares, and noted that a lack of marketability/shareholders' rights discount of 30% was applied to derive the low-end value of the unlisted shares under the share alternative in the respective case:

Date of composite document	Company (stock code)	Discount applied
1 July 2024	L'Occitane International S.A. (0973)	30%
22 September 2023	Trigiant Group Limited (1300)	30%
4 May 2022	Suchuang Gas Corporation Limited (2868)	30%
10 November 2021	Lee Hing Development Limited (0068)	30%
3 August 2021	Clear Media Ltd (100)	30%
26 January 2021	Huifu Payment Limited (1806)	30%
20 June 2019	China Power Clean Energy Development Co Ltd (735)	30%
5 September 2016	Nirvana Asia Ltd (1438)	30%

Date of composite document	Company (stock code)	Discount applied
23 July 2013	Yashili International Holdings Ltd (1230)	30%

- ix. We have relied on and assumed, without independent verification, the accuracy and completeness of the information reviewed by us (including but not limited to the management accounts of the Offeror, and the Rollover Entities were incorporated on 3 December 2024 and 29 November 2024 respectively and are each an investment holding company. As at the Latest Practicable Date, the Rollover Entities had no asset and business. The Rollover Entities do not have published audited accounts or unaudited consolidated management accounts, which specifies the amount of cash, assets, indebtedness and liabilities that are expected to remain in the Offeror immediately following the Merger becoming effective) for the purposes of the Estimate of Value; and we have not assumed and do not assume any responsibility or liability in relation thereto. We have not made any independent valuation or appraisal of the assets and liabilities of the Company, nor have we sought or been provided with any such valuation or appraisal. The Estimate of Value is necessarily based on financial, economic, market, regulatory and other conditions in effect, and the information made available to us, as at the date of this letter. It should be understood that subsequent developments may affect the Estimate of Value contained in this letter;
- x. The Company and its subsidiaries will continue to operate in the ordinary course as a going concern and are not subject to any material adverse event; the assets and liabilities of the Company (on a consolidated basis) are fairly reflected in the Company’s annual report comprising its consolidated accounts for the fiscal year ended 31 December 2023 and interim report comprising its consolidated accounts for the six months ended 30 June 2024, which were published on 17 April 2024 and 24 August 2024 respectively (the “**Last Accounts**”); Neither the Company nor any of its subsidiaries disposes of any asset for less than its fair value (as reflected in the Last Accounts) nor suffers or incurs any liability, other than in the ordinary course of business;

METHODOLOGY

In our Estimate of Value, we derive ranges of value for SPV Shares which reflect the estimated value of such shares hypothetically assuming for the purpose of calculating the top end of the range that they are listed and freely tradable, and for the purpose of calculating the bottom end of the range we have assumed a discount of 30% to reflect, among other things, the lack of marketability and shareholders’ rights.

The estimated value of the SPV Shares is equal to the total estimated value of the new shares to be issued under the Share Alternative, while the estimated value of the new shares is based on the total value of the Shares subject to the Merger and the percentage of Rollover Entities' shareholding in the Company. As such, at the top end of our range, the total value of the SPV Shares is assumed to be calculated as:

$$(a) \times (b)$$

Where (a) and (b) are defined as follows:

- (a) the value of all of the Shares subject to the Merger;
- (b) the percentage of Rollover Entities' shareholding in the Company ; and

Following the implementation of the Merger, the Rollover Entities will not own any other assets or any other liabilities except for the Shares subject to the Merger. As a result, the estimated value of all issued SPV Shares is equal to $(a) \times (b)$.

In deriving a value for (a) at the top end of the range, we have used a value of HK\$24.60 per H Share which is equivalent to the value per H Share under the Cash Alternative. Additionally, the Estimate of Value is based on the announced value of HK\$24.60 per H Share under the Cash Alternative on which CICC expresses no opinion or representation.

Our Estimate of Value will not be affected by the external debt financing as the subscription amount will be paid up by setting it off against the financing principal amount to fund the Cancellation Price, whereas interest and transaction expenses to be borne by Fosun Pharma Industrial Development in connection with the Merger. After completion of the Merger, the Offeror will only assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company from the Implementation Date and the Offeror will not hold any other cash, assets, indebtedness nor liabilities. Therefore, the value of the Offeror will not be affected by the external debt financing of the Merger.

In addition, the Rollover Entities are established for the purposes of issuing the Rollover Securities under the Share Alternative and will not hold any cash, assets, indebtedness nor liabilities. The Hong Kong Rollover Entity and the PRC Rollover Entity will issue respectively one Hong Kong Rollover Share per H Share, one PRC Rollover Share per Unlisted Share. Upon issuance of the Hong Kong Rollover Shares/PRC Rollover Shares (as the case may be), the Offeror will issue new shares in its share capital to the Hong Kong Rollover Entity/PRC Rollover Entity (as the case may be) on the basis of each 0.233108 shares in the Offeror's share capital for each Share to be cancelled (or 1 share in the Offeror's share capital for each 4.289864016 Shares to be cancelled).

As such, value of HK\$24.60 per SPV share is equal to HK\$24.60 per H Share, for deriving value for (a) at the top end of the range.

It is currently estimated that: assuming the Share Alternative is settled up to the Share Alternative Cap, the Offeror will be owned by Fosun Pharma Industrial Development and Fosun Industrial as to 92.00% in aggregate and the Rollover Entities as to 8.0% in aggregate following the Merger becoming effective. The exact number of the new shares issued by the Rollover Entities is dependent on the level of acceptances of the Share Alternative and, as such, this percentage has been used in deriving a value for (b).

As stated above, we have derived the lower end of the range for the Estimate of Value for each SPV Share, by assuming a 30% discount to the value calculated above to reflect the lack of marketability and shareholders' rights, of an unlisted share.

The valuation of non-publicly traded securities is inherently imprecise and is subject to certain uncertainties and contingencies, including, but not limited to, the above qualitative factors, the effects of which are difficult to predict. Consequently, the view expressed in this letter is not necessarily indicative of: (i) the price at which the SPV Shares might actually trade as at the date hereof or at any future date; (ii) the amount which might be realised upon a sale of a SPV Share to a third party; or (iii) the amount that might be realized by a holder of a SPV Share on liquidation of the Rollover Entities. Our Estimate of Value may differ substantially from estimates available from other sources. In addition, our view would be expected to fluctuate with changes in prevailing market conditions, the financial conditions and prospects of the Rollover Entities and other factors which generally influence the valuation of companies and securities. As a result, there can be no assurance that the actual price of a SPV Share will not be higher or lower than the Estimate of Value.

Assuming the Share Alternative is settled up to the Share Alternative Cap:

At the top end of the range, we derive our value of the SPV Shares with the following values for (a) and (b):

- (a) is equal to approximately HK\$13,369,973,297 which is the estimated value of all of the outstanding shares (calculated by multiplying the Cash Alternative of HK\$24.60 per H Share and/or RMB22.444794 per Unlisted Share (i) by the total number of (x) the 62,000,000 shares of registered and issued share capital of the Offeror, and (y) 64,692,792 shares deriving from 0.233108 shares in the Offeror's share capital for 1 Share to be cancelled multiplying 543,494,853 shares of the relevant securities of the Company in issue excluding the 265,971,569 Unlisted Shares of the Offeror divided by 4.289864016 Shares to be cancelled for 1 share in the Offeror's share capital (collectively, being 126,692,792 Shares), then (ii) by each 4.289864016 Shares to be cancelled for 1 share in the Offeror's share capital); and
- (b) is equal to approximately 8.0%,

APPENDIX V ESTIMATE OF VALUE OF THE ROLLOVER SECURITIES

the multiplication of the values above implies a total value of SPV Shares of approximately HK\$1,069,597,864. Based on the number of SPV Shares in issue of 43,479,588 deriving from Share Alternative Cap of 43,479,588, this implies a value per SPV Share of HK\$24.60 at the top end of the range.

At the bottom end of the range, we derive our value of the SPV Shares as follows:

Assuming a 30% discount of non-marketability of the SPV Shares, this implies a value per SPV Share of HK\$17.22 at the bottom end of the range.

**Assuming the maximum
number of Shares to be
exchanged for Rollover
Securities pursuant to
the election to receive
the Share Alternative
reach the Share
Alternative Cap**

(a) The value of all of the shares	HK\$13,369,973,297
(b) Rollover Entities' aggregate percentage of shareholding in the Company	8.00%
Total value of the New Shares issued by the Rollover Entities	HK\$1,069,597,864
Number of SPV Shares in issue	43,479,588
Top End Value Per SPV Share	HK\$24.60
Bottom end value per SPV Share (Assuming a 30% discount for non-marketability of the SPV Shares)	HK\$17.22

The scenario shown above where the Share Alternative is settled up to the Share Alternative Cap has an estimated value of HK\$24.60 at the top end of the range and an estimated value of HK\$17.22 at the bottom end of the range. While it is not certain the population of the Shareholders which would elect the Cash Alternative or the Share Alternative, in any circumstances, where a proportion of the Shareholders elect either of the Cash Alternative or the Share Alternative, the Estimate of Value for each of the SPV Shares would remain the same at HK\$24.60 at the top end of the range, and an estimated value of HK\$17.22 at the bottom end of the range, except for the situation where 100% of the Shareholders elect the Cash Alternative, in which a valuation would be

inapplicable as no SPV Share will be issued. For clarification purpose, the estimated price range of the SPV Shares reflects the estimated value of the Rollover Entities only and is not equivalent to the Cancellation Price.

In determining the Estimate of Value, we have not taken into account, among other things, any financial projections of the Company for the year ended 31 December, 2024 and beyond.

No account has been taken of any potential transaction costs that a holder of the Shares subject to the Merger may incur in regard to accepting the Merger, or in any attempted or actual sale of SPV Shares.

No account has been taken of any potential transaction costs that a holder of SPV Shares may incur, or any potential costs that might be associated with a sale of the Rollover Entities to a third party or a liquidation of the Rollover Entities, which might be expected to reduce any return to a holder of an SPV Share upon the occurrence of such an event.

We have produced the Estimate of Value using these methodologies and taken into account the information, factors, assumptions and limitations set out above.

ESTIMATE OF VALUE

On the basis of the above assumptions and methodology adopted by us and subject to the foregoing, the Estimate of Value as defined in this letter are within a range of between HK\$17.22 and HK\$24.60 for each SPV Share. This Estimate of Value does not represent a formal opinion by CICC of the value of a SPV Share or a Share.

Under the Share Alternative, each Shareholder is entitled to receive 0.233108 Shares in the Rollover Entities for each Share to be cancelled. This implies a value of approximately HK\$17.22 to HK\$24.60 for each Share, calculated as follows:

- i. At the bottom end of the range:
 - a. approximately HK\$17.22, the value per SPV Share at the bottom end of our value range.
- ii. At the top end of the range:
 - a. approximately HK\$24.60, the value per SPV Share at the top end of our value range.

GENERAL

CICC is acting as the lead financial adviser to the Offeror in relation to the Merger and not to anyone else in connection with the Merger. CICC will not be responsible to anyone other than the Offeror for providing advice in relation to the Merger, the contents of the Composite Document or any other matter referred to in the Composite Document.

Shareholders are urged to read carefully all the information contained in the Composite Document.

The value of a SPV Share may be impacted by the factors described in this letter.

Further, in providing the Estimate of Value, CICC expresses no opinion or recommendation to any person as to whether they should vote in favour of the Merger or whether they should make any election to choose the Cash Alternative or the Share Alternative. Shareholders are recommended to seek their own independent financial advice. Further, CICC expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the number and nature of shares comprised in the Share Alternative as referenced in the Merger.

Yours faithfully,

For and on behalf of

China International Capital Corporation Hong Kong Securities Limited

David Ching

Executive Director

The following sections set out a summary of certain corporate governance details in relation to the Rollover Entities and the Rollover Securities and is not an exhaustive summary. For details, please refer to the respective articles of association of the Rollover Entities which form part of the documents available for inspection as described in the section headed “11. DOCUMENTS ON DISPLAY” in “APPENDIX IV — GENERAL INFORMATION OF THE OFFEROR AND THE ROLLOVER ENTITIES” in this Composite Document.

A. SUMMARY OF HONG KONG ROLLOVER SHARES

1. Key Corporate Governance Details of the Hong Kong Rollover Entity

Before the Hong Kong Rollover Entity issues Hong Kong Rollover Shares:

- (A) The Hong Kong Rollover Entity has a share capital of USD10,000 comprising 1 Hong Kong SPV Share which is ordinary share, all of which was issued to Fosun Industrial. Each Hong Kong SPV Share is entitled to one vote at the general meeting of the Hong Kong Rollover Entity.

After the Hong Kong Rollover Entity issues the Hong Kong Rollover Shares:

- (A) **Board composition.** The Hong Kong Rollover Entity’s board of directors will comprise one director who will initially be nominated by Fosun Industrial. A director of the Hong Kong Rollover Entity may be appointed (together with approval of their remuneration) or removed from the board by ordinary resolution of the shareholders of the Hong Kong Rollover Entity.
- (B) **General meeting of shareholders.** The directors of the Hong Kong Rollover Entity may call a general meeting of shareholders at any time. The directors of the Hong Kong Rollover Entity are also required to call a general meeting under section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“**Ordinance**”) if a requisition in writing is given by one or more shareholders of the Hong Kong Rollover Entity who, in aggregate, hold not less than 5% of the right to vote at such general meeting, or by the auditor of the Hong Kong Rollover Entity pursuant to the Ordinance in which event, the directors of the Hong Kong Rollover Entity must call a general meeting within 21 days after the date on which they become subject to the requirement. A general meeting called under sections 421(2) and 567(1) of the Ordinance shall be held on a date not more than 28 days after the date of the notice convening such meeting is given.

- (C) The following key items will require the approval of shareholders of the Hong Kong Rollover Entity:

Key items	Quorum	Approval threshold by reference to shares voted in person or by proxy at general meetings	Type of meeting
Reduction of share capital of the Hong Kong Rollover Entity.	At least two members present in person or by proxy.	At least a 75% majority.	Extraordinary general meeting.
Dissolution of the Hong Kong Rollover Entity.	At least two members present in person or by proxy.	At least a 75% majority.	Extraordinary general meeting.
Amending the Hong Kong Rollover Entity's articles of association.	At least two members present in person or by proxy.	At least a 75% majority.	Extraordinary general meeting.
Merger, division (demerger), and change of domicile/ place of corporate registration.	At least two members present in person or by proxy.	At least a 75% majority.	Extraordinary general meeting.
Transfer of assets.	At least two members present in person or by proxy.	At least a simple majority.	Extraordinary general meeting.
Appointment and removal of statutory and independent auditor.	At least two members present in person or by proxy.	At least a simple majority.	Extraordinary general meeting.
Appointment, removal and discharge of directors.	At least two members present in person or by proxy.	At least a simple majority.	Extraordinary general meeting.
Approval of annual financial statements and report of the independent auditor.	At least two members present in person or by proxy.	At least a simple majority.	Extraordinary general meeting.

2. Terms and Conditions of Hong Kong Rollover Shares

A summary of the key terms and conditions attached to the issuance and receipt of Hong Kong Rollover Shares, which, aside from (1), (2) and (9) below, will be incorporated into the articles of association of the Hong Kong Rollover Entity prior to the settlement of the Share Alternative, are set out below:

- (1) **KYC documentation.** Share Alternative Holders shall promptly (in the manner set out in this Composite Document and the election form, and to be delivered to the Hong Kong Rollover Entity before issuance of the Hong Kong Rollover Shares) complete all applicable “know your client” checks as reasonably required by or on behalf of the Offeror, the H Share Registrar and/or the Hong Kong Rollover Entity or their respective associates.

- (2) ***Qualifying Shareholder.*** Share Alternative Holders shall ensure, and warrant to the Hong Kong Rollover Entity, that they are Qualifying Shareholders, and that all regulatory approvals (if any) required by such person to receive Rollover Securities have been obtained. The Hong Kong Rollover Entity's board of directors may, from time to time, make requests to a Share Alternative Holder to provide reasonable evidence of such Share Alternative Holder being a Qualifying Shareholder (including evidence of obtaining appropriate regulatory approvals (if any) required for such person to hold Hong Kong Rollover Shares).
- (3) ***Voting rights and right to attend shareholder meetings.*** Each Share Alternative Holder shall be entitled to attend, and vote at, general meetings of shareholders convened by the Hong Kong Rollover Entity. Each Hong Kong Rollover Share shall entitle its holder to one vote at general meetings of shareholders.
- (4) ***Right of first refusal.*** Shareholders of the Hong Kong Rollover Entity may transfer all or part of the shares in the Hong Kong Rollover Entity held by them to other shareholders of the Hong Kong Rollover Entity. Where a shareholder transfers its shares in the Hong Kong Rollover Entity to a person who is not a shareholder of the Hong Kong Rollover Entity, it shall notify other shareholders in writing of the quantity of equity interest to be transferred, transfer price, payment method and the term of the transfer. The other shareholders shall have a right of first refusal under the equivalent conditions. Where any shareholder fails to respond within thirty days after the receipt of the written notice, it shall be deemed to have waived the right of first refusal. If more than two shareholders exercise the right of first refusal, they shall determine their respective proportion of purchase through negotiation. If no agreement is reached upon negotiation, they shall exercise the right of first refusal in proportion to their respective capital contributions at the time of the relevant share transfer.
- (5) ***Pre-emptive rights.*** Issuance of new Hong Kong SPV Shares by the Hong Kong Rollover Entity is subject to the applicable requirements and restrictions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), and also to pre-emptive rights by existing shareholders to subscribe on the same terms for such new Hong Kong SPV Shares in proportion to their existing shareholding in the Hong Kong Rollover Entity.
- (6) ***Dividends.*** Holders of Hong Kong SPV Shares shall be entitled to receive their *pro rata* share of any distribution of dividends by the Hong Kong Rollover Entity made in respect of ordinary shares of the Hong Kong Rollover Entity, as may occur from time to time. There is however no specific dividend policy adopted by the Hong Kong Rollover Entity as at the Latest Practicable Date.
- (7) ***Information rights.*** Holders of the Hong Kong SPV Shares shall be entitled to receive the annual audited accounts of Hong Kong Rollover Entity in accordance with the applicable provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

- (8) **Governance.** The board of director(s) of the Hong Kong Rollover Entity shall be responsible for the overall direction, supervision and management of the Hong Kong Rollover Entity and its subsidiaries.
- (9) **Governing law and dispute.** The governing law of the Hong Kong Rollover Entity's articles of association and with respect to the Hong Kong SPV Shares shall be the laws of Hong Kong; disputes in respect of Hong Kong SPV Shares or in respect of the articles of association of the Hong Kong Rollover Entity shall be settled by a court of competent jurisdiction in Hong Kong.

B. SUMMARY OF PRC ROLLOVER SHARES

1. Key Corporate Governance Details of the PRC Rollover Entity

Before the PRC Rollover Entity issues the PRC Rollover Shares:

- (1) The PRC Rollover Entity has a registered capital in the amount of RMB10,000, all of which was issued to Fosun Pharma Industrial Development. Shareholders of the PRC Rollover Entity shall exercise their voting rights at shareholders' meetings in proportion to their capital contributions.

After the PRC Rollover Entity issues the PRC Rollover Shares:

- (a) **Board composition.** The PRC Rollover Entity's board of directors will comprise 1 director who will initially be nominated by Fosun Pharma Industrial Development. A director of the PRC Rollover Entity may be appointed (together with approval of their remuneration) or removed from the board by ordinary resolution of the shareholders of the PRC Rollover Entity.
- (b) **Annual general meeting and extraordinary general meeting**

The annual general meeting shall be held on time according to the provisions of the articles of association. Where it is proposed by the shareholders representing one tenth or more of the voting rights, or by one third or more of the directors/or by the director(s) (if applicable), or by the supervisor(s), an extraordinary general meeting shall be held. When a shareholders' meeting is to be held, all the shareholders shall be notified 15 days before the meeting is held.

The following key items will require the approval of shareholders of the PRC Rollover Entity:

Key items	Approval threshold (by reference to all issued shares in the PRC Rollover Entity)
Change of registered capital of the PRC Rollover Entity.	At least a two-thirds majority.
Dissolution of the PRC Rollover Entity.	At least a two-thirds majority.
Amending the PRC Rollover Entity's articles of association (including, amongst others, (i) the change of corporate name, (ii) the change of financial year, (iii) the change of currency, (iv) the change of corporate purpose, and (v) the change of corporate form).	At least a two-thirds majority.
Merger and division (demerger).	At least a two-thirds majority.
Transfer of assets.	At least a simple majority.
Appointment and removal of statutory and independent auditor.	At least a simple majority.
Appointment, removal and discharge of directors.	At least a simple majority.
Approval of annual financial statements and report of the independent auditor.	At least a simple majority.

2. Terms and Conditions of Rollover Securities

A summary of the key terms and conditions attached to the issuance and receipt of PRC Rollover Shares, which, aside from (1), (2) and (10) below, will be incorporated into the articles of association of the PRC Rollover Entity prior to the settlement of the Share Alternative, are set out below:

- (1) **KYC documentation.** Share Alternative Holders shall promptly (in the manner set out in this Composite Document and the election form, and to be delivered to the PRC Rollover Entity before issuance of the PRC Rollover Shares) complete all applicable “know your client” checks as reasonably required by or on behalf of the Offeror and/or the PRC Rollover Entity or their respective associates.
- (2) **Qualifying Shareholder.** Share Alternative Holders shall ensure, and warrant to the PRC Rollover Entity, that they are Qualifying Shareholders, and that all regulatory approvals (if any) required by such person to receive Rollover Securities have been obtained. The PRC Rollover Entity's board of directors may, from time to time, make requests to a Share Alternative Holder to provide reasonable evidence of such Share Alternative Holder being a Qualifying Shareholder (including evidence of obtaining appropriate regulatory approvals (if any) required for such person to hold PRC Rollover Shares).

- (3) ***Voting rights and right to attend shareholder meetings.*** Each Share Alternative Holder shall be entitled to attend, and vote at, annual general meeting and extraordinary general meeting convened by the PRC Rollover Entity. Unless otherwise agreed, shareholders of the PRC Rollover Entity shall exercise their voting rights at shareholders' meetings in proportion to their capital contributions.
- (4) ***Right of first refusal.*** Shareholders of the PRC Rollover Entity (as a limited liability company) may transfer all or part of their equity interest in the PRC Rollover Entity to other shareholders of the PRC Rollover Entity. Where a shareholder transfers its equity interest to a person who is not a shareholder of the PRC Rollover Entity, it shall notify other shareholders in writing of the quantity of equity interest to be transferred, transfer price, payment method and the term of the transfer. The other shareholders shall have a right of first refusal under the equivalent conditions. Where any shareholder fails to respond within thirty days after the receipt of the written notice, it shall be deemed to have waived the right of first refusal. If more than two shareholders exercise the right of first refusal, they shall determine their respective proportion of purchase through negotiation. If no agreement is reached upon negotiation, they shall exercise the right of first refusal in proportion to their respective capital contributions at the time of the relevant equity transfer.
- (5) ***Pre-emptive rights.*** Issuance of new PRC SPV Shares by the PRC Rollover Entity is subject to pre-emptive rights to subscribe for the increased capital in proportion to their paid-in capital contribution on the same terms by all its existing shareholders.
- (6) ***Dividends.*** The residual after-tax profits of the PRC Rollover Entity, net of all accumulated losses and required statutory reserve contributions, may be distributed by the PRC Rollover Entity (in the case of a limited liability company) in proportion to the capital contribution paid up by the holders of the PRC SPV Shares. There is however no specific dividend policy adopted by the PRC Rollover Entity as at the Latest Practicable Date.
- (7) ***Information rights.*** Holders of PRC SPV Shares are entitled to consult and copy the financial and accounting reports of the PRC Rollover Entity. They may also request to consult the accounting books and accounting vouchers of the PRC Rollover Entity. Where a shareholder requests to access the accounting books or accounting vouchers of the PRC Rollover Entity, it shall make a written request and state the purposes therefor. If the PRC Rollover Entity, with justifiable reasons, considers that the shareholder's request to consult the accounting books or accounting vouchers is for any improper purpose and may damage the lawful rights and interests of the PRC Rollover Entity, it may reject the request of the shareholder, and shall, within 15 days of the day on which such shareholder makes the written request, give the shareholder a written reply and state the reasons therefor. If the PRC Rollover Entity refuses to provide access, the relevant shareholder may bring a lawsuit to a people's court.

- (8) ***Governance.*** The board of director(s) of the PRC Rollover Entity shall be responsible for the overall direction, supervision and management of the PRC Rollover Entity and its subsidiaries.
- (9) ***Amendment of articles.*** Any amendment of any provision of the articles of the PRC Rollover Entity shall be adopted by the shareholders representing more than two thirds of the voting rights.
- (10) ***Governing law and dispute.*** The governing law of the PRC Rollover Entity's articles of association and with respect to the PRC SPV Shares shall be the laws of PRC; disputes in respect of PRC SPV Shares or in respect of the articles of association of the PRC Rollover Entity shall be settled by the People's Court with competent jurisdiction in Shanghai, the PRC.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Shanghai Henlius Biotech, Inc.

上海復宏漢霖生物技術股份有限公司

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

(Stock Code: 2696)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Shanghai Henlius Biotech, Inc. (the “**Company**”) will be held at 2:00 p.m. on 22 January 2025, at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC for the purpose of considering and, if thought fit, passing the following resolution:

(Save as defined otherwise, capitalised terms defined in the composite document (the “**Composite Document**”) dated 23 December 2024 jointly issued by Shanghai Fosun New Medicine Research Company Limited (the “**Offeror**”), Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the Company shall have the same meanings when used herein.)

SPECIAL RESOLUTION

1. “**THAT:**

- (a) the merger by way of absorption of the Company by the Offeror in accordance with the Company Law and other applicable laws and regulations of the People's Republic of China and the transactions as contemplated under the merger agreement dated 24 June 2024 as supplemented by a supplemental merger agreement dated 23 August 2024 entered into between the Company and the Offeror (together, the “**Merger Agreement**”) be and is hereby approved, confirmed and ratified; and
- (b) any one executive director of the Company and their delegated persons be authorised to do all such acts and things, to sign and execute all such other documents, deeds and instruments, to make applications to the relevant regulatory authorities and to take such steps as he/she may consider necessary or expedient to give effect to and in connection with any transactions contemplated under the Merger Agreement.”

On behalf of the Board
Shanghai Henlius Biotech, Inc.
Zhang Wenjie
Chairman

Hong Kong, 23 December 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the Board comprises 11 Directors, namely Mr. Zhang Wenjie as the chairman and executive director, Dr. Zhu Jun as the executive director, Mr. Chen Qiyu, Mr. Wu Yifang, Ms. Guan Xiaohui, Mr. Wen Deyong and Dr. Wang Xingli as the non-executive directors, and Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin as the independent non-executive directors.

Notes:

- (A) As set out in the Composite Document, it is one of the conditions to the effectiveness of the Merger Agreement that the special resolution in the EGM approving the Merger as contemplated under the Merger Agreement is passed by a majority of not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the EGM.
- (B) All resolutions at the EGM will be taken by way of poll pursuant to the articles of association of the Company, the Listing Rules and the Takeovers Code. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules. All shareholders of the Company are entitled to attend and vote at the EGM. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy (or more than one proxy if he/she holds more than one share) in writing to attend and on a poll, vote on his/her behalf. A proxy needs not be a shareholder of the Company. If more than one proxy is so appointed, the form of proxy shall specify the number of shares in respect of which each such proxy is so appointed. In case of a poll every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
- (C) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be delivered to the Company's Board secretary office (for holders of Unlisted Shares), at 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC or the Company's H share registrar in Hong Kong (for holders of H Shares), Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time appointed for the EGM (i.e. not later than 2:00 p.m. on 21 January 2025) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (D) In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the registers of members of the Company will be closed from 17 January 2025 to 22 January 2025 (both dates inclusive), during which period no transfer of shares of the Company will be effected. Shareholders whose names appear on the registers of members of the Company on 22 January 2025 shall be entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar 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 for registration by 4:30 p.m. on 16 January 2025.
- (E) Shareholders who attend the EGM in person or by proxy shall bear their own travelling and accommodation expenses.
- (F) References to time and dates in this notice are to Beijing time and dates.

NOTICE OF H SHAREHOLDERS' CLASS MEETING



Shanghai Henlius Biotech, Inc.

上海復宏漢霖生物技術股份有限公司

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

(Stock Code: 2696)

NOTICE OF H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that an H shareholders' class meeting (the **"H Shareholders' Class Meeting"**) of Shanghai Henlius Biotech, Inc. (the **"Company"**) will be held at 2:30 p.m. on 22 January 2025, or immediately following the conclusion of the EGM or any adjournment thereof at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC for the purpose of considering and, if thought fit, passing the following resolution:

(Save as defined otherwise, capitalised terms defined in the composite document (the **"Composite Document"**) dated 23 December 2024 jointly issued by Shanghai Fosun New Medicine Research Company Limited (the **"Offeror"**), Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the Company shall have the same meanings when used herein.)

SPECIAL RESOLUTION

1. **"THAT:**

- (a) the merger by way of absorption of the Company by the Offeror in accordance with the Company Law and other applicable laws and regulations of the People's Republic of China and other transactions as contemplated under the merger agreement dated 24 June 2024 as supplemented by a supplemental merger agreement dated 23 August 2024 entered into between the Company and the Offeror (together, the **"Merger Agreement"**) be and is hereby approved, confirmed and ratified; and
- (b) any one executive director of the Company and their delegated persons be authorised to do all such acts and things, to sign and execute all such other documents, deeds and instruments, to make applications to the relevant regulatory authorities and to take such steps as he/she may consider necessary or expedient to give effect to and in connection with any transactions contemplated under the Merger Agreement."

On behalf of the Board
Shanghai Henlius Biotech, Inc.
Zhang Wenjie
Chairman

Hong Kong, 23 December 2024

NOTICE OF H SHAREHOLDERS' CLASS MEETING

As at the date of this notice, the Board comprises 11 Directors, namely Mr. Zhang Wenjie as the chairman and executive director, Dr. Zhu Jun as the executive director, Mr. Chen Qiyu, Mr. Wu Yifang, Ms. Guan Xiaohui, Mr. Wen Deyong and Dr. Wang Xingli as the non-executive directors, and Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin as the independent non-executive directors.

Notes:

- (A) As set out in the Composite Document, it is one of the conditions to the effectiveness of the Merger Agreement that (a) the special resolution in the H Shareholders' Class Meeting approving the Merger as contemplated under the Merger Agreement is approved by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and (b) the number of votes cast against such resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders.
- (B) All resolutions at the H Shareholders' Class Meeting will be taken by way of poll pursuant to the articles of association of the Company, the Listing Rules and the Takeovers Code. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules. All holders of H Shares, except the Offeror and those who are "acting in concert" with the Offeror (within the meaning of the Takeovers Code), are entitled to attend and vote at the H Shareholders' Class Meeting. Any holder of H Shares of the Company entitled to attend and vote at the H Shareholders' Class Meeting is entitled to appoint a proxy (or more than one proxy if he/she holds more than one share) in writing to attend and on a poll, vote on his/her behalf. A proxy needs not be a Shareholder of the Company. If more than one proxy is so appointed, the form of proxy shall specify the number of shares in respect of which each such proxy is so appointed. In case of a poll every Shareholder present in person or by proxy shall be entitled to one vote for each Share held by him.
- (C) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the H Shareholders' Class Meeting (i.e. not later than 2:30 p.m. on 21 January 2025) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude any holder of H Shares of the Company from attending and voting in person at the H Shareholders' Class Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (D) In order to determine the list of Shareholders who will be entitled to attend and vote at the H Shareholders' Class Meeting, the register of members of H Shares of the Company will be closed from 17 January 2025 to 22 January 2025 (both dates inclusive). Shareholders whose names appear on the register of members of H Shares of the Company on 22 January 2025 shall be entitled to attend and vote at the H Shareholders' Class Meeting. In order to qualify for attending and voting at the H Shareholders' Class Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar 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 for registration by 4:30 p.m. on 16 January 2025.
- (E) Shareholders who attend the H Shareholders' Class Meeting in person or by proxy shall bear their own travelling and accommodation expenses.
- (F) This notice of H Shareholders' Class Meeting is applicable to the holders of H Shares of the Company only.
- (G) References to time and dates in this notice are to Beijing time and dates.