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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all your shares in SciClone Pharmaceuticals (Holdings) Limited, you should at once hand this Scheme Document and the accompanying forms of proxy 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.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Scheme Document, make no representation as to its 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 Scheme Document.

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GL Capital Group

德福資本

Silver Pegasus Investment Limited

(Incorporated in the Cayman Islands with limited liability)



SciClone Pharmaceuticals (Holdings) Limited

賽生藥業控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6600)

**(1) PROPOSAL FOR THE PRIVATISATION OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED  
BY SILVER PEGASUS INVESTMENT LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT)  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENTS**

Financial Adviser to the Offeror



CICC  
中金公司

Independent Financial Adviser to the Independent Board Committee



Opus Capital Limited  
創富融資有限公司

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Capitalised terms used hereunder shall have the same meanings as defined in this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Shareholders in relation to the Proposal, the Scheme, the Option Offer and the Rollover Arrangements is set out in Part V of this Scheme Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements is set out in Part VI of this Scheme Document. The Explanatory Memorandum is set out in Part VII of this Scheme Document. The actions to be taken by the Shareholders and the Optionholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting and the EGM to be held at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC on Wednesday, 19 June 2024 at 10:00 a.m. and 10:30 a.m. (or, if later, as soon thereafter as the Court Meeting shall have been concluded or been adjourned) respectively are set out in Appendix IV and Appendix V of this Scheme Document respectively. Whether or not you are able to attend any of the Meetings or any adjournment(s) thereof in person, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting and the enclosed **WHITE** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to deposit them at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated under Part II — Actions to be Taken of this Scheme Document. If the **PINK** form of proxy is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. If the **WHITE** form of proxy is not so lodged at least 48 hours before the time appointed for the EGM, it will not be valid.

This Scheme Document is jointly issued by the Company and the Offeror.

The English language text of this Scheme Document shall prevail over the Chinese language text.

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*In this Scheme Document, the following words and expressions shall have the following meanings unless the context otherwise requires:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement dated 28 March 2024 jointly issued by the Company and the Offeror in relation to, among other things, the Proposal
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Beneficial Owner”	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Board Resolutions”	the board resolutions of the Company dated 28 March 2024 in respect of, among other things, the Proposal, the Scheme and the Option Offer
“Cancellation Price”	the cancellation price of HK\$18.8 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities and Clearing Company Limited
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“China Clear”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)

“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in connection with the Proposal. 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
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands
“Company”	SciClone Pharmaceuticals (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6600)
“Condition(s)”	the condition(s) to the implementation of the Proposal as set out in the section headed “3. Conditions of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document
“Convergence”	Convergence International Holdings Ltd.
“Convergence Rollover Agreement”	the rollover agreement entered into between the Offeror, Topco and Convergence on 28 March 2024
“Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court to be held at 10:00 a.m. Shanghai time on Wednesday, 19 June 2024 at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC for the purpose of considering and, if thought fit, approving the Scheme and any adjournment thereof
“Director(s)”	the director(s) of the Company

“Disinterested Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties
“Dr. Vasella”	Dr. Daniel Luzius Vasella, a non-executive Director
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with the Companies Act and the Conditions
“EGM”	an extraordinary general meeting of the Company to be convened and held in accordance with the Company’s memorandum and articles of association at 10:30 a.m. on Wednesday, 19 June 2024 (or, if later, immediately after the Court Meeting has been concluded or adjourned) at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC, to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal and the Rollover Arrangements, or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of the Scheme Document
“Form(s) of Acceptance”	the form(s) of acceptance despatched to Optionholders in connection with the Option Offer
“GL Canadian Fund”	GL China Opportunities Fund IV (Canada) L.P., a limited partnership formed under the laws of the Province of Alberta, Canada
“GL Capital”	GL Capital Management Limited and any of its affiliated funds
“GL Cayman Fund”	GL China Opportunities Fund IV L.P., an exempted limited partnership formed under the laws of the Cayman Islands

“GL China”	GL China Opportunities Carry Limited Partnership, a limited partnership registered in the Cayman Islands
“GL Glee”	GL Glee Investment Limited, a limited liability company incorporated in the Cayman Islands
“GL Holdco”	GL Torch Investment IV L.P., a limited partnership formed under the laws of the Province of Alberta, Canada
“GL Rollover Agreement”	the rollover agreement entered into between the Offeror, Topco and the GL Rollover Shareholders on 28 March 2024
“GL Rollover Shareholders”	GL Trade and GL Glee
“GL Trade”	GL Trade Investment L.P., an exempted limited partnership registered in Canada
“Grand Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Group”	the Company and its subsidiaries
“Hang Seng Healthcare Index”	the Hang Seng Healthcare Index published by Hang Seng Indexes Company Limited or any successor company or organisation
“Hang Seng Index”	the Hang Seng Index published by Hang Seng Indexes Company Limited or any successor company or organisation
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a licensed corporation under the SFO, licensed to carry out Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser appointed by the Board with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangements
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Irrevocable Undertaking”	the irrevocable undertaking entered into between the Offeror, Mr. Zhao and Ms. Pan on 28 March 2024
“Last Trading Day”	18 March 2024, being the last trading day prior to the issue of the Announcement
“Latest Option Exercise Date”	Thursday, 20 June 2024, being the expected latest date upon which holders must lodge notices of exercise (accompanied by full payment of the exercise price) of their Subject Share Options to exercise the Subject Share Options in accordance with the terms of the Option Incentive Plan and/or the Post-IPO Option Plan (as applicable) in order to qualify for entitlements under the Scheme
“Latest Practicable Date”	21 May 2024, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	31 October 2024 or such other date as the Company and the Offeror may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive
“Maples Trustee”	Maples Trustee Services (Cayman) Limited, a company incorporated in the Cayman Islands, being the original trustee of SciClone Trust appointed by the Company under the terms of the Trust Deed
“Meeting(s)”	the Court Meeting and the EGM or either of them, as the case may be
“Meeting Record Date”	Wednesday, 19 June 2024, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM
“Mr. Li”	Mr. Li Zhenfu, a non-executive Director
“Mr. Zhao”	Mr. Zhao Hong, an executive Director
“Ms. Lin”	Ms. Lin Shirley Yi-Hsien, a non-executive Director
“Ms. Pan”	Ms. Pan Rongrong, an executive Director
“Ms. Wang”	Ms. Wang Haixia, a non-executive Director
“Offer Period”	the period from the date of the Announcement until the earliest of any of (i) the Effective Date; (ii) the date on which the Scheme lapses; or (iii) the date on which an announcement is made of the withdrawal of the Scheme
“Offeror”	Silver Pegasus Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability



“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including GL Glee, GL Trade, Mr. Zhao, Convergence, Ms. Pan, the RSU Trustee, the Option Trustee, Ocean Falcon Limited and Center Laboratories, Inc.
“Optionholder(s)”	holder(s) of the Subject Share Options
“Option Incentive Plan”	the option incentive plan approved and adopted by the Company on 24 June 2018, pursuant to which options to subscribe for an aggregate of 36,737,842 Shares are outstanding (all of which are vested) as at the Latest Practicable Date
“Option Offer”	the offer made by the Offeror to the Optionholders for the cancellation of the Subject Share Options, conditional upon the Scheme becoming effective
“Option Offer Price”	the price for cancellation of each Subject Share Option
“Option Offer Letter”	the letter to the Optionholders setting out the terms and conditions of the Option Offer sent separately to the Optionholders and substantially in the form set out in Appendix VI to this Scheme Document
“Option Offer Record Date”	Wednesday, 3 July 2024, or such other time and date as may be announced or notified to the Optionholders, being the record date for the purpose of determining the entitlements under the Option Offer
“Option Trustee”	SciClone Option Management Limited, a company incorporated in the British Virgin Islands, which holds Shares for the benefit of grantees under the Option Incentive Plan
“Option Trustee Held Share(s)”	the 16,337,000 existing Shares held by the Option Trustee to be transferred to the holders upon exercise of the Share Options granted under the Option Incentive Plan

“Other CCASS Participant”	a person admitted to participate in CCASS other than an Investor Participant
“Post-IPO Option Plan”	the post-IPO share option scheme adopted by Shareholders’ resolution on 22 January 2021, pursuant to which options to subscribe for an aggregate of 30,785,690 Shares are outstanding (21,761,890 of which are vested) as at the Latest Practicable Date
“Post-IPO RSU Plan”	the post-IPO Restricted Share Unit Plan adopted by Shareholders’ resolution on 22 January 2021, pursuant to which RSUs representing 1,228,450 Shares are outstanding (none of which is vested) as at the Latest Practicable Date
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the Option Offer, on the terms and subject to the Conditions set out in this Scheme Document
“Registered Owner”	any owner of Shares (including, without limitation, a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company
“Registrar of Companies”	the Registrar of Companies (including any deputy registrar or associate registrar or similar) appointed under the Companies Act in the Cayman Islands
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing on 28 September 2023, being that date that falls six months prior to the date of the Announcement, and ending on the Latest Practicable Date

“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Agreements”	the Trustee Rollover Agreement, the Convergence Rollover Agreement and the GL Rollover Agreement
“Rollover Arrangements”	the arrangements between the Offeror and each of the RSU Trustee and Convergence under the Trustee Rollover Agreement and the Convergence Rollover Agreement (as applicable)
“Rollover Share(s)”	the RSU Trustee Rollover Shares and the Shares held by the GL Rollover Shareholders and Convergence, being an aggregate of 209,084,863 Shares (representing approximately 33.23% of the issued share capital of the Company as at the Latest Practicable Date)
“Rollover Shareholders”	the GL Rollover Shareholders, Convergence and the RSU Trustee
“RSU(s)”	the outstanding restricted share unit(s) granted pursuant to the Post-IPO RSU Plan
“RSU Trustee”	SCLN ESOP Management Limited, a company incorporated in the British Virgin Islands, which holds Shares for the benefit of grantees under the Post-IPO RSU Plan
“RSU Trustee Rollover Share(s)”	the 2,001,113 existing Shares held by the RSU Trustee to be used to satisfy future grants of share awards
“RSU Trustee Scheme Share(s)”	the 1,382,910 existing Shares held by the RSU Trustee, amongst which 1,228,450 Shares are to be used to satisfy the share awards granted to directors and employees of the Group and 154,460 Shares are underlying the granted share awards that were lapsed after the date of the Announcement

“Scheme”	the scheme of arrangement under Section 86 of the Companies Act as set out in Appendix III to this Scheme Document, with or subject to any modification, addition or condition as may be approved or imposed by the Grand Court and agreed to by the Offeror, involving the cancellation of all the Scheme Shares and the maintenance of the share capital of the Company at the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to all Shareholders containing, inter alia, further details of the Proposal, a letter from the Board, a letter of advice from the Independent Financial Adviser, the recommendations of the Independent Board Committee, notices to convene the Court Meeting and the EGM and a form of the letter to the Optionholders together with forms of proxy in relation thereto
“Scheme Record Date”	Wednesday, 3 July 2024 or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	Share(s) held by the Shareholders, other than the Rollover Shares
“Scheme Shareholder(s)”	registered holder(s) of Scheme Shares as at the Scheme Record Date
“SciClone Trust”	the employee share trust established by way of the Trust Deed pursuant to the terms of the Option Incentive Plan and the Post-IPO RSU Plan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shanghai Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shanghai Stock Exchange and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	ordinary share(s) of a par value of US\$0.00005 each in the share capital of the Company
“Share Option(s)”	the outstanding share options granted pursuant to the Option Incentive Plan and/or Post-IPO Option Plan
“Shareholder(s)”	registered holder(s) of Share(s)
“Shenzhen Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shenzhen Stock Exchange and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“Southbound Investors”	investors who hold Shares through China Clear under the Shanghai Connect and Shenzhen Connect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Share Option(s)”	the 20,400,842 Share Options granted under the Option Incentive Plan entitling the holders to subscribe for 20,400,842 new Shares and all the 30,785,690 Share Options granted under the Post-IPO Option Plan entitling the holders to subscribe for 30,785,690 new Shares
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“Topco”	Silver Pegasus Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities

“Trust Deed”	the trust deed dated 3 September 2020 entered into between the Company and Maples Trustee (as restated, supplemented and amended from time to time) in respect of, inter alia, the constitution of the SciClone Trust and the appointment of the Maples Trustee as the original trustee
“Trustee Rollover Agreement”	the rollover agreement entered into between the Offeror, Topco and the RSU Trustee on 28 March 2024
“Undisturbed Date”	15 March 2024, being the last trading day prior to 18 March 2024 when there were irregular trading volumes and price movements in the Shares
“Undisturbed Period”	the 12-month period immediately prior to and including the Undisturbed Date
“United States” or “US”	The United States of America, its territories and possessions, any State of the United States and the District of Columbia
“%”	per cent.

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

**ACTIONS TO BE TAKEN BY SHAREHOLDERS**

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 13 June 2024 to Wednesday, 19 June 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, 12 June 2024. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the EGM.

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Shares to be voted at the Court Meeting or the EGM will need to obtain a form of proxy from the transferor.

Whether or not you are able to attend any of the Meetings or any adjournment(s) thereof in person, if you are a Scheme Shareholder, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and if you are a Shareholder, you are strongly urged to complete and sign the enclosed **WHITE** form of proxy in respect of the EGM in accordance with the instructions printed thereon, and to deposit them at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the following times and dates in order to be valid:

- the **PINK** form of proxy for use at the Court Meeting must be lodged no later than 10:00 a.m. on Monday, 17 June 2024 but if it is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it); and
- the **WHITE** form of proxy for use at the EGM must be lodged no later than 10:30 a.m. on Monday, 17 June 2024, failing which it will not be valid.

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant Meeting. In such event, the returned form of proxy will be revoked by operation of law.

Voting at the Court Meeting and the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM, if, among other things, the resolutions are passed by the requisite majorities of the Disinterested Shareholders or the Shareholders (as the case may be). You are therefore strongly urged to attend and vote at the Court Meeting and/or the EGM in person or by proxy.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM on Wednesday, 19 June 2024 by no later than 7:00 p.m. If all of the resolutions are passed at those Meetings, further announcement(s) will be made in relation to, among other things, the outcome of the Court Hearing and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

### **ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST**

The Company will not recognise any person as holding any Shares through any trust.

If you are a Beneficial Owner whose Share(s) are held upon trust by, and registered in the name of a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and give instructions to and/or to make arrangements with the Registered Owner as to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM.

If you are a Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM or, as applicable, the latest time for lodging transfers of Shares, in order to provide the Registered Owner with sufficient time to complete his/her forms of proxy or transfer documents accurately and to submit them by the relevant deadlines. To the extent that any



Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and/or the EGM, any such Beneficial Owner should comply with the requirements of such Registered Owner.

The appointment of a proxy by the Registered Owner at the relevant Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the memorandum and articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and before the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

### **ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE DEPOSITED IN CCASS**

If you are a Beneficial Owner whose Share(s) are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are an Investor Participant:

- (a) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant, regarding voting instructions to be given to such Other CCASS Participants if you wish to vote at the Court Meeting and/or at the EGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM; or
- (b) become a Shareholder of record and thereby have the right to attend and vote at the Court Meeting and/or the EGM (as appropriate) by withdrawing any or all of your Share(s) from CCASS and becoming a Registered Owner of such Share(s). For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Share(s) are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name

so as to qualify to attend and vote at the Court Meeting and/or the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in your name.

If you are a Southbound Investor, you should declare your voting instructions via clearing participants through the CCNET system of China Clear anytime from the date of this Scheme Document until one trading day earlier than the last day for voting set by HKSCC Nominees. China Clear will collect voting instructions from Southbound Investors for the Court Meeting, and then submit such voting instructions to HKSCC Nominees on behalf of the Southbound Investors.

The procedures for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

### **ACTIONS TO BE TAKEN BY OPTIONHOLDERS**

The Option Offer Letter is being sent to each Optionholder, together with this Scheme Document and a Form of Acceptance. If you are an Optionholder and you wish to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance to the Company at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC by no later than 4:30 p.m. on Wednesday, 3 July 2024 (or such later date and time as may be notified to you by the Offeror and the Company or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange). No acknowledgement of receipt of any Form of Acceptance or other document evidencing the grant of Share Options or any other document will be given. Under the Option Offer, the Offeror is offering the Optionholders the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Subject Share Options) for each Subject Share Option.

Apart from accepting the Option Offer, in summary, the choices available to you, as an Optionholder, in respect of your Subject Share Option(s) are:

- (a) you may in accordance with the terms of the Option Incentive Plan and the Post-IPO Option Plan (as applicable), exercise, all of your outstanding vested Subject Share Option(s) (to the extent not already exercised) to its full extent or to the extent specified in your notice of exercise of Subject Share Options at any time up to the Latest Option Exercise Date. Optionholders who exercise their Subject Share Option at or before 4:30 p.m. on Friday, 7 June 2024 will be entitled to attend and vote at the Court Meeting and the EGM. Any Share issued as a result of the exercise of such Subject Share Option(s)

as mentioned above, conditional on the passing of the resolutions to be proposed at the Court Meeting and the EGM to approve the Scheme, will be subject to and eligible to participate in the Scheme;

- (b) you may reject the Option Offer in accordance with its terms, as set out in the Option Offer Letter and in the Scheme Document, and tick the “Reject” box on the Form of Acceptance and return it in accordance with the instructions therein. If you reject the Option Offer, you will not be entitled to receive the Option Offer Price in respect of any of your Subject Share Options if the Scheme becomes effective. If you reject the Option Offer and do not exercise all of your outstanding vested Subject Share Option(s) (to the extent not already exercised) on or before the Latest Option Exercise Date, and the Scheme becomes effective, your Subject Share Options will lapse automatically on the Effective Date and you will receive neither the Option Offer Price nor the Cancellation Price; or
- (c) do nothing, in which case, conditional on the passing of the resolutions to be proposed at the Court Meeting and the EGM to approve the Scheme, and the Scheme becoming effective, your Subject Share Options will lapse automatically on the Effective Date, and you will receive neither the Option Offer Price nor the Cancellation Price.

**Any Share Options granted under the Option Incentive Plan or the Post-IPO Option Plan that are not exercised or (if applicable) cancelled pursuant to the acceptance of the Option Offer (other than, in respect of Share Options granted under the Option Incentive Plan, the right to receive payment of the “see-through” price from the Option Trustee) will automatically lapse upon the Scheme becoming effective.**

You are urged to read the instructions and other terms and conditions of the Option Offer in the Option Offer Letter, substantially in the form set out in Appendix VI to this Scheme Document.

### **EXERCISE YOUR RIGHT TO VOTE**

If you are a Shareholder or a Beneficial Owner, you are strongly encouraged to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the EGM.

If you are a Registered Owner holding Share(s) on behalf of one or more Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote.

If you keep any Share(s) in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Share(s) are deposited in CCASS, you are strongly encouraged to provide your broker, custodian, nominee or other relevant person without delay with instructions or make arrangements with HKSCC Nominees in relation to the manner in which those Share(s) should be voted at the Court Meeting and/or at the EGM, and/or withdraw some or all of your Share(s) from CCASS and become a Registered Owner of such Shares and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the EGM.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

### **PETITION HEARING IN THE GRAND COURT**

SCHEME SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SCHEME SHARES WHO GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE WHICH SUBSEQUENTLY VOTED AT THE COURT MEETING) ARE ENTITLED BUT NOT OBLIGED TO ATTEND AND BE HEARD AT THE HEARING OF THE PETITION IN THE GRAND COURT TO SANCTION THE SCHEME WHICH IS EXPECTED TO BE ON FRIDAY, 28 JUNE 2024.

The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable. Unless otherwise specified, all times and dates refer to Hong Kong local dates and times.

**Hong Kong time**  
**(unless otherwise specified)**

Despatch of this Scheme Document . . . . . Friday, 24 May 2024

Despatch of the Option Offer Letter . . . . . Friday, 24 May 2024

Latest time for Optionholders to lodge notices of exercise  
(accompanied by full payment of the exercise price) of their  
Subject Share Options in order to become entitled to attend and  
vote at the Court Meeting and the EGM (*Note 1*) . . . . . 4:30 p.m. on  
Friday, 7 June 2024

Latest time for lodging transfers of Shares in order to become  
entitled to attend and vote at the Court Meeting and the EGM . . . . . 4:30 p.m. on  
Wednesday, 12 June 2024

Register of members of the Company closed for determining  
entitlements of the Scheme Shareholders to attend and vote at  
the Court Meeting and entitlements of the Shareholders to attend  
and vote at the EGM (*Note 2*) . . . . . Thursday, 13 June 2024 to  
Wednesday, 19 June 2024  
(both days inclusive)

Latest time for lodging **PINK** forms of proxy in respect  
of Court Meeting (*Note 3*) . . . . . 10:00 a.m. on  
Monday, 17 June 2024  
(or be handed directly to the chairman of  
the Court Meeting at the Court Meeting)

Latest time for lodging **WHITE** forms of proxy in respect  
of EGM (*Note 3*) . . . . . 10:30 a.m. on  
Monday, 17 June 2024

Meeting Record Date . . . . . Wednesday, 19 June 2024

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**PART III****EXPECTED TIMETABLE**

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Court Meeting ( <i>Note 4</i> ) . . . . .	10:00 a.m. on Wednesday, 19 June 2024 (Shanghai time)
EGM ( <i>Note 4</i> ) . . . . .	10:30 a.m. on Wednesday, 19 June 2024 (or, if later, immediately after the conclusion or adjournment of the Court Meeting) (Shanghai time)
Announcement of the results of the Meetings . . . . .	no later than 7:00 p.m. on Wednesday, 19 June 2024
Latest Option Exercise Date ( <i>Note 1 and 5</i> ) . . . . .	Thursday, 20 June 2024
Expected last time for trading in the Shares on the Stock Exchange. . . . .	4:10 p.m. on Thursday, 20 June 2024
Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme. . . . .	4:30 p.m. on Monday, 24 June 2024
Register of members of the Company closed for determining entitlements of the Scheme Shareholders under the Scheme ( <i>Note 6</i> ). . . . .	From Tuesday, 25 June 2024 onwards
Court Hearing . . . . .	Friday, 28 June 2024 (Cayman Islands time)
Announcement of the results of the Court Hearing, the expected Effective Date, and the expected date of withdrawal of the listing of the Shares on the Stock Exchange. . . . .	no later than 8:30 a.m. on Tuesday, 2 July 2024
Latest time and date for lodging the Form of Acceptance in relation to the Option Offer ( <i>Note 7</i> ) . . . . .	4:30 p.m. on Wednesday, 3 July 2024

Option Offer Record Date . . . . .	Wednesday, 3 July 2024
Scheme Record Date . . . . .	Wednesday, 3 July 2024
Effective Date ( <i>Note 8</i> ) . . . . .	Wednesday, 3 July 2024 (Cayman Islands time)
Lapse of all Share Options ( <i>Note 9</i> ) . . . . .	Wednesday, 3 July 2024
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange . . . . .	no later than 8:30 a.m. on Thursday, 4 July 2024
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective ( <i>Note 10</i> ) . . . . .	4:00 p.m. on Friday, 5 July 2024
Latest time for posting of remittances for the amounts due under the Scheme, and for acceptance under the Option Offer in respect of the Subject Share Options that have not lapsed as at the Option Offer Record Date but in respect of which the underlying Shares have not been registered in the name of the relevant holder (or its nominee) as at the Scheme Record Date ( <i>Note 11</i> ) . . . . .	on or before Friday, 12 July 2024

## Notes:

1. These denote the latest dates, which are based on the time estimated by the Company to complete the required processes to issue the underlying Shares before the Meeting Record Date or the Scheme Record Date (as the case may be). Optionholders who exercise their Subject Share Option after 4:30 p.m. on Friday, 7 June 2024 will not be entitled to attend and vote at the Court Meeting and the EGM. Optionholders who do not exercise their Subject Share Options on or before the Latest Option Exercise Date will not be able to exercise their Subject Share Options in time to qualify as Scheme Shareholders for entitlements under the Scheme, and such Optionholders will only be entitled to the Option Offer.
2. The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM. This book closure period is not for determining the entitlements under the Scheme.
3. Forms of proxy should be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall

- have absolute discretion as to whether or not to accept it). If the **WHITE** form of proxy is not lodged at least 48 hours before the time appointed for the EGM, it will not be valid. The completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Shareholder from attending and voting at the relevant Meeting or any adjournment thereof in person. In such event, the relevant form of proxy will be revoked by operation of law.
4. The Court Meeting and the EGM will be held at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC at the times and dates specified above. Please refer to the notice of Court Meeting set out in Appendix IV of this Scheme Document and the notice of EGM set out in Appendix V of this Scheme Document for details.
  5. If the Optionholders wish to qualify for entitlements under the Scheme, they must exercise their Subject Share Options and lodge their notices of exercise before the time specified above on the Latest Option Exercise Date and, subject to the customary process for allotment and issue of Shares by the Company, become registered holders of the Shares by the time of the Scheme Record Date.
  6. The register of members of the Company will be closed as from such time and on such date for the purpose of determining the entitlements under the Scheme.
  7. Forms of Acceptance, duly completed in accordance with the instructions on them, must be lodged with the Company at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC by no later than 4:30 p.m. on Wednesday, 3 July 2024 (or such later date and time as may be notified to you by the Offeror and the Company or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange).
  8. The Scheme will become effective upon the fulfilment or waiver (as applicable) of all of the Conditions to the Proposal as set out in the section headed “3. Conditions of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document.
  9. Pursuant to the terms of the Option Incentive Plan, the Post-IPO Option Plan and the Board Resolutions, all Share Options shall automatically lapse upon the Scheme becoming effective.
  10. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Friday, 5 July 2024.
  11. Cheques for cash entitlements to the Scheme Shareholders under the Scheme will be despatched by post at the risk of the recipients to their registered addresses shown in the register of members of the Company within seven business days (as defined in the Takeovers Code) of the Effective Date. Payments in respect of the Option Offer Price will be made to the Company as the agent of the Optionholders, by cheque(s), or at the election of the Offeror, by wire transfer within seven business days (as defined in the Takeovers Code) of the Effective Date. The Company will make payments in respect of the Option Offer Price to the respective Optionholders by wire transfer.
  12. If a tropical cyclone warning signal No. 8 or above or “extreme conditions” caused by typhoons is hoisted or a black rainstorm warning signal is in force at any time after 9:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the rescheduled meetings.



**SciClone Pharmaceuticals (Holdings) Limited****賽生藥業控股有限公司\****(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 6600)***Executive Directors:*

Mr. Zhao Hong (*Chief Executive Officer*)  
Ms. Pan Rongrong (*Chief Financial Officer*  
*and Company Secretary*)

*Registered Office:*

PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

*Non-executive Directors:*

Mr. Li Zhenfu (*Chairman*)  
Dr. Daniel Luzius Vasella  
Ms. Lin Shirley Yi-Hsien  
Ms. Wang Haixia

*Principal Place of Business in Hong Kong:*

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Dr. Liu Guoen  
Dr. Chen Ping  
Mr. Gu Alex Yushao  
Ms. Wendy Hayes

*Company Secretary:*

Ms. Pan Rongrong

24 May 2024

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED  
BY SILVER PEGASUS INVESTMENT LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT)  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENTS**

**INTRODUCTION**

On 19 March 2024, the Offeror requested the Board to put forward the Proposal to the holders of Scheme Shares for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will, on the Effective Date, be cancelled and extinguished. Contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

The Rollover Shares will not form part of the Scheme Shares and will not be cancelled. Following the Scheme becoming effective, pursuant to the Rollover Agreements, the Rollover Shares will be transferred to the Offeror in consideration for an aggregate of 209,084,863 shares to be issued by Topco (which wholly owns the Offeror) to the Rollover Shareholders credited as fully paid at the Cancellation Price.

Upon completion of the Scheme and the transfers of the Rollover Shares pursuant to the Rollover Agreements, the Company will become wholly-owned by the Offeror.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and in particular the Scheme, and to give you notices of the Court Meeting and the EGM, together with the forms of proxy in relation thereto. Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix III of this Scheme Document.

## **TERMS OF THE PROPOSAL**

### **The Scheme**

Under the Proposal, upon the fulfilment or waiver (as applicable) of the Conditions and the Scheme becomes effective, all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$18.8 for every Scheme Share cancelled to be paid by the Offeror.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

Your attention is drawn to the section headed "2. Terms of the Proposal — The Scheme" in Part VII — Explanatory Memorandum of this Scheme Document.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme 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 Scheme Shareholder.

### **Comparison of Value**

Your attention is drawn to the section headed “2. Terms of the Proposal — Comparison of Value” in Part VII — Explanatory Memorandum of this Scheme Document.

### **Highest and Lowest Prices**

Your attention is drawn to the section headed “2. Terms of the Proposal — Highest and Lowest Prices” in Part VII — Explanatory Memorandum of this Scheme Document.

### **Option Offer**

The Offeror is making an appropriate offer to the Optionholders to cancel every vested and unvested Subject Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

Your attention is drawn to the section headed “2. Terms of the Proposal — Option Offer” in Part VII — Explanatory Memorandum of this Scheme Document.

Settlement of the Option Offer Price to which any Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer 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 Optionholder.

### **Total Consideration and Financial Resources**

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

Your attention is drawn to the section headed “2. Terms of the Proposal — Total Consideration and Financial Resources” in Part VII — Explanatory Memorandum of this Scheme Document.

**CONDITIONS OF THE PROPOSAL**

The Proposal is conditional upon the fulfilment or waiver (as applicable) of the Conditions set out in the section headed “3. Conditions of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document.

When all of the Conditions are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders regardless of how (or whether) they voted at the Court Meeting or EGM.

**Warning: Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer is subject to the Conditions being fulfilled or waived (including the approval of the Rollover Arrangements as a special deal under Rule 25 of the Takeovers Code), as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

**SHAREHOLDING STRUCTURE OF THE COMPANY**

Your attention is drawn to the section headed “4. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document.

**SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENTS**

The Offeror proposes that (i) the RSU Trustee will roll over the RSU Trustee Rollover Shares (being 2,001,113 Shares, representing approximately 0.32% of the issued share capital of the Company as at the Latest Practicable Date) and (ii) Convergence will roll over the Shares held by it (being 11,979,690 Shares, representing approximately 1.90% of the issued share capital of the Company as at the Latest Practicable Date), each through Topco after the Scheme becomes effective. Accordingly, the RSU Trustee Rollover Shares and the Shares held by Convergence will not form part of the Scheme Shares. Details of the Rollover Arrangements are set out in the section headed “5. Special Deal relating to Rollover Arrangements” in Part VII — Explanatory Memorandum of this Scheme Document.

**Special Deal and Disinterested Shareholder Approval**

As the Rollover Arrangements are not offered to all Shareholders, the Rollover Arrangements constitute a special deal and require the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive to the Rollover Arrangements conditional on: (i) the Independent Financial Adviser confirming that the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangements.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser in Part VI of this Scheme Document that in its opinion, the Rollover Arrangements are fair and reasonable. If the Rollover Arrangements are not approved by the Disinterested Shareholders at the EGM, the Rollover Arrangements and the Scheme will not be implemented.

**GL ROLLOVER AGREEMENT**

Your attention is drawn to the section headed “6. GL Rollover Agreement” in Part VII — Explanatory Memorandum of this Scheme Document.

**IRREVOCABLE UNDERTAKING**

Your attention is drawn to the section headed “7. Irrevocable Undertaking” in Part VII — Explanatory Memorandum of this Scheme Document.

**INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser (i) to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangements are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM and (ii) to the Optionholders as to whether the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all the non-executive Directors who have no direct or indirect interest in the Proposal other than as a Shareholder. As Mr. Li ultimately controls the Offeror, Dr. Vasella is a Director nominated by GL Capital and Ms. Lin is currently a partner of the private equity investment department of GL

Capital, each of Mr. Li, Dr. Vasella and Ms. Lin are concert parties of the Offeror. In addition, Ms. Wang is a Director nominated by Bank of China Group Investment Limited, which is a limited partner of the GL Cayman Fund. As such, each of Mr. Li, Dr. Vasella, Ms. Lin and Ms. Wang do not form part of the Independent Board Committee.

The Board, with the approval of the Independent Board Committee, has appointed Opus Capital as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangements pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal, the Scheme and the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangements and the Optionholders to accept the Option Offer.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme and the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangements and the Optionholders to accept the Option Offer.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme, the Option Offer, and the Rollover Arrangements is set out in Part V of this Scheme Document.

## **REASONS FOR AND BENEFITS OF THE PROPOSAL**

Your attention is drawn to the section headed “9. Reasons for and Benefits of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document.

**THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP**

Your attention is drawn to the section headed “10. The Offeror’s Intentions in relation to the Group” in Part VII — Explanatory Memorandum of this Scheme Document.

The Board is pleased to note that:

- (a) the Offeror intends to continue the existing business of the Group, which is principally engaged in developing and commercialising its portfolio with potential in its focused therapeutic areas including oncology and severe infection, via continued investments in research and development, license in and acquisition of innovative products;
- (b) no major changes are expected to be introduced in the existing principal business of the Group, including any major redeployment of the fixed assets of the Group;
- (c) the Offeror does not have any plan to make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Proposal; and
- (d) the Offeror does not intend to continue the listing of the Company on the Stock Exchange.

**INFORMATION ON THE COMPANY**

Your attention is drawn to the section headed “11. Information on the Company” in Part VII — Explanatory Memorandum of this Scheme Document.

**INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “12. Information on the Offeror” in Part VII — Explanatory Memorandum of this Scheme Document.

**INFORMATION ON THE OFFEROR CONCERT PARTIES**

Your attention is drawn to the section headed “13. Information on the Offeror Concert Parties” in Part VII — Explanatory Memorandum of this Scheme Document.

**ACTIONS TO BE TAKEN**

Your attention is drawn to the section headed “Actions to be Taken” set out in Part II of this Scheme Document.

**THE MEETINGS**

In accordance with the directions of the Grand Court, the Court Meeting will be held at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC on Wednesday, 19 June 2024 at 10:00 a.m. The EGM will be held at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC on Wednesday, 19 June 2024 at 10:30 a.m. (or, if later, as soon thereafter as the Court Meeting shall have been concluded or been adjourned).

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are requested to read carefully the section headed “16. Court Meeting and EGM” in Part VII — Explanatory Memorandum of this Scheme Document, Part II — Actions to be Taken of this Scheme Document, the notice of Court Meeting in Appendix IV of this Scheme Document and the notice of EGM in Appendix V of this Scheme Document.

**WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately from 4:00 p.m. on Friday, 5 July 2024 subject to the Scheme becoming effective.

The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

**IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;



- (b) the listing of the Shares on the Stock Exchange will not be withdrawn; and
- (c) there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

#### **REGISTRATION AND PAYMENT**

Your attention is drawn to the section headed “19. Registration and Payment” in Part VII — Explanatory Memorandum of this Scheme Document.

#### **OVERSEAS SHAREHOLDERS**

Your attention is drawn to the section headed “20. Overseas Shareholders” in Part VII — Explanatory Memorandum of this Scheme Document.

#### **TAXATION ADVICE**

Your attention is drawn to the section headed “21. Taxation Advice” in Part VII — Explanatory Memorandum of this Scheme Document.

#### **COSTS OF THE SCHEME**

Your attention is drawn to the section headed “22. Costs of the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

#### **GENERAL**

As Mr. Li ultimately controls the Offeror, Dr. Vasella is a Director nominated by GL Capital and Ms. Lin is currently a partner of the private equity investment department of GL Capital, each of Mr. Li, Dr. Vasella and Ms. Lin are concert parties of the Offeror. In addition, Ms. Wang is a Director nominated by Bank of China Group Investment Limited, which is a limited partner of the GL Cayman Fund. As such, each of Mr. Li, Dr. Vasella, Ms. Lin and Ms. Wang will abstain from voting, in any vote of the Board in relation to the Proposal, the Scheme and the Option Offer.

GL Trade holds 133,318,370 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China, whose general partner is GL China Opportunities Carry GP Ltd), representing approximately 21.19% of the issued share capital of the Company as at the Latest Practicable Date. GL Trade will not be able to vote on the Scheme at the Court Meeting nor the Rollover Arrangements at the EGM.

GL Glee holds 61,785,690 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis, representing approximately 9.82% of the issued share capital of the Company as at the Latest Practicable Date. GL Glee will not be able to vote on the Scheme at the Court Meeting nor the Rollover Arrangements at the EGM.

Mr. Zhao and Convergence hold an aggregate of 13,079,690 Shares, representing approximately 2.08% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Zhao and Convergence will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Mr. Zhao and Convergence will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “Conditions of the Proposal” (as required under Rule 2.10 of the Takeovers Code) are satisfied.

Ms. Pan holds 160,667 Shares, representing approximately 0.03% of the issued share capital of the Company as at the Latest Practicable Date. Ms. Pan will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Ms. Pan will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “Conditions of the Proposal” (as required under Rule 2.10 of the Takeovers Code) are satisfied.

The RSU Trustee holds 3,384,023 Shares, representing approximately 0.54% of the issued share capital of the Company as at the Latest Practicable Date. As a Rollover Shareholder and pursuant to the terms of the Post-IPO RSU Plan, the RSU Trustee will not be able to vote on the Scheme at the Court Meeting nor the resolutions to be proposed at the EGM (including as to the Rollover Arrangements), and the vote of the RSU Trustee will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “Conditions of the Proposal” (as required under Rule 2.10 of the Takeovers Code) are satisfied.

The Option Trustee holds 16,337,000 Shares, representing approximately 2.60% of the issued share capital of the Company as at the Latest Practicable Date. Pursuant to the terms of the Option Incentive Plan, the Option Trustee will not be able to vote on the Scheme at the Court Meeting nor the resolutions to be proposed at the EGM (including as to the Rollover Arrangements), and the

vote of the Option Trustee will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “Conditions of the Proposal” (as required under Rule 2.10 of the Takeovers Code) are satisfied.

Ocean Falcon Limited holds 47,426,727 Shares, representing approximately 7.54% of the issued share capital of the Company as at the Latest Practicable Date. Ocean Falcon Limited will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Ocean Falcon Limited will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “Conditions of the Proposal” (as required under Rule 2.10 of the Takeovers Code) are satisfied.

Center Laboratories, Inc. holds 11,000,000 Shares, representing approximately 1.75% of the issued share capital of the Company as at the Latest Practicable Date. Center Laboratories, Inc. will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Center Laboratories, Inc. will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “Conditions of the Proposal” (as required under Rule 2.10 of the Takeovers Code) are satisfied.

The Directors (including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part V of this Scheme Document) believe that the Proposal, the Scheme and the Option Offer are fair and reasonable and in the interests of the Shareholders as a whole.

## **RECOMMENDATIONS**

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements as set out in the letter from the Independent Board Committee in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements.

**FURTHER INFORMATION**

You are urged to read carefully:

- (a) the letter from the Independent Board Committee set out in Part V of this Scheme Document;
- (b) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document;
- (c) the Explanatory Memorandum set out in Part VII of this Scheme Document;
- (d) the appendices of this Scheme Document, including the Scheme set out in Appendix III of this Scheme Document;
- (e) the notice of Court Meeting set out in Appendix IV of this Scheme Document;
- (f) the notice of EGM set out in Appendix V of this Scheme Document;
- (g) the form of Option Offer Letter set out in Appendix VI of this Scheme Document;
- (h) the **PINK** form of proxy in respect of the Court Meeting as enclosed with this Scheme Document; and
- (i) the **WHITE** form of proxy in respect of the EGM as enclosed with this Scheme Document.

On behalf of the Board

**SciClone Pharmaceuticals (Holdings) Limited**

**ZHAO Hong**

*Executive Director, Chief Executive Officer and President*

\* *for identification purpose only*



**SciClone Pharmaceuticals (Holdings) Limited**

**賽生藥業控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6600)**

24 May 2024

*To the Disinterested Shareholders and the Optionholders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED  
BY SILVER PEGASUS INVESTMENT LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT)  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENTS**

We refer to the scheme document (the “**Scheme Document**”) dated 24 May 2024 jointly issued by the Company and the Offeror in relation to the Proposal, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation (i) to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangements are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM and (ii) to the Optionholders as to whether the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Opus Capital, the Independent Financial Adviser, has been appointed by the Company with our approval, to advise us in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements.

We wish to draw your attention to (a) the letter from the Board as set out in Part IV of the Scheme Document; (b) the letter from the Independent Financial Adviser as set out in Part VI of the Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations; and (c) the Explanatory Memorandum as set out in Part VII of the Scheme Document.

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**PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Having considered the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements and having taken into account the advice and recommendation of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the letter from the Independent Financial Adviser, we consider that the terms of the Proposal, the Scheme and the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned.

Accordingly, we recommend:

- (a) at the Court Meeting, the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme; and
- (b) at the EGM:
  - (i) the Shareholders to vote in favour of the special resolution to: (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror; and
  - (ii) the Disinterested Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangements which constitute a special deal under Rule 25 of the Takeovers Code; and
- (c) the Optionholders to accept the Option Offer.

Yours faithfully,  
**Independent Board Committee**

**Dr. Liu Guoen**  
*Independent Non-executive Director*

**Dr. Chen Ping**  
*Independent Non-executive Director*

**Mr. Gu Alex Yushao**  
*Independent Non-executive Director*

**Ms. Wendy Hayes**  
*Independent Non-executive Director*

\* *for identification purpose only*

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## PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the letter of advice from, Opus Capital, the Independent Financial Adviser to the Independent Board Committee, in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements, which has been prepared for the purpose of inclusion in this Scheme Document.*



18<sup>th</sup> Floor, Fung House  
19–20 Connaught Road Central  
Central, Hong Kong

24 May 2024

*To: The Independent Board Committee of SciClone Pharmaceuticals (Holdings) Limited*

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED  
BY SILVER PEGASUS INVESTMENT LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT)  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENTS**

### INTRODUCTION

We refer to our appointment by the Company, with the approval of the Independence Board Committee, to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangements. Details of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements are set out in Part IV — Letter from the Board and Part VII — Explanatory Memorandum (the “**Explanatory Memorandum**”) of this composite scheme document dated 24 May 2024 jointly issued by the Company and the Offeror in relation to, among others, the Proposal (the “**Scheme Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context requires otherwise.

Reference is made to the Announcement. On 19 March 2024, the Offeror requested the Board to put forward the Proposal to the holders of Scheme Shares for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the

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## **PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

The Offeror is also making an appropriate offer to the Optionholders to cancel every vested and unvested Subject Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will, on the effective date of the Scheme, be cancelled and extinguished. Contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

The Rollover Shares will not form part of the Scheme Shares and will not be cancelled. Following the Scheme becoming effective, pursuant to the Rollover Agreements, the Rollover Shares will be transferred to the Offeror in consideration for an aggregate of 209,084,863 shares to be issued by Topco (which wholly owns the Offeror) to the Rollover Shareholders credited as fully paid at the Cancellation Price.

Upon completion of the Scheme and the transfers of the Rollover Shares pursuant to the Rollover Agreements, the Company will become wholly-owned by the Offeror.

### **THE INDEPENDENT BOARD COMMITTEE**

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, among others, a board of the offeree company which receives an offer must, in the interests of shareholders, establish an independent committee of the board to make a recommendation as to whether the offer is, or is not, fair and reasonable and as to acceptance or voting, and the members of such independent committee of the board should comprise all non-executive directors who have no direct or indirect interest in the offer, other than as a shareholder of the offeree company.

In the case of the Company, the Board currently has four non-executive Directors and four independent non-executive Directors. As Mr. Li ultimately controls the Offeror, Dr. Vasella is a Director nominated by GL Capital and Ms. Lin is currently a partner of the private equity investment department of GL Capital, Mr. Li, Dr. Vasella and Ms. Lin are concert parties of the Offeror. In addition, Ms. Wang is a Director nominated by Bank of China Group Investment Limited, which is a limited partner of the GL Cayman Fund. The four named non-executive



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## **PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Directors are not included as members of the Independent Board Committee as they are not considered to be independent for the purpose of making a recommendation to the Disinterested Shareholders for the abovementioned reasons.

As such, the Independent Board Committee, which comprises all the independent non-executive Directors, namely Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes, has been established by the Board to make a recommendation (i) to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangements are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM; and (ii) to the Optionholders as to whether the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

We have been appointed by the Company, pursuant to Rule 2.1 of the Takeovers Code and with the approval of the Independent Board Committee, to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangements.

### **OUR INDEPENDENCE**

We were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in relation to a conditional cash offer by Somerley Capital Limited on behalf the Company to buy-back up to 77,534,791 Shares and the application for whitewash waiver, details of which is set out in the offer document of the Company dated 27 January 2023 (the “**Past Appointment**”).

As at the Latest Practicable Date, we did not have any connection, financial or otherwise with the Group, the Offeror, the Offeror Concert Parties or any of their respective controlling shareholders, or any party acting, or presumed to be acting in concert with, or have control over any of them, which would create or likely to create the perception of a conflict of interest or reasonably likely to affect the objectivity of our advice. During the past two years, except the normal independent financial advisory fees paid or payable to us in connection with the Past Appointment and this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the Offeror, the Offeror Concert Parties or any of their respective controlling shareholders, or any party acting, or presumed to be acting in concert with, or have control over any of them that could reasonably be regarded as relevant to our independence. We therefore consider ourselves suitable to give independent advice to the Independent Board Committee in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements pursuant to Rule 2.6 of the Takeovers Code.

**BASIS OF OUR OPINION**

In formulating our advice and recommendation to the Independent Board Committee, we have reviewed, amongst other things:

- (i) the Announcement;
- (ii) the Company’s annual report for the year ended 31 December (“FY”) 2022 (the “**2022 Annual Report**”) published by the Company on 27 April 2023;
- (iii) the Company’s annual report for FY2023 (the “**2023 Annual Report**”) published by the Company on 29 April 2024; and
- (iv) other information as set out in the Scheme Document.

We have also discussed with and reviewed the information provided to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”) regarding the business and outlook of the Group.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Scheme Document and the information and representations made to us by the Management. We have assumed that all information and representations contained or referred to in the Scheme Document and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive (i) at the time when they were provided; (ii) at the time they were made; or (iii) as at the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us and the contents of this letter after the Latest Practicable Date pursuant to Rule 9.1 of the Takeovers Code. Shareholders will also be informed of our opinion in relation to such material changes, if any, as soon as possible.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Scheme Document were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Scheme Document, the omission of which would make any such statement contained in the Scheme Document misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Scheme Document, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

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**PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information (save for examining numerical figures and conducting cross-checking the relevant information, data and disclosures against the contents of our letter) provided by the Management, and nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Scheme Document (including the relevant information concerning the Group provided by the Management set out in our letter) and confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Scheme Document have been arrived at after due and careful consideration and there are no other facts not contained in the Scheme Document, the omission of which would make any statement in the Scheme Document misleading.

This letter is issued to the Independent Board Committee solely in connection with and for their consideration of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements, and except for its inclusion in the Scheme Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

We have not considered the taxation implications on Scheme Shareholders or Optionholders of acceptance or non-acceptance of the Proposal, the Scheme and the Option Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Scheme Shareholders or Optionholders as a result of the Proposal, the Scheme and the Option Offer. In particular, Scheme Shareholders or Optionholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advisers on taxation matters. Their attention is particularly drawn to the section headed “21. Taxation Advice” in the Explanatory Memorandum.

**PRINCIPAL TERMS OF THE PROPOSAL, THE SCHEME, THE OPTION OFFER AND THE ROLLOVER ARRANGEMENTS**

The terms set out below are summarised from the Explanatory Memorandum. Disinterested Shareholders are encouraged to read the Scheme Document and the appendices in full.

**1. Terms of the Proposal**

*The Scheme*

The Scheme will provide that the Scheme Shares will be cancelled in exchange for HK\$18.8 (i.e. the Cancellation Price) in cash for each Scheme Share. Under the Scheme, the total consideration payable for cancellation of the Scheme Shares will be paid by the Offeror.

If, after the date of the 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 amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, the Scheme 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 (and the Option Offer Price shall be reduced accordingly). The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier). As at the Latest Practicable Date, the Company has no declared but unpaid dividends and/or other distribution and/or other return of capital.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price. Disinterested Shareholders should note that there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.**

*The Option Offer*

As at the Latest Practicable Date, there are: (i) 36,737,842 Share Options (all of which are vested) granted under the Option Incentive Plan, comprising (a) 20,400,842 Share Options entitling the holders to subscribe for 20,400,842 new Shares and (b) 16,337,000 Share Options entitling the holders to receive 16,337,000 existing Shares from the Option Trustee; and (ii) 30,785,690 Share Options (21,761,890 of which are vested) granted under the Post-IPO Option Plan entitling the holders to subscribe for 30,785,690 new Shares. The Company will not grant any further Share Options under the Option Incentive Plan or the Post-IPO Option Plan before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier).

The exercise of all the Subject Share Options in full would result in the issue of 51,186,532 new Shares, representing approximately 8.13% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.52% of the issued share capital of the Company as enlarged by the issue of such new Shares.

The Offeror is making an appropriate offer to the Optionholders to cancel every vested and unvested Subject Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror is offering the Optionholders the “see-through” price (being the Cancellation Price minus the relevant exercise price in case of the Subject Share Options) for each Subject Share Option they hold for the cancellation of every Subject Share Option in accordance with Rule 13 of the Takeovers Code. A schedule of the Subject Share Options of various exercise prices and the corresponding “see-through” prices is set out in the paragraph headed “Option Offer” under the section headed “2. Terms of the Proposal” in the Explanatory Memorandum (the “**Option Offer Schedule**”).

As at the Latest Practicable Date, save as disclosed in the section headed “4. Shareholding Structure of the Company” in the Explanatory Memorandum, the Offeror and the Offeror Concert Parties do not hold any Share Options.

The Option Offer Letter is being sent to each Optionholder, together with the Scheme Document and a Form of Acceptance. If the Optionholders exercise any of the Subject Share Options in accordance with the terms of the Option Incentive Plan and the Post-IPO Option Plan (as applicable) and become Shareholders on or before the Scheme Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

In accordance with the terms of the Option Incentive Plan, the Post-IPO Option Plan and the Board Resolutions, if a general offer by way of a scheme of arrangement is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror

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## **PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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and/or any person acting in association or concert with the offeror) and has been approved by the necessary number of Shareholders at the requisite meetings, the optionholders shall be entitled to exercise the Share Options thereafter (up to the Latest Option Exercise Date) by notice in writing to the Company. To the extent that the Share Options have not been so exercised, the right to exercise the Share Options shall terminate on the Scheme Record Date and such Optionholders will only be entitled to the Option Offer. Any unexercised Share Option which are not tendered for acceptance under the Option Offer will automatically lapse (other than the right to receive payment of the “see-through” price from the Option Trustee) upon the Scheme becoming effective.

**Any Share Options granted under the Option Incentive Plan or the Post-IPO Option Plan that are not exercised or (if applicable) cancelled pursuant to the acceptance of the Option Offer (other than, in respect of Share Options granted under the Option Incentive Plan, the right to receive payment of the “see-through” price from the Option Trustee) will automatically lapse upon the Scheme becoming effective.**

No Option Offer will be made to the 16,337,000 Share Options granted under the Option Incentive Plan as an equivalent number of Shares were already issued to the Option Trustee. The Option Trustee Held Shares (being the 16,337,000 Shares held by the Option Trustee) shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Offeror shall pay the aggregate Cancellation Price for the Option Trustee Held Shares to the Option Trustee, which will then pay the “see-through” price (being the Cancellation Price minus the relevant exercise price in case of the Share Options) to the holders of the Share Options.

Further information on the Option Offer is set out in the form of Option Offer Letter which is set out in Appendix VI to the Scheme Document.

### **2. Total consideration**

Taking into account that the Rollover Shares will not constitute Scheme Shares, and on the assumption that (i) all Subject Share Options (apart from the Subject Share Options which are held by Mr. Zhao and Ms. Pan) as at the Scheme Record Date are exercised and all the Optionholders of such Subject Share Options become holders of Scheme Shares on or before the Scheme Record Date, (ii) Mr. Zhao and Ms. Pan will not exercise any Subject Share Options held by them in accordance with the Irrevocable Undertaking and will only be entitled to the “see-through” price under the Option Offer, and (iii) there is no other change in the issued share capital of the Company and no Share Options will be granted by the Company on or before the Scheme Record Date, the Proposal will involve the cancellation of 448,110,959 Scheme Shares, in exchange for the Cancellation Price of HK\$18.8 per Scheme Share in cash and the cancellation of the Subject Share Options held by Mr. Zhao and Ms. Pan at the “see-through” price per Subject Share Option

in cash as set out in the paragraph headed “Option Offer” under the section headed “2. Terms of the Proposal” in the Explanatory Memorandum. Therefore, the maximum amount of cash consideration payable under the Proposal would be approximately HK\$8,758,580,608.30.

Based on the Cancellation Price of HK\$18.8 per Scheme Share and 629,268,032 Shares in issue on the Latest Practicable Date, the Company’s entire issued share capital under the Proposal is valued at approximately HK\$11,830.2 million.

### **3. Conditions of the Proposal and the Scheme**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders regardless of how (or whether) they voted at the Court Meeting or EGM, subject to the fulfilment or waiver (as applicable) of the Conditions set out in the section headed “3. Conditions of the Proposal” in the Explanatory Memorandum, on or before the Long Stop Date (i.e. 31 October 2024 or such other date as the Company and the Offeror may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse.

Disinterested Shareholders’ attention is drawn to the key Conditions which include: (i) the approval of the Scheme (by way of poll) by the holders of Scheme Shares, representing not less than 75% in value of the Scheme Shares held by the holders of Scheme Shares present and voting either in person or by proxy at the Court Meeting; (ii) the approval of the Scheme (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders; and (iii) (a) the receipt of an opinion from us confirming that the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned; (b) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangements; and (c) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangements.

Details of the Conditions are set out in the section headed “3. Conditions of the Proposal” in the Explanatory Memorandum. As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived (as applicable).

#### **4. Rollover Arrangements**

The Offeror proposes that (i) the RSU Trustee will roll over the RSU Trustee Rollover Shares (being 2,001,113 Shares, representing approximately 0.32% of the issued share capital of the Company as at the Latest Practicable Date) and (ii) Convergence will roll over the Shares held by it (being 11,979,690 Shares, representing approximately 1.90% of the issued share capital of the Company as at the Latest Practicable Date), each through Topco after the Scheme becomes effective. Accordingly, the RSU Trustee Rollover Shares and the Shares held by Convergence will not form part of the Scheme Shares. The abovementioned arrangements between the Offeror and each of the RSU Trustee and Convergence under the Trustee Rollover Agreement and the Convergence Rollover Agreement are known as the Rollover Arrangements with details set out below:

##### ***Trustee Rollover Agreement***

As at the Latest Practicable Date, the RSU Trustee holds 3,384,023 Shares, amongst which 1,228,450 Shares (representing approximately 0.20% of the issued share capital of the Company as at the Latest Practicable Date) are to be used to satisfy the share awards granted to directors and employees of the Group, 154,460 Shares (representing approximately 0.02% of the issued share capital of the Company as at the Latest Practicable Date) are underlying the granted share awards that were lapsed after the date of the Announcement and the remaining 2,001,113 Shares (representing approximately 0.32% of the issued share capital of the Company as at the Latest Practicable Date) are to be used to satisfy future grants of share awards.

The RSU Trustee Rollover Shares (being the 2,001,113 Shares held by the RSU Trustee) will not form part of the Scheme Shares, but the RSU Trustee Scheme Shares (being the 1,382,910 Shares held by the RSU Trustee) shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective.

The Offeror, Topco and the RSU Trustee have entered into the Trustee Rollover Agreement on 28 March 2024, pursuant to which:

- (a) subject to Condition (f) in the section headed “3. Conditions of the Proposal” in the Explanatory Memorandum and the Scheme becoming effective, the RSU Trustee will remain as a Shareholder until the Scheme becomes effective, the RSU Trustee Rollover Shares will not constitute Scheme Shares and all Shares held by the RSU Trustee will not be voted on the Scheme at the Court Meeting or the Rollover Arrangements at the EGM; and



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- (b) upon the Scheme becoming effective, the RSU Trustee Rollover Shares will then be transferred to the Offeror in consideration for an aggregate of 2,001,113 shares to be issued by Topco to the RSU Trustee credited as fully paid at the Cancellation Price. After completion of the Scheme and the transfers of the RSU Trustee Rollover Shares, the RSU Trustee will, through Topco, hold an indirect interest in the Company.

The Trustee Rollover Agreement will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, refused or rejected by the Grand Court.

### ***Convergence Rollover Agreement***

The Offeror, Topco and Convergence have entered into the Convergence Rollover Agreement on 28 March 2024, pursuant to which:

- (a) subject to Condition (f) in the section headed “3. Conditions of the Proposal” in the Explanatory Memorandum and the Scheme becoming effective, Convergence will remain as a Shareholder until the Scheme becomes effective, the Shares held by Convergence will not constitute Scheme Shares and will not be voted on the Scheme at the Court Meeting or the Rollover Arrangements at the EGM;
- (b) upon the Scheme becoming effective, the Shares held by Convergence will then be transferred to the Offeror in consideration for an aggregate of 11,979,690 shares to be issued by Topco to Convergence credited as fully paid at the Cancellation Price. After completion of the Scheme and the transfers of the Shares held by Convergence, Convergence will, through Topco, hold an indirect interest in the Company;
- (c) Convergence has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it directly on resolutions in relation to the implementation of the Scheme in accordance with the Offeror’s directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at the EGM, and that it shall be bound by, and take all actions necessary to implement the Scheme; and
- (d) Convergence has further undertaken that it shall not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it, nor will it accept any other offer in respect of all or any of such Shares.

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The Convergence Rollover Agreement will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, refused or rejected by the Grand Court.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation with regards to the Proposal, the Scheme, the Option Offer and the Rollover Arrangements, we have taken into account the following principal factors and reasons:

#### **1. Business information, financial performance and prospects of the Group**

##### ***A. Business of the Group***

###### *General background*

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose Shares have been listed on the Main Board of the Stock Exchange by way of initial public offering (the “**IPO**”) on 3 March 2021 (the “**Listing Date**”). The Group is principally engaged in developing and commercialising its portfolio with potential in its focused therapeutic areas including oncology and severe infection.

The Group implements what it calls the “two-wheel drive” strategy — deploying commercialisation expertise and cultivating product development capabilities. In commercialisation, the Group focuses on offline and online marketing activities to generate market demand and build brand recognition for the Group’s proprietary, in-licensed and promotion products which are capable of generating strong cash inflows for the Group. “Go-To-Patient” (“**GTP**”) model and product life-cycle management are the two key components of the Group’s commercialisation capabilities. In product development, the Group focuses on building an innovative pipeline with first-in-class/best-in-class drug candidates potential through in-licensing model. The Group acquires licenses and conducts product development process from various stages, ranging from Investigational New Drug (“**IND**”) filing for some of its early-stage pipeline products, to pivotal clinical trials for some of its late-stage pipeline products.

###### *Commercialisation*

The Group primarily engages in the sales of its proprietary product Zadaxin, its in-licensed products and promotion products on behalf of its business partners in the PRC. Zadaxin is the first branded thymalfasin (胸腺法新) drug in the PRC and is formulated as an injection to treat liver cancer, pancreatic cancer, lymphoma, hepatitis B, sepsis, SARS and COVID-19. The Group

developed Zadaxin in the early 1990s and obtained the approval for its sales in the Chinese market in 1996. Revenue contributed by the sales of Zadaxin accounted for approximately 78.5%, 78.9%, 83.4% of the Group's revenue in FY2021, FY2022 and FY2023, respectively.

The Group generates revenue of Zadaxin primarily through the sales to the Group's exclusive importer and distributor in the PRC and the Group also conducts all the sales and marketing activities. In compliance with the "two-invoice system" (兩票制), after the Group's sales of Zadaxin to the exclusive importer, it clears the products through customs of the PRC as an imported drug and distributes further to hospitals and pharmacies. In November 2021, the Company entered into an import and distribution agreement to engage Shanghai Pharmaceutical Lin-gang Special Area Co., Ltd. (上藥國際供應鏈有限公司), one of the Company's non-substantial shareholders, as the Group's exclusive importer and distributor of Zadaxin in the PRC. For Zadaxin's overseas sales, such as in South Korea, Thailand, Argentina, Italy and Cambodia, the Group primarily relies on overseas partners to handle marketing, promotion, sales and distribution.

The Group has been operating the GTP model since 2015 to connect physicians and patients directly through the Group's digital portal and deliver the Group's products to patients through more channels. Under GTP model, patients are able to upload prescriptions to the online platform or get electronic prescriptions from Hi-Doctor Internet Hospital and drugs will be delivered to them directly. GTP is also a platform for the Company to provide value added services to patients such as comprehensive academic and patient education.

Under product life-cycle management, the Group conducts ongoing clinical studies and academic promotions to expand the clinical adoptions of the Group's marketed products.

#### *Product development*

As disclosed in the 2023 Annual Report, the Company's product development has revolved around several pipeline drug candidates via the in-licensing approach. This strategy involves acquiring licenses and engaging in the product development lifecycle at various phases. The Group's involvement spans from the IND filing stage for some of its early-stage pipeline products to conducting pivotal clinical trials for some of its late-stage pipeline products.

As at the Latest Practicable Date, the Group had built a portfolio of ten pipeline drug candidates, six of which were in phase III or later stages overseas with a fast-to-market strategy in the PRC, and four were in earlier stages from pre-clinical to phase II clinical trials overseas or in the PRC. For technical details, the development status and pipeline milestones of each of the

pipeline drug candidates, please refer to the paragraph headed “Product Development” (pages 13 to 20) in the 2023 Annual Report. We note that the following late-stage drug candidates are highlighted by the Company in the 2023 Annual Report together with the milestones achieved recently:

(i) Orserdu

Orserdu is the “first and only” treatment specifically indicated for patients with estrogen receptor 1 (ESR1) mutations in estrogen receptor-positive (ER+), human epidermal growth factor receptor 2-negative (HER2-), advanced or metastatic breast cancer (mBc) (i.e. certain breast cancer variations) with the approval from the United States Food and Drug Administration (the “FDA”) under its priority review and fast track designation in January 2023, and subsequently from the European Commission in September 2023.

The Company and Berlin-Chemie AG, Menarini Group (“Menarini”) entered into a license and collaboration agreement, granting the Group the exclusive right to develop and commercialise Orserdu in the PRC, under Menarini’s head license agreement with Radius Health, Inc.

Under the relevant license agreement, the Group will utilise its development capability to proceed with clinical trials and employ its sales, marketing and regulatory expertise to distribute Orserdu, upon approval in the PRC. Following the signing of the relevant license agreement in November 2023, the Company commenced the preparation of clinical applications within the PRC and it will explore pilot launch opportunities in Bo’ao of Hainan and the Greater Bay Area.

(ii) Vaborem

Vaborem is a fixed-dose combination of a carbapenem and a novel boronic acid  $\beta$ -lactamase inhibitor of class A and Class C serine  $\beta$ -lactamase. Vaborbactam can inhibit various class A and class C  $\beta$ -lactamases, so it protects meropenem from degradation by serine carbapenemases, restoring meropenem’s activity against carbapenem-resistant strains. Vaborem has been specifically developed to inhibit carbapenem-resistant enterobacterales (“CRE”) including the commonly found *Klebsiella pneumoniae* carbapenemase-producing bacteria. CRE has become a public health threat worldwide, which the World Health Organisation has listed as one of the three critical pathogens in need of new antimicrobial options. Currently Vaborem has been granted marketing authorisations in the United States and the European Union, among other countries and regions, for adults with complicated urinary tract infections (“cUTI”) including pyelonephritis. In select territories, it has also been approved for the treatment of complicated intra-abdominal infections, hospital-acquired bacterial pneumonia and ventilator-associated bacterial pneumonia.

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In August 2022, the Group and a subsidiary of Menarini entered into a license and collaboration agreement granting the Group the exclusive right to develop and commercialise Vaborem in the PRC under such entity's head license agreement with Melinta Therapeutics.

Following the signing of the relevant license agreement in August 2022, the China National Medical Products Administration (the “NMPA”) approved the Company's IND application for Vaborem in March 2023. The relevant IND application consists of a Phase III clinical trial to evaluate the efficacy and safety of Vaborem in Chinese patients with cUTI including pyelonephritis, as well as a pharmacokinetic study in healthy volunteers in the PRC to evaluate the pharmacokinetic profile of Vaborem. These two clinical studies in the PRC are to bridge foreign clinical trial data and eventually support the New Drug Application (the “NDA”) of Vaborem in the PRC. The first subject was dosed in the Phase III clinical trial in July 2023, and the Company completed subject enrollment by the end of January 2024. The Company currently plans to submit NDA in the PRC for Vaborem in 2024.

(iii) Danyelza (naxitamab)

Danyelza is the first humanised, monoclonal antibody targeting GD2, a tumor antigen on the cell surface of neuroblastoma. It was approved by the FDA in November 2020 based on a phase II clinical trial in 22 patients (“**Study 201**”) and by the NMPA in December 2022 for the treatment, in combination with granulocyte-macrophage colony-stimulating factor (“**GM-CSF**”), of pediatric patients of 1 year of age and older and adult patients with relapsed or refractory high-risk neuroblastoma in the bone or bone marrow who have demonstrated a partial response, minor response, or stable disease to prior therapy (the “**Study 201 Indication**”).

With respect to Danyelza for the Study 201 Indication: (a) in December 2020, the Company in-licensed Danyelza from Y-mAbs Therapeutics, Inc. (“**Y-mAbs**”); (b) in January 2023, the Company submitted the Biologics License Application (“**BLA**”) of Danyelza in Hong Kong; (c) in June 2023, the Company obtained the BLA approval for Danyelza in Macau; and (d) in July 2023, Danyelza was officially commercialised in the PRC by the Group. It has been included in approximately 50 special drug lists under Hui Min Bao (惠民保) across various provinces and cities in the PRC, providing supplement coverage on top of the basic medical insurance for severe diseases.

On top of the Study 201 Indication, Y-mAbs is also expanding Danyelza's other indications such as naxitamab and GM-CSF in combination with irinotecan and temozolomide (IT) in patients with high-risk neuroblastoma (“**Study 203**”) and relapsed second-line osteosarcoma. The Phase II trials for these two indications are ongoing. Study 203 is an international single-arm, multi-centre, Phase III clinical trial to explore the combined treatment of immunotherapy (Danyelza and GM-CSF) and chemotherapy drugs (irinotecan and temozolomide), and it differs from Study 201 in

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respect of stages of neuroblastoma and target patient group. In June 2022, the Company obtained the IND approval for Study 203 from the NMPA. The Company initiated patient enrollment for Study 203 during 2023 and plans to complete patient enrollment for Study 203 in 2024.

**B. Financial information of the Group**

Set forth below is a summary of the audited consolidated financial information of the Group for FY2021, FY2022 and FY2023 as extracted from the 2023 Annual Report and the 2022 Annual Report. Further details of the financial information of the Group are set out in Appendix I to the Scheme Document.

**Table 1: Summary of the consolidated financial performance of the Group**

	<b>FY2021</b> <i>(Audited)</i>	<b>FY2022</b> <i>(Audited)</i>	<b>FY2023</b> <i>(Audited)</i>
		<i>RMB million</i>	
Revenue	2,518.5	2,749.7	3,155.6
— <i>Proprietary product</i>	1,978.0	2,168.3	2,630.7
— <i>Promotion products for business partners</i>	357.2	358.9	379.0
— <i>In-licensed product</i>	183.3	222.5	145.9
Cost of revenue	(585.5)	(679.2)	(799.4)
<b>Gross profit</b>	<b>1,933.0</b>	<b>2,070.5</b>	<b>2,356.2</b>
Sales and marketing expenses	(579.2)	(627.8)	(712.8)
Administrative expenses	(206.4)	(225.0)	(257.3)
Research and development (“ <b>R&amp;D</b> ”) expenses	(134.4)	(123.9)	(170.7)
Other income	42.8	12.1	41.8
Other expenses	(16.8)	—	—
Other (losses)/gains — net	19.1	(155.4)	(52.1)
<b>Operating profit</b>	<b>1,058.1</b>	<b>950.6</b>	<b>1,205.1</b>
Finance income	8.0	36.1	70.5
Finance costs	(40.2)	(46.6)	(58.2)
<b>Profit before income tax</b>	<b>1,025.9</b>	<b>940.1</b>	<b>1,217.4</b>
Income tax expense	(102.5)	(84.7)	(95.5)
<b>Profit for the year attributable to the Shareholders</b>	<b>923.4</b>	<b>855.4</b>	<b>1,121.9</b>
<b>Core net profit (Note 1)</b>	<b>980.5</b>	<b>1,035.4</b>	<b>1,236.9</b>

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Sources: the 2023 Annual Report and the 2022 Annual Report

Notes:

1. Core net profits are the net profit adjusted for one-off change in fair value and impairment losses.
2. Totals and sub-totals may not add up to the nearest RMB0.1 million due to rounding.

### *FY2022 vs FY2021*

The Group's total revenue was approximately RMB2,749.7 million for FY2022, representing an increase of approximately 9.2% as compared to the total revenue of approximately RMB2,518.5 million for FY2021 which was mainly attributable to: (i) sales of the Group's proprietary product Zadaxin; and (ii) commercial launch of in-licensed products. The revenue from sales of Zadaxin increased from approximately RMB1,978.0 million for FY2021 to approximately RMB2,168.3 million for FY2022, representing an increase of approximately 9.6%. By integrating internet hospitals to the Group's unique GTP model, the Group was able to improve direct connection between physicians and patients through the digital portal and continue to increase the accessibility, which drove the revenue growth of Zadaxin. The revenue from in-licensed product for FY2021 was approximately RMB183.3 million, increased by approximately 21.4% compared to approximately RMB222.5 million for FY2022. Revenue from sales of promotion products for business partners was approximately RMB358.9 million, increased by approximately 0.5% compared to approximately RMB357.2 million for FY2022, which was largely due to the lingering effect of COVID-19 pandemic (the "**Pandemic**") in FY2022.

Cost of revenue increased from approximately RMB585.5 million for FY2021 to approximately RMB679.2 million for FY2022, representing an increase of approximately 16.0% which was due to (i) the rise of product costs followed the growth of sales of Zadaxin and Zometa (an in-licensed product indicated for the treatment of patients with multiple myeloma and patients with documented bone metastases from solid tumors); (ii) the increase of freight costs mainly due to the shipping disruption by war in Ukraine and the hike of fuel prices; and (iii) the increase of amortisation of intangible assets resulted from commercial or pilot launch of the Group's in-licensed products.

Owing to the changes in revenue and cost of revenue as stated above, the Group's gross profit increased by approximately 7.1% from approximately RMB1,933.0 million for FY2021 to approximately RMB2,070.5 million for FY2022. However, the gross profit margin slightly decreased from approximately 76.8% for FY2021 to approximately 75.3% for FY2022 due to the increase in cost as abovementioned.



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Sales and marketing expenses of the Group for FY2022 amounted to approximately RMB627.8 million, representing an increase of approximately 8.4% from approximately RMB579.2 million for FY2021. It was primarily due to the net effects of: (i) the rise of employee salaries and sales incentive bonus in total amounting to RMB70.7 million along with the expansion of the Group's sales and marketing team and sales growth; offset by (ii) the decline of marketing and promotion expenses and travel and meeting expenses during 2022 when business promotion activities were interrupted by the new waves of the Pandemic outbreak in the PRC.

The Group's administrative expenses for FY2022 increased by approximately 9.0% to approximately RMB225.0 million from RMB206.4 million for FY2021, which was primarily attributable to the addition of impairment loss of approximately RMB42.3 million against the related intangible assets considering the uncertainty of their further developments, offset by the reduction of employee benefits by approximately RMB18.8 million as the share-based compensation expenses of Pre-IPO Share Option were absorbed in the downtrend based on the cost recognition.

R&D expenses during FY2022 decreased by approximately 7.8% from approximately RMB134.4 million for FY2021 to approximately RMB123.9 million for FY2022 which was mainly due to the delay and suspension on some testing and clinical trials during 2022 when the new waves of the Pandemic outbreak in the PRC.

During FY2022, the Group completed the conversion of distributor of Zometa in all provinces from Novartis to the Group in the second half of FY2021 and recognised all product revenue and amortisation of Zometa in the cost of revenue, which resulted in substantial reduction of other income from approximately RMB42.8 million for FY2021 to approximately RMB12.1 million for FY2022.

We note net other losses of the Group increased significantly during FY2022 by as much as approximately RMB174.5 million, which was mainly due to one-off factors including, among others, (i) the change in fair value loss of the Group's investment in a biotech company of approximately RMB80.5 million, with the investee went into insolvency procedures due to the refinancing difficulties in the globally industry market sell-off, valuation plunge and deals suspension; and (ii) the net foreign exchange loss of approximately RMB85.3 million for FY2022 compared to net exchange gain of approximately RMB14.9 million for FY2021 resulted from the translation of RMB monetary assets into US\$ functional currency by a subsidiary of the Company.

During FY2022, the Group recorded net finance costs of approximately RMB10.5 million, which represented substantial decrease from approximately RMB32.2 million in FY2021. It was primarily due to the increase of finance income along with the higher interest rates and larger cash pool kept by the Group.



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Owing to the aforesaid factors, the profit attributable to the Shareholders decreased by approximately 7.4% from approximately RMB923.4 million for FY2021 to approximately RMB855.4 million for FY2022. Excluding the impacts of the change in fair value loss and impairment loss, core net profit of the Group for FY2022 increased by approximately 5.6% to approximately RMB1,035.4 million as compared to that of FY2021.

### *FY2023 vs FY2022*

The Group's total revenue was approximately RMB3,155.6 million for FY2023, representing an increase of approximately 14.8% as compared to the total revenue of approximately RMB2,749.7 million for FY2022 which was mainly attributable to: (i) sales of the Group's proprietary product Zadaxin; and (ii) sales of promotion products for business partners. The revenue from sales of Zadaxin increased from approximately RMB2,168.3 million for FY2022 to approximately RMB2,630.7 million for FY2023, representing an increase of approximately 21.3%. With increased prevalence in infectious diseases in 2023, there was an uptick in demand for Zadaxin during FY2023. The expansion of clinical adoptions through product life-cycle management, the strengthened public perception of Zadaxin during the Pandemic period, the increased recognition of clinical benefits from physicians and the upgrade of the online healthcare service through GTP model, facilitated the continued growth of Zadaxin during FY2023. The revenue from sales of promotion products for business partners increased from approximately RMB358.9 million for FY2022 to approximately RMB379.0 million for FY2023. For FY2023, the Group's revenue of in-licensed products decreased to approximately RMB145.9 million, down from approximately RMB222.5 million in FY2021. The decrease was primarily attributed to a juxtaposition of factors: the performance of Zometa has experienced a decline following the execution of the seventh batch of volume-based procurement ("VBP") since the final quarter of 2022, while sales of Danyelza increased due to its official commercialisation on 1 July 2023.

Cost of revenue increased from approximately RMB679.2 million for FY2022 to approximately RMB799.4 million for FY2023, representing an increase of approximately 17.7% which was due to (i) rising product revenue; and (ii) the effects of high inflation rates in Europe, in particular, a surge in inflation in Italy during the last quarter of 2022 significantly elevated the Group's manufacturing costs in FY2023. Owing to the changes in revenue and cost of revenue as stated above, the Group's gross profit rose by approximately RMB285.7 million, or 13.8%, reaching approximately RMB2,356.2 million for FY2023, up from approximately RMB2,070.5 million for FY2022. However, the gross profit margin for FY2023 slightly decreased from approximately 75.3% for FY2022 to approximately 74.7% for FY2023, which was primarily affected by cost increase as outlined above.

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The Group's sales and marketing expenses increased by RMB85.1 million, or 13.5%, to RMB712.8 million in FY2023 from RMB627.8 million in FY2022, which was mainly due to: the rise in employee salaries and sales incentive bonuses, collectively totalling RMB33.6 million or a 8.6% increase, coupled with the growth of the Group's sales and marketing team and an uptick in sales; and the expansion of travel and meeting expenses by RMB31.3 million attributed to the resurgence of business promotion activities following the lifting of COVID-19 restrictions in the PRC.

The Group's administrative expenses for FY2023 increased by approximately RMB32.3 million, or 14.4% to approximately RMB257.3 million from approximately RMB225.0 million for FY2022, which was primarily attributable to the increase of staff cost and travel and meeting expenses during FY2023.

R&D expenses during FY2023 rose by 37.8% to RMB170.7 million, up from RMB123.9 million for FY2022, which was driven by the progression of several key product development projects and the expansion of product development team.

The Group recorded a growth of other income of approximately RMB41.8 million for FY2023 from approximately RMB12.1 million for FY2022, which was mainly due to the one-off compensations for certain promotion products newly brought in at around late FY2023. In FY2023, net other losses of the Group reduced by approximately RMB103.3 million, or 66.5%, to approximately RMB52.1 million from approximately RMB155.4 million for FY2022 which was primarily due to: (i) the RMB80.5 million fair value loss on the abovementioned investment in a biotech company amid a declining market in FY2022 did not repeat in FY2023; and (ii) the foreign exchange loss reduced by approximately RMB45.2 million as RMB experienced a slight appreciation against the US\$ in FY2023 when compared with FY2022.

During FY2023, the Group recorded net finance income of approximately RMB12.3 million, which shifted from the net finance costs of approximately RMB10.5 million in FY2022. It was primarily driven by an increase in finance income from higher interest rates and larger cash pool in the high interest rate environment.

Owing to the factors above mentioned, profit attributable to the Shareholders increased by approximately 31.2% from approximately RMB855.4 million for FY2022 to approximately RMB1,121.9 million for FY2023. Excluding one-off change in fair value and impairment losses, core net profit of the Group for FY2023 was approximately RMB1,236.9 million, up by approximately 19.5% compared to that of FY2022.

**Table 2: Summary of the consolidated financial position of the Group**

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Right-of-use assets	32,403	18,829
Property, plant and equipment	7,018	9,796
Intangible assets	396,039	542,241
Financial assets at fair value through profit or loss	4,033	19,806
Financial assets at fair value through other comprehensive income	106,604	123,295
Deferred tax assets	—	651
Other assets	7,046	5,301
<b>Total non-current assets</b>	<b>553,143</b>	<b>719,919</b>
<b>Current assets</b>		
Inventories	308,285	140,560
Trade receivables	867,954	780,962
Other current assets	274,201	804,435
Financial assets at fair value through profit or loss	187,476	202,701
Cash and cash equivalents	1,809,191	1,671,829
<b>Total current assets</b>	<b>3,447,107</b>	<b>3,600,487</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	—	414,682
Deferred tax liabilities	16,963	14,570
Lease liabilities	19,768	7,355
Other non-current liabilities	208	205
<b>Total non-current liabilities</b>	<b>36,939</b>	<b>436,812</b>

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	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	
<b>Current liabilities</b>		
Trade and other payables	623,100	418,752
Lease liabilities	13,064	12,714
Borrowings	—	417,876
Current tax liabilities	62,080	42,090
<b>Total current liabilities</b>	<b>698,244</b>	<b>891,432</b>
<b>Equity attributable to the Shareholders</b>		
Share capital	216	237
Share premium	1,014,517	1,710,429
Other equity	(8)	(7)
Other reserves	410,564	347,484
Retained earnings	1,839,778	934,019
<b>Total equity/net asset value (“NAV”) attributable to the Shareholders</b>	<b>3,265,067</b>	<b>2,992,162</b>

*Source: the 2023 Annual Report*

*Note: Totals and sub-totals may not add up to the nearest RMB0.1 million due to rounding.*

As disclosed in the 2023 Annual Report, the Group’s total assets as at 31 December 2023 and 2022 were mainly consisted of: (i) cash and cash equivalents; (ii) trade receivables; (iii) intangible assets; and (iv) inventories. The total assets of the Group as at 31 December 2023 recorded a decrease of approximately RMB320.2 million or 7.4% which was mainly attributable to the decrease in the intangible assets, other current assets and financial assets at fair value through profit or loss as at 31 December 2023, while partially offset by the increase in cash and cash equivalents, inventories and trade receivables as at 31 December 2023.

The Group’s total liabilities as at 31 December 2023 and 2022 were mainly consisted of: (i) borrowings; (ii) trade and other payables; and (iii) current tax liabilities. The total liabilities of the Group recorded a decrease of approximately RMB593.1 million or 44.7% as at 31 December 2023 which was mainly attributable to the repayment of bank loans amounting to approximately RMB832.6 million as at 31 December 2022, while partially offset by the increase in the trade and other payables as at 31 December 2022.

The NAV attributable to the Shareholders increased slightly by approximately RMB272.9 million or 9.1%, from approximately RMB2,992.2 million as at 31 December 2022 to approximately RMB3,265.1 million as at 31 December 2023.

***C. Prospects of the Group***

We note it was stated in the section headed “9. Reasons for and benefits of the Proposal” in the Explanatory Memorandum that, one of the key reasons leading to the Proposal is that the Company will be pursuing a strategic transformation amid the challenging external environment. It is further stated that since the IPO, a combination of factors have weighed on the capital market and the Company’s share price, including global macroeconomic challenges such as geopolitical tensions, supply chain disruptions, lack of investor confidence, as well as industry changes including VBP of drugs in the PRC and ongoing regulatory reform. These factors, of which some have affected the Company’s operations, have caused the Company’s share price to underperform since the IPO. Since the majority of the Group’s revenue is currently contributed by a single product Zadaxin, the Company stated that it anticipates to pursue strategies to further diversify product portfolio and increase efforts on commercialisation of new products for the next few years in order to optimise the Group’s revenue structure. The objective of the relevant strategies, as explained by the Company in the section headed “9. Reasons for and benefits of the Proposal” in the Explanatory Memorandum, is that the Company needs to ensure a continuous and efficient launch of new products and therefore the Company aims to strategically focus on enhancing core competencies of product R&D. As such, additional investment and spending is expected on product development, R&D and marketing and commercialisation activities, which may bring volatility to the Company’s financial performance.

Based on our own assessment, we note the Group has achieved steady development since the IPO in March 2021 and demonstrated resilient growth in FY2023 despite the complex and challenging macro-environment. In particular, a double-digit increase was recorded for its profit attributable to the Shareholders and core net profit of the Group for FY2023. Nonetheless, we note that the increased demand for Zadaxin during FY2023 was partly driven by the prevalence in infectious disease during such financial period. Significant fluctuations were also seen in the Group’s other income, other losses and net finance income/costs from FY2021 to FY2023 and had a considerable bearing on the financial performance of the Group for the relevant financial periods.

In addition, approximately 83.4% of the Group’s revenue for FY2023 was contributed by a single product Zadaxin and the Group’s core patents (patents for invention) on Zadaxin had already expired as of the Latest Practicable Date and the six patents of Zadaxin the Group currently holds in the PRC will expire between 2024 and 2030. As disclosed in the 2023 Annual Report, the Group is committed to accelerating product pipeline and bolstering its R&D

capabilities, and it expects to continue to devote more resources on this front in the future. Such disclosed plan of the Group is broadly in line with the disclosures made in relation to the strategic transformations mentioned in the section headed “9. Reasons for and benefits of the Proposal” in the Explanatory Memorandum as discussed above. In this connection, from our discussion with the Management, we were given to understand that the Group aims to drive the strategic transformations by: (i) pursuing strategies to further diversify its product portfolio (for instance, building a pipeline with potential in its focused therapeutic areas including oncology and severe infection, via continued investments in R&D, license-in and acquisition of innovative products and actively seeking to acquire licenses of new pipeline drug candidates and increase investment in developing products with first/best-in-class potential) and increase efforts on commercialisation of new products for the next few years in order to optimise the Group’s revenue structure; and (ii) enhancing core competencies of commercial team as well as R&D team for the purpose of ensuring a continuous and efficient launch of new products. We also note from the section headed “Outlook” of the 2023 Annual Report, the Company has highlighted eight areas of priorities that it aims to take action during FY2024, including, among others, (i) continuously expand marketing channels and strengthen investment in market promotion and commercialisation activities; (ii) drive clinical evidence analysis and publication on Zadaxin in infectious diseases, including adjuvant for vaccines (such as the COVID-19 vaccine) in the United States, and expand therapy indications in oncology through combination therapy with PD-1/PDL1; (iii) submit NDA in the PRC of Vaborem for cUTI including pyelonephritis; and (iv) explore pilot launch opportunities of Orserdu in Bo’ao of Hainan and the Greater Bay Area.

We note that the implementation of the Group’s strategic transformation discussed above requires the Group’s constant commitment of substantial financial resources to its product development and R&D expansion plans. It has already been demonstrated by the increase in the Company’s R&D expenses for FY2023 by over 37% as compared to FY2022. In the next few years, the Company is expected to incur incremental R&D expenses related to Orserdu which was licensed in at around late FY2023. It should also be noted that not all product development guarantees commercial success and sometimes products in the R&D portfolio and the newly commercialised products would encounter set-backs. As advised by the Management, the Group has recorded impairment losses of approximately RMB57 million, RMB99 million and RMB100 million, respectively, on the intangible assets associated with these products during FY2021, FY2022 and FY2023. Based on the above, we are of the view that while the aforesaid product development and R&D expansion plans may contribute to the Group’s sustainable growth in the long term, it may also bring volatility to the Group’s business and financial performance.

From a macro perspective, 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. While global inflation is forecast by the International

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Monetary Fund to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than the developing economies, persistent inflation has prompted Mr. Jerome Powell, the Chairman of the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”), in a recent public appearance in April 2024, to suggest that higher interests may be in place for a longer period. During the most recent meeting of the Federal Open Market Committee of the Federal Reserve held on 30 April to 1 May 2024, federal funds interest rates have been kept unchanged at 5.25% to 5.50%. 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 Zadaxin and further erode the Group’s gross margin.

We have discussed the prospects of the Group with the Management, including but not limited to the product development and R&D expansion plans of the Group discussed above. Taking into account the historical financial performance of the Group and the product development and R&D expansion plans discussed above, the Management considers, and we concur, that the near-term business prospects of the Group are cautiously optimistic, although the future financial performance cannot be ascertained now with certainty. However, Disinterested Shareholders should be aware that, although (i) the Group has achieved steady development since its IPO in 2021; (ii) the Company’s prospects from the sale of its proprietary product Zadaxin is generally positive; and (iii) the Group’s product development and R&D expansion plans may fuel the future growth of the Group which may in turn contribute to the future value of the Group, from the perspective of Group’s product development and R&D expansion plans: (i) the trial outcome of the Group’s clinical-stage product candidates is uncertain and the success of these products is subject to significant risks; (ii) significant R&D costs will be incurred; (iii) 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 higher profits or market capitalisation/valuation of the Company; (iv) acquisition(s) of innovative product(s) and/or license(s) of new pipeline drug candidate(s) can be costly and significant time and resources will be required with or without any certainty on guaranteed investment pay-backs and/or returns; and (v) the Company’s shareholder value may be adversely affected in the short- to medium-term. Therefore, the possible effects of the implementation of the Group’s product development and R&D expansion plans on the future value of the Group cannot be ascertained now with certainty.

**For the avoidance of doubt, no statement herein should be interpreted to mean that the earnings or financial performance of the Group for the future year(s) will necessarily match or exceed the historical or published earnings or financial performance of the Group, respectively.**



**2. Analysis on the terms of the Proposal and the Scheme**

As set out in the paragraph headed “Comparison of Value” under section headed “2. Terms of the Proposal” in the Explanatory Memorandum, the Cancellation Price of HK\$18.8 per Scheme Share has been determined (by the Offeror) on an arm’s length commercial basis after taking into account the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years. We note the Cancellation Price of HK\$18.8 is that same as the offer price of the Shares at the IPO.

We have dedicated the following sub-sections A to F to analyse and comment on whether the Cancellation Price of HK\$18.8 per Share can indeed be regarded as arm’s length, fair and reasonable and on normal commercial terms so far as the Disinterested Shareholders’ are concerned:

**A. Cancellation Price comparisons**

The Cancellation Price of HK\$18.8 represents:

- (a) a premium of approximately 33.90% over the closing price of HK\$14.04 per Share as quoted on the Stock Exchange on the Undisturbed Date;
- (b) a premium of approximately 36.03% over the average closing price of approximately HK\$13.82 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Undisturbed Date;
- (c) a premium of approximately 47.47% over the average closing price of approximately HK\$12.75 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- (d) a premium of approximately 47.93% over the average closing price of approximately HK\$12.71 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- (e) a premium of approximately 58.06% over the average closing price of approximately HK\$11.89 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Undisturbed Date;
- (f) a premium of approximately 67.06% over the average closing price of approximately HK\$11.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;



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- (g) a premium of approximately 17.21% over the closing price of HK\$16.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (h) a premium of approximately 30.81% over the average closing price of approximately HK\$14.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (i) a premium of approximately 45.72% over the average closing price of approximately HK\$12.90 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (j) a premium of approximately 47.61% over the average closing price of approximately HK\$12.74 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (k) a premium of approximately 57.34% over the average closing price of approximately HK\$11.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- (l) a premium of approximately 66.60% over the average closing price of approximately HK\$11.28 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (m) a premium of approximately 2.62% over the closing price of HK\$18.32 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (n) a premium of approximately 228.35% to the Group's NAV attributable to Shareholders of approximately HK\$5.73 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023, calculated based on the audited consolidated NAV attributable to the Shareholders of RMB3,265,067,000 (based on the exchange rate of HK\$1: RMB0.90622, the central parity rate published by the People's Bank of China on its website as at 29 December 2023 for illustrative purposes) as at 31 December 2023 and the Shares in issue as at the Latest Practicable Date.

### ***B. Historical price performance of the Shares***

Set out below is the chart showing the daily closing Share prices as quoted on the Stock Exchange and the index movement of the Hang Seng Healthcare Index (the "HSHCI"), which the Company is also one of the constituents, during the period commencing from 3 March 2021 (i.e. the Listing Date), up to and including the Latest Practicable Date (the "Review Period"), being:

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(i) a three-year period prior to and including the Last Trading Day (the “**Pre-announcement Period**”); and (ii) the period subsequent to the Last Trading Day up to and including the Latest Practicable Date (the “**Post-announcement Period**”). In determining the length of the Review Period, given this is the entire period since the IPO of the Company, the length of the Review Period is neither too short or too long, and thus we consider the Review Period adopted to be fair and representative which reflects the prevailing market sentiment for conducting a reasonable comparison between the closing prices of the Shares and the Cancellation Price.

The chart below shows the relative historical price performance of the Shares and the index movement of the HSHCI during the Review Period.

**Chart 1: Relative historical price performance of the Shares and index movement of the HSHCI**



Source: Website of the Stock Exchange and Bloomberg

During the Review Period, the Company published a number of announcements (as summarised below) that we consider may have influenced the market prices of the Shares.

**Table 3: Notable announcements of the Company during the Review Period**

<b>Item</b>	<b>Date of announcement</b>	<b>Description of the event</b>
(A)	26 March 2021	Annual results announcement of the Company for FY2020
(B)	20 August 2021	Interim results announcement of the Company for six months ended 30 June (“HY”) 2021
(C)	25 February 2022	Positive profit alert announcement for FY2021
(D)	24 March 2022	Annual results announcement of the Company for FY2021
(E)	25 March 2022	Voluntary announcement regarding proposed on-market share repurchase plan
(F)	20 May 2022	Voluntary announcement regarding updated on-market share repurchase plan
(G)	19 August 2022	Interim results announcement of the Company for HY2022
(H)	6 January 2023	Announcement regarding the conditional cash offer to buy-back Shares and application for whitewash waiver
(I)	30 March 2023	Annual results announcement of the Company for FY2022
(J)	30 March 2023	Voluntary announcement regarding proposed on-market share repurchase plan
(K)	17 August 2023	Interim results announcement of the Company for HY2023
(L)	28 March 2024	Annual results announcement of the Company for FY2023
(M)	28 March 2024	The Announcement

*Source: Website of the Stock Exchange*

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During the Review Period, the Shares traded between a range of the lowest of HK\$5.68 apiece on 28 October 2022 to the highest of HK\$18.80 apiece on 3 March 2021 (being the Listing Date) with an average closing Share price of approximately HK\$10.68 per Share. The Cancellation Price is higher than the closing Share prices throughout the entire Review Period and represents premiums of approximately 230.99%, 0.00% and 76.01% over the lowest, highest and the average closing Share prices respectively during the Review Period. Disinterested Shareholders should note the highest closing Share price of HK\$18.80 only appeared for one day on the Listing Date, and the closing Share price fell gradually since then.

We have reviewed the Share price movement during the earlier parts of the Review Period and noted that it generally followed a downward trend, falling from HK\$18.80 per Share on the Listing Date, and reached its bottom at HK\$5.68 per Share on 28 October 2022 over a period of 20 months. The falling Share prices during the Review Period might have been due to the general negative sentiment felt by the Hong Kong capital market amidst the negative impacts of the Pandemic on all walks of life, military conflict in Europe, geopolitical tensions, global supply chain disruption and world-wide record high inflation. None of the significant announcements during this period was able to avert the fall of the Share prices, neither the positive profit alert announcement for FY2021 published on 25 February 2022 nor the proposed on-market share repurchased plan announced on 25 March 2022 (the “**2022 Share Repurchase Announcement**”) were able to substantially move up the Share prices. We note that the 2022 Share Repurchase Announcement had provided some support on the Share prices with the closing Share price increased from HK\$7.23 per Share on 18 March 2022 to HK\$8.46 per Share on 25 March 2022. According to the 2022 Share Repurchase Announcement, the Board considered that the trading price of the Shares at that time did not reflect the intrinsic value and the actual business prospects of the Company. After the release of the 2022 Share Repurchase Announcement, the closing Share price bounced back and reached its interim peak of HK\$8.78 per Share on 23 May 2022.

Thereafter, the closing Share price decreased from HK\$8.78 per Share on 23 May 2022 to HK\$5.68 per Share on 28 October 2022, being the lowest point of the Share prices during the Review Period. We did not notice any notable events which might have caused such decrease in closing Share price from 23 May 2022 to 28 October 2022, other than, according to the interim results announcement of the Company for HY2022 published on 19 August 2022, the revenue of the Group increased approximately 10.8% from approximately RMB1,331.3 million for HY2021 to approximately RMB1,475.1 million for HY2022, while the profit attributable to the Shareholders decreased by approximately 14.5% from approximately RMB622.7 million for HY2021 to approximately RMB532.2 million for HY2022.

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In general, we noted the fall and the sluggish performance of the Share prices since the Listing Date in much of 2021 and 2022 are in line with the fall of share prices with most of listed Chinese healthcare companies. During the same period we have also seen the drastic fall of the HSHCI and the Shares are not immune from such reduction in value.

The Share price regained ground in November and December 2022 with increased trading volume with the Share price ascended from the bottom of HK\$5.68 per Share on 28 October 2022 and reached HK\$10.00 per Share on 12 December 2022. During such period, we did not notice any notable events which might have caused such increase in closing Share price. We are of the view that this might have been due to both the speculation and realisation of the PRC's COVID reopening at the time.

Unlike the HSHCI, the Share price then experienced a major boost on 6 January 2023 and started to diverge from the index movement of the HSHCI, when the Company announced its HK\$780 million voluntary conditional cash offer (the “**Share Buy-back**”) to buy-back up to 77,534,791 Shares (the “**Share Buy-back Cap**”) at HK\$10.06 per Share, representing approximately 11.16% of the Company's total issued share capital at the time. The Shares tendered by the accepting Shareholders under the Share Buy-back exceeded the Share Buy-back Cap by over 240%. As a result, the total number of Shares to be bought-back by the Company from each accepting Shareholder under the Share Buy-back was substantially scaled down by over 50%. Though not a like-for-like comparison since the Share Buy-back is not akin to the Proposal, Disinterested Shareholders should note that the Proposal represents a complete exit opportunity and the Cancellation Price of HK\$18.8 per Scheme Share represents a significant premium over the offer price of the Share Buy-back by approximately 86.9%. In our opinion, this feature of the Proposal can be viewed favourably by the Disinterested Shareholders.

Following completion of the Share Buy-back and the release of the Company's annual results announcement for FY2022, the Share price oscillated upwards and reached HK\$12.04 per Share on 19 April 2023. The closing Share price then decreased from HK\$12.04 per Share on 19 April 2023 to HK\$8.91 per Share on 4 October 2023. Despite that the revenue increased approximately 8.7% from approximately RMB1,475.1 million for HY2022 to approximately RMB1,603.3 million for HY2023, and the profit attributable to the Shareholders increased approximately 18.4% from approximately RMB532.2 million for HY2022 to approximately RMB630.2 million for HY2023 according to the interim results announcement of the Company for HY2023 published on 17 August 2023, the closing Share prices continued the decreasing trend till 4 October 2023.

The closing Share prices fluctuated wildly between October 2023 and March 2024, which increased from HK\$8.91 per Share on 4 October 2023 to HK\$14.86 per Share on 15 December 2023 while sharply fell back to HK\$10.86 per Share on 24 January 2024. The closing Share price then increased from HK\$10.86 per Share on 24 January 2024 to HK\$16.04 per Share on the Last

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Trading Day. Save for the irregular movements in volumes and price of the Shares immediately prior to 18 March 2024 which resulted in the trading halt of the Shares between 19 March 2024 and 28 March 2024, pending the release of the Announcement that was jointly issued by the Company and the Offeror in relation to the Proposal, we did not notice any notable event which might have caused such fluctuation in the Share price during this period.

During the Post-announcement Period, the closing Share prices had been trading below the Cancellation Price within a narrow band of between HK\$17.88 per Share and HK\$18.32 per Share. This price range is significantly above the average closing Share price during the Pre-announcement Period of HK\$10.36 per Share. We believe the price hike of the Shares since the Undisturbed Date is a result of the announcement of the Proposal and should the Proposal lapses, such price hike is unlikely to be sustained. Disinterested Shareholders should note that there is no assurance that the Share price will remain at the current level if the Proposal and the Scheme lapse. In addition, as can be seen from the chart above, Disinterested Shareholders should also note that, the closing Share price diverged from the HSHCI since the beginning of 2023 and followed a general upward trend (from HK\$8.83 as at close of trading on 6 January 2023 (being the last trading day before the announcement of the Share Buy-back) to HK\$14.20 at close of trading on 14 March 2024 (being the last trading day before the Undisturbed Date), representing a substantial increase of approximately 60.8%), while on the other hand the HSHCI had experienced a sustained decline which saw its index value fell from approximately 4,023 to 2,462 during the corresponding period, representing a substantial decrease of approximately 38.8%. The Cancellation Price represents a substantial uplift in shareholders' value as compared to the closing Share prices throughout the entire Review Period, and it also compares favourably against the HSHCI from a relative valuation perspective.

**C. Trading liquidity of the Shares**

The following table sets out the trading volume of the Shares during the Review Period:

**Table 4: Trading volume of the Company**

	<b>Total trading volume</b> <i>(No. of Shares)</i>	<b>No. of trading days</b>	<b>Average daily trading volume</b> <i>(No. of Shares)</i>	<b>Average daily trading volume to the total number of Shares in issue</b> <i>(Approximate) (Note 1)</i>	<b>Average daily trading volume to the number of Shares held by public Shareholders</b> <i>(Approximate) (Note 2)</i>
<b>2021</b>					
March	112,349,616	21	5,349,982	0.7892%	3.1555%
April	6,296,950	19	331,418	0.0489%	0.1955%
May	6,865,900	20	343,295	0.0506%	0.2025%
June	6,813,379	21	324,447	0.0479%	0.1914%
July	5,951,974	21	283,427	0.0418%	0.1672%
August	6,283,500	22	285,614	0.0421%	0.1685%
September	6,634,966	21	315,951	0.0466%	0.1864%
October	2,537,000	18	140,944	0.0208%	0.0831%
November	7,112,374	22	323,290	0.0474%	0.1868%
December	5,358,402	22	243,564	0.0357%	0.1408%
<b>2022</b>					
January	4,845,500	21	230,738	0.0339%	0.1333%
February	5,103,000	17	300,176	0.0440%	0.1731%
March	13,462,915	23	585,344	0.0854%	0.3307%
April	6,291,000	18	349,500	0.0510%	0.1974%
May	5,240,000	20	262,000	0.0383%	0.1496%
June	6,961,300	21	331,490	0.0485%	0.1892%
July	4,860,780	20	243,039	0.0356%	0.1387%
August	10,799,500	23	469,543	0.0685%	0.2644%
September	3,800,500	21	180,976	0.0264%	0.1019%
October	14,919,000	20	745,950	0.1087%	0.4199%
November	51,649,000	22	2,347,682	0.3429%	1.3309%
December	403,677,934	20	20,183,897	2.9052%	10.6609%

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	<b>Total trading volume</b> <i>(No. of Shares)</i>	<b>No. of trading days</b>	<b>Average daily trading volume</b> <i>(No. of Shares)</i>	<b>Average daily trading volume to the total number of Shares in issue</b> <i>(Approximate)</i> <i>Note 1</i>	<b>Average daily trading volume to the number of Shares held by public Shareholders</b> <i>(Approximate)</i> <i>Note 2</i>
<b>2023</b>					
January	128,441,890	18	7,135,661	1.0276%	3.7763%
February	66,074,331	20	3,303,717	0.4757%	1.8261%
March	67,179,748	23	2,920,859	0.4734%	1.6297%
April	43,786,908	17	2,575,700	0.4166%	1.4265%
May	26,561,366	21	1,264,827	0.2045%	0.7000%
June	22,914,566	21	1,091,170	0.1764%	0.7352%
July	15,881,431	20	794,072	0.1288%	0.5421%
August	27,930,177	23	1,214,356	0.1969%	0.8285%
September	17,844,488	19	939,184	0.1523%	0.6408%
October	21,313,529	20	1,065,676	0.1731%	0.7329%
November	69,372,381	22	3,153,290	0.5115%	2.1560%
December	76,988,567	19	4,052,030	0.6463%	1.8537%
<b>2024</b>					
January	64,661,485	22	2,939,158	0.4686%	1.3434%
February	42,459,944	19	2,234,734	0.3562%	1.0208%
March	51,699,045	12	4,308,254	0.6864%	1.9649%
April	163,153,481	20	8,157,674	1.2974%	3.7005%
May (up to and including the Latest Practicable Date)	33,508,645	13	2,577,588	0.4101%	1.1709%

Source: Website of the Stock Exchange

Notes:

1. The calculation is based on the average of the daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.
2. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by the public Shareholders (i.e. Shareholders other than the substantial shareholders of the Company).



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As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from 140,944 Shares to 20,183,897 Shares, representing: (i) approximately 0.02% to approximately 3.21% of the total number of issued Shares; and (ii) approximately 0.06% to approximately 9.17% of the number of Shares held by public Shareholders. The average daily trading volume during the Review Period was 2,094,100 Shares.

The average daily trading volume during the Pre-announcement Period was 1,923,798 Shares, representing approximately 0.87% of the Shares held by the public Shareholders. The highest daily trading volume was recorded on 8 December 2022, when the trading volume reached over 75.00 million Shares, representing approximately 39.62% of the number of Shares held by the public Shareholders at the time.

On the first trading day after the release of the Announcement on 2 April 2024, the daily trading volume of the Shares increased to approximately 43.2 million Shares from approximately 9.7 million Shares as recorded on the Last Trading Day, representing approximately 19.59% of the number of Shares held by public Shareholders. This increase in the trading volume of the Shares would have been the initial market reaction to the Announcement. Although the trading volume of the Shares was active on 2 April 2024, it plunged significantly to approximately 19.1 million Shares on the next trading day (i.e. 3 April 2024), representing approximately 8.66% of the number of Shares held by public Shareholders. The average daily trading volume during the Post-announcement Period was approximately 5,959,458 Shares, representing: (i) approximately 0.95% of the total number of issued Shares; and (ii) approximately 2.71% of the number of Shares held by the public Shareholders.

Given the thin trading liquidity of the Shares during most of the Review Period, in particular, the Pre-announcement Period, it is uncertain whether there would be sufficient liquidity in the trading of the Shares for the Disinterested Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. To provide the Disinterested Shareholders some perspective on the implications of thinly traded Shares, given the fact that there were 448,110,959 Scheme Shares in issue as at the Latest Practicable Date and the average daily trading volume during the Review Period was 2,094,100 Shares, it would take the Disinterested Shareholders approximately 214 trading days to liquidate their entire shareholding positions. We therefore consider that the Proposal provides the Disinterested Shareholders, particularly those who hold a large number of Shares, with an assured exit to dispose of all of their Shares at the Cancellation Price if they wish to (subject to the Conditions of the Proposal being satisfied).

The high level of trading volume during the Post-announcement Period resulting from, among others, the Proposal and the Scheme may not be sustainable if the Proposal and the Scheme lapse. The Proposal and the Scheme, therefore, provide an opportunity for the Disinterested Shareholders, especially those holding a large block of the Shares, to dispose of their entire holdings at a fixed cash price.

***D. Dividend history***

Total dividend per Share for FY2021, FY2022 and FY2023 were HK35 cent, HK39 cent and nil respectively. No interim dividends were declared for HY2021, HY2022 and HY2023. The Company's implied dividend yield based on the Cancellation Price of HK\$18.8 for each Scheme Share and the total dividend of the Company of HK39 cent per Share for FY2022 (being the latest year that Company had paid out dividends) is approximately 2.1%. Given there are other companies whose shares are listed on the Stock Exchange that offer similar or higher dividend yields, Disinterested 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 Proposal.

***E. Industry Comparables***

The Group is principally engaged in developing and commercialising its portfolio with potential in its focused therapeutic areas including oncology and severe infection. Through Bloomberg, we have filtered and identified listed peers of the Company which meet the following selection criteria:

- i. whose shares are listed on the Main Board of Stock Exchange (excluding any dually listed companies in other stock markets);
- ii. which are principally involved in the biotechnology and pharmaceutical industry (excluding those specialising in traditional Chinese medicines);
- iii. which are not pre-revenue Biotech Companies (as defined under Chapter 18A of the Listing Rules) that are yet to be able to meet Rule 8.05 of the Listing Rules and with a stock name that ends with the marker "B";
- iv. which are profit-making in their respective most recent financial year; and
- v. whose market capitalisation were between HK\$5,000 million and HK\$20,000 million as at the Last Practicable Date.

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Based on the information extracted from the Bloomberg and the abovementioned selection criteria, we have exhaustively identified nine comparable companies (the “**Industry Comparables**”). After considering that (i) the Industry Comparables are in a comparable industry to that of the Company; (ii) the shares of the Company and the Industry Comparables are both listed on the Main Board of the Stock Exchange; (iii) the number of Industry Comparable is nine, which is a fair sample size large enough to provide statistically distributed results, we consider that the sample to be fair and representative for the purpose of our analysis.

In conducting our analysis, we compared the price-to-sales multiple (“**P/S Multiple**”), price-to-earnings multiple (“**P/E Multiple**”) and price-to-book multiple (“**P/B Multiple**”) of the Company implied by the Cancellation Price against those of the Industry Comparables using the latest publicly available financial information. For the selection of the valuation multiples, given the fact that (i) P/S Multiple is a commonly-used valuation multiple which shows how much investors are willing to pay per dollar of sales; (ii) P/E Multiple is another commonly-used valuation multiple to analyse companies which have a track record of generating profits; and (iii) P/B Multiple is also a commonly-used valuation multiple which provides an indication of how much the company is valued relative to its shareholders’ equity (i.e. assets minus debt), we consider that P/S Multiple, P/E Multiple and P/B Multiple are appropriate valuation multiples for our analysis.

We acknowledge there are no single Industry Comparable which has identical business model, scale of operations, pharmaceutical product mix, research pipeline, outlook and prospects, target markets and capital structure as the Group and we have not conducted any in-depth investigation into the businesses and operations of the Industry Comparables save for the abovementioned selection criteria. We are of the view that the Industry Comparables we selected based on the relevant selection criteria is appropriate to serve as targeted reference for our analysis. Details of the Industry Comparables with their corresponding P/S Multiples, P/E Multiples and P/B Multiples are summarised below:

**Table 4: List of Industry Comparables**

No.	Name	Stock code	Principal business activities	Revenue from the PRC <sup>Note 1</sup>	Market Capitalisation (HK\$' million) <sup>Note 2</sup>	P/S Multiple (x) <sup>Note 3</sup>	P/E Multiple (x) <sup>Note 4</sup>	P/B Multiple (x) <sup>Note 5</sup>
1.	China Medical System Holdings Ltd.	867	The company manufactures pharmaceutical and medical products primarily in the PRC.	100%	17,311.0	2.0	6.6	1.0
2.	The United Laboratories International Holdings Limited	3933	The company produces and distributes pharmaceutical products. The company's products include finished products, active pharmaceutical ingredients, intermediates, and capsules.	81.0%	17,734.2	1.2	6.0	1.3
3.	SSY Group Ltd.	2005	The Company researches, develops, manufactures, and sells a wide range of pharmaceutical products. The Company sells non-PVC soft bags, PP plastic bottles, and glass bottle infusions.	89.8%	13,954.5	2.2	10.6	2.0
4.	3SBio Inc.	1530	The company is a biotechnology company located in the PRC. The company focuses on mammalian cell-based biopharmaceuticals in the biotechnology industry. The company also develops, manufactures and markets biopharmaceutical products globally.	97.2%	15,438.4	1.8	9.2	1.0

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No.	Name	Stock code	Principal business activities	Revenue from the PRC <sup>Note 1</sup>	Market Capitalisation (HK\$' million) <sup>Note 2</sup>	P/S Multiple (x) <sup>Note 3</sup>	P/E Multiple (x) <sup>Note 4</sup>	P/B Multiple (x) <sup>Note 5</sup>
5.	Grand Pharmaceutical Group Ltd.	512	The company operates as an international pharmaceutical company. The company develops anti-tumor and cardiovascular emergency pharmaceutical products, cerebro-cardiovascular intervention medical devices, bio-health products, and more.	82.8%	17,818.8	1.7	9.5	1.2
6.	Simcere Pharmaceutical Group Limited	2096	The company operates as a pharmaceutical company. The company develops and sells central nervous system disease drugs, autoimmune disease therapeutic drugs, and other products. The company markets its products primarily throughout the PRC.	100%	14,823.4	2.1	19.1	1.9
7.	Luye Pharma Group Ltd.	2186	The company focuses on the R&D, production, and sales of pharmaceutical drugs for orthopedics, neurology, gastroenterology, and hepatology. The company also sells active ingredients, R&D results, and patents of new drugs, as well as providing research services on a contractual basis.	81.9%	10,344.6	1.5	17.9	0.8

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No.	Name	Stock code	Principal business activities	Revenue from the PRC <sup>Note 1</sup>	Market Capitalisation (HK\$' million) <sup>Note 2</sup>	P/S Multiple (x) <sup>Note 3</sup>	P/E Multiple (x) <sup>Note 4</sup>	P/B Multiple (x) <sup>Note 5</sup>
8.	YiChang HEC Changjiang Pharmaceutical Co., Ltd.	1558	The company develops a variety of drugs. The company develops and sells drugs for anti-virus, metabolic diseases, cardiovascular, and more.	100%	9,204.5	1.3	4.2	1.1
9.	Shanghai Henlius Biotech, Inc.	2696	The company develops and produces drugs. The company develops and produces monoclonal antibody biosimilar drugs, bio betters, novel monoclonal antibodies, and other drugs.	89.2%	9,782.9	1.7	16.5	4.1
					<b>Maximum</b>	2.2	19.1	4.1
					<b>Minimum</b>	1.2	4.2	0.8
					<b>Average</b>	1.7	11.1	1.6
					<b>Median</b>	1.7	9.5	1.2
	<b>The Proposal</b>	<b>6600</b>		<b>96.7%</b>	<b>11,830.2</b> <i>Note 6</i>	<b>3.4</b> <i>Note 7</i>	<b>9.7</b> <i>Note 8</i>	<b>3.3</b> <i>Note 9</i>

Sources: Website of the Stock Exchange and Bloomberg

Notes:

1. Revenue from the PRC of the Industry Comparables and that of the Company was sourced from Bloomberg.
2. The market capitalisation is as at the Latest Practicable Date.
3. The P/S Multiples of the Industry Comparables are calculated by dividing their respective market capitalisation as at the Latest Practicable Date as per note 2 above by the most recently published full financial year revenue of the Industry Comparables. Revenue figures reported in RMB are converted into HK\$ based on an exchange rate of HK\$1.0 = RMB0.92 for illustrative purposes.
4. The P/E Multiples of the Industry Comparables are calculated by dividing their respective market capitalisation as at the Latest Practicable Date as per note 2 above by the most recently published full financial year profit attributable to the shareholders of the Industry Comparables. Profit figures reported in RMB are converted into HK\$ based on an exchange rate of HK\$1.0 = RMB0.92 for illustrative purposes.

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5. The P/B Multiples of the Industry Comparables are calculated by dividing their respective market capitalisation as at the Latest Practicable Date as per note 2 above by the most recently published NAV attributable to the shareholders of the Industry Comparables. NAV figures reported in RMB are converted into HK\$ based on an exchange rate of HK\$1.0 = RMB0.92 for illustrative purposes.
6. The implied market capitalisation of the Company (the “**Implied Market Value**”) under the Proposal of approximately HK\$11,830.2 million is calculated by multiplying the Cancellation Price of HK\$18.8 per Scheme Share with 629,268,032 issued Shares as at the Latest Practicable Date.
7. The implied P/S Multiple (the “**Implied P/S Multiple**”) of 3.4 times is calculated by dividing the Implied Market Value by the revenue for FY2023 as at 31 December 2023 which was reported in RMB and converted into HK\$ based on an exchange rate of HK\$1.0 = RMB0.92 for illustrative purposes.
8. The implied P/E Multiple (the “**Implied P/E Multiple**”) of 9.7 times is calculated by dividing the Implied Market Value by the profit attributable to the Shareholders for FY2023 which was reported in RMB and converted into HK\$ based on an exchange rate of HK\$1.0 = RMB0.92 for illustrative purposes.
9. The implied P/B Multiple (the “**Implied P/B Multiple**”) of 3.3 times is calculated by dividing the Implied Market Value by the NAV attributable to the Shareholders as at 31 December 2023 which was reported in RMB and converted into HK\$ based on an exchange rate of HK\$1.0 = RMB0.92 for illustrative purposes.

As shown in the table above, the P/S Multiples of the Industry Comparables ranged from approximately 1.2 times to approximately 2.2 times with average and median P/S Multiples of approximately 1.7 times and 1.7 times respectively. The Implied P/S Multiple of 3.4 times is higher than the upper bound of the P/S Multiples of the Industry Comparables and is approximately 100% higher than both the average and median P/S Multiples of the Industry Comparables.

The P/E Multiples of the Industry Comparables ranged from approximately 4.2 times to approximately 19.1 times with average and median P/E Multiples of approximately 11.1 times and 9.5 times respectively. The Implied P/E Multiple of 9.7 times is within the range and is slightly higher than the median P/E Multiple while lower than the average P/E Multiple of the Industry Comparables.

The P/B Multiples of the Industry Comparables ranged from approximately 0.8 times to approximately 4.1 times with average and median P/B Multiples of approximately 1.6 times and 1.2 times respectively. The Implied P/B Multiple of 3.3 times is lower than the upper bound of the P/B Multiples of the Industry Comparables and is approximately 106% and 175% higher than each of the average and median P/B Multiples of the Industry Comparables respectively.

*F. Privatisation Comparables*

In addition, as a commonly adopted procedure, we have reviewed successful privatisation proposals to identify comparable privatisation transactions (the “**Privatisation Comparables**”) in order to assess the fairness and reasonableness of the Cancellation Price.

After considering that: (i) the Cancellation Price was determined with reference to other privatisation transactions in Hong Kong in recent years; (ii) the Company is listed on the Main Board; and (iii) the Proposal is by way of a scheme of arrangement, we have researched for the Privatisation Comparables: (i) of which the shares of the target company were listed on the Main Board of the Stock Exchange; (ii) which was also conducted by way of a scheme of arrangement; and (iii) which were announced during the period from 1 January 2022 up to and including the Last Trading Day and were successfully privatised on or before the Latest Practicable Date, representing a period more than two years.

Based on the above selection criteria, we have exhaustively identified fifteen Privatisation Comparables. It should be noted that the subject companies in the Privatisation Comparables were involved in industries which are not identical to that of the Company. As such, the analysis should not be considered on an isolated basis but should be taken into account in totality with other factors for considering whether to accept the Proposal. Nevertheless, we are of the view that the Privatisation Comparables would be able to provide us with a fair and representative reference of the recent market pricings of privatisation proposals in the Hong Kong capital market. The table below illustrates the premiums or discounts of the cancellation prices offered by the corresponding offerors in each of the Privatisation Comparables over/to the respective last trading day/unaffected price date and respective last 5, 30, 60, 120 and 180 trading days average share prices in respect of such Privatisation Comparables:



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No.	Date of the Rule 3.5 announcement	Company name and stock code	Principal business activities	Premium/(discount) of cancellation price over/to closing share price/average share price on/over					
				Last trading day/unaffected price date <i>(Notes 1 and 2)</i>	Last 5 trading days <i>(Notes 1 and 2)</i>	Last 30 trading days <i>(Notes 1 and 2)</i>	Last 60 trading days <i>(Notes 1 and 2)</i>	Last 120 trading days <i>(Notes 1 and 2)</i>	Last 180 trading days <i>(Notes 1 and 2)</i>
1.	14 December 2023	Sinosoft Technology Group Limited (1297)	The company is a provider of application software products and solutions. The company principally develops and markets export tax software and related services, carbon management solutions, e-Government solutions.	29.41%	30.43%	31.13%	22.48%	11.39%	14.23%
2.	6 October 2023	Haitong International Securities Group Limited (665)	The company provides brokerage and retail margin financing, corporate finance, investment management, fixed income, currency and commodities as well as structured financing products and services to domestic and international institutional clients and individual investors.	114.08%	111.11%	126.53%	122.22%	125.19%	110.53%
3.	6 October 2023	Pine Care Group Limited (1989)	The company is an elderly care company in Hong Kong. The company operates care and attention homes for elderly and provides related services.	(1.11%)	0.68%	1.48%	8.94%	29.97%	43.78%
4.	15 September 2023	Lansen Pharmaceutical Holdings Limited (503)	The company is a pharmaceutical holding company. The company's subsidiaries produce and sell rheumatic specialty prescription western pharmaceuticals in the PRC.	26.76%	24.14%	20.00%	15.37%	21.23%	23.29%
5.	1 September 2023	CST Group Limited (985)	The company operates as an investment holding company. The company, through its subsidiaries, engages in e-logistics and mining businesses. The company also offers copper mining services.	61.29%	24.38%	36.61%	(1.38%)	(24.01%)	(33.82%)

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No.	Date of the Rule 3.5 announcement	Company name and stock code	Principal business activities	Premium/(discount) of cancellation price over/to closing share price/average share price on/over					
				Last trading day/unaffected price date <i>(Notes 1 and 2)</i>	Last 5 trading days <i>(Notes 1 and 2)</i>	Last 30 trading days <i>(Notes 1 and 2)</i>	Last 60 trading days <i>(Notes 1 and 2)</i>	Last 120 trading days <i>(Notes 1 and 2)</i>	Last 180 trading days <i>(Notes 1 and 2)</i>
6.	27 June 2023	Dali Foods Group Company Limited (3799)	The company is a snack food and beverage company. The company is actively expanding its products offering and distributes its products through retailers.	37.87%	36.36%	30.21%	21.75%	14.60%	12.99%
7.	11 June 2023	Mason Group Holdings Limited (273)	The company is a health and wealth solutions conglomerate. The company provides financial services in Hong Kong, including financial brokerage, leveraged and acquisition financing, asset and wealth management and mortgages business. The company provides health solutions through its healthcare business, mother-infant-child business and dairy products business.	20.71%	20.71%	19.15%	16.15%	13.90%	19.18%
8.	28 May 2023	Golden Eagle Retail Group Limited (3308)	The company operates department stores in the PRC. The company's stores target mid-range and high-end market segments in the PRC, and contain various functions and amenities such as dining, entertainment, beauty and personal care, cinemas, and preschool education in addition to their core function as an international department store.	40.41%	62.03%	54.87%	49.61%	49.21%	45.36%

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No.	Date of the Rule 3.5 announcement	Company name and stock code	Principal business activities	Premium/(discount) of cancellation price over/to closing share price/average share price on/over					
				Last trading day/unaffected price date	Last 5 trading days	Last 30 trading days	Last 60 trading days	Last 120 trading days	Last 180 trading days
				(Notes 1 and 2)	(Notes 1 and 2)	(Notes 1 and 2)	(Notes 1 and 2)	(Notes 1 and 2)	(Notes 1 and 2)
9.	21 February 2023	Jiangnan Group Limited (1366)	The company manufactures wires and cables for power transmission, distribution systems and electrical equipment in the PRC. The company's products are used in power and other general industries, including metals and mining, oil and gas, transportation, shipbuilding, construction and others.	12.68%	72.27%	101.44%	99.55%	82.65%	77.48%
10.	17 February 2023	AAG Energy Holdings Limited (2686)	The company is an energy exploration and development company. The company engages in coalbed methane exploration and development.	10.12%	10.38%	10.69%	23.97%	25.74%	26.09%
11.	24 October 2022	Kingston Financial Group Limited (1031.HK)	The company operates entertainment and financial services businesses. The company operates casinos and hotels in Macau, and offers investment banking, securities trading, and financing services.	47.78%	48.37%	39.41%	33.27%	26.64%	10.99%
12.	5 August 2022	Lifestyle International Holdings Limited (1212)	The company operates lifestyle department store and other retail outlets. The company also owns most of the properties at which its department store is situated. At present, the company operates the Sogo store, Nufront, and Daiso Land Ten-dollar Shop in Hong Kong.	62.34%	75.93%	70.11%	58.66%	38.72%	30.01%

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No.	Date of the Rule 3.5 announcement	Company name and stock code	Principal business activities	Premium/(discount) of cancellation price over/to closing share price/average share price on/over					
				Last trading day/unaffected price date <i>(Notes 1 and 2)</i>	Last 5 trading days <i>(Notes 1 and 2)</i>	Last 30 trading days <i>(Notes 1 and 2)</i>	Last 60 trading days <i>(Notes 1 and 2)</i>	Last 120 trading days <i>(Notes 1 and 2)</i>	Last 180 trading days <i>(Notes 1 and 2)</i>
13.	9 June 2022	China VAST Industrial Urban Development Company Limited (6166)	The company focuses on industrial town development businesses in the PRC. The company also develops and invests in residential, commercial, and industrial properties.	30.43%	29.17%	31.39%	36.90%	45.78%	30.66%
14.	6 May 2022	Yashili International Holdings Ltd. (1230) (“Yashili”)	The company produces dairy products. The company operates milk processing plants in Guangdong, Heilongjiang, Shanxi and Henan Provinces in the PRC.	Unaffected price date: 160.87% Last trading day: 30.43%	153.16%	138.49%	134.22%	124.37%	114.65%
15.	14 January 2022	AKM Industrial Company Limited (1639)	The company manufactures and sells flexible printed circuit, which is used in communication, consumer electrical and electronic appliances such as mobile phones, laptop computers and cameras. The company’s products include single-sided, double-sided, and multi-layer flexible printed circuit.	15.19%	22.15%	25.57%	28.44%	50.33%	60.00%
		<b>Unaffected price date</b>	<b>Maximum</b>	160.87%	153.16%	138.49%	134.22%	125.19%	114.65%
			<b>Minimum</b>	(1.11%)	0.68%	1.48%	(1.38%)	(24.01%)	(33.82%)
			<b>Average</b>	44.59%	48.08%	49.14%	44.68%	42.38%	39.03%
			<b>Median</b>	30.43%	30.43%	31.39%	28.44%	29.97%	30.01%
		<b>Last trading day</b>	<b>Maximum</b>	114.08%	111.11%	126.53%	122.22%	125.19%	110.53%
			<b>Minimum</b>	(1.11%)	0.68%	1.48%	(1.38%)	(24.01%)	(33.82%)
			<b>Average</b>	35.89%	40.14%	42.02%	39.84%	39.95%	37.80%
			<b>Median</b>	30.43%	30.43%	31.39%	28.44%	29.97%	30.01%
	28 March 2024	The Proposal (6600)	The Cancellation Price based on						
			Undisturbed Date	33.90%	36.03%	47.47%	47.93%	58.06%	67.06%
			Last Trading Day	17.21%	30.81%	45.72%	47.61%	57.34%	66.60%

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*Sources: Website of the Stock Exchange and Bloomberg*

*Notes:*

1. Up to and including the last trading day/unaffected price date of the shares (where applicable).
2. Premium/(discount) of cancellation price over/to closing share price/average share price on/over such number of trading days prior to and including the last trading day/unaffected price date.

As shown in the table above, the premiums represented by the Cancellation Price over the Undisturbed Date are all within ranges and generally more favourable than the median premiums of the Privatisation Comparables in all types of comparisons (i.e. last trading day, 5-day, 30-day, 60-day, 120-day and 180-day). However, given the case of Yashili where significant premiums of cancellation price over the relevant unaffected price date and the relevant average share prices were recorded, the overall average premiums of the Privatisation Comparables have been lifted and the premiums represented by the Cancellation Price over the Undisturbed Date are generally more favourable than the average premiums of the Privatisation Comparables for the longer period comparisons (i.e. 60-day, 120-day and 180-day) while compares less favourably with shorter period comparisons (i.e. last trading day and 5-day).

Further, the premiums represented by the Cancellation Price over the Last Trading Day are all within ranges and generally more favourable than both the median and average premiums of the Privatisation Comparables in most types of comparisons (i.e. 30-day, 60-day, 120-day and 180-day, except it lagged behind both the average and median premiums represented by the cancellation prices of the Privatisation Comparables over the respective share prices of the Privatisation Comparables on the last trading day before the announcement).

We consider the premiums represented by the Cancellation Price, especially over the closing Share prices on, and for different periods up to and including, the Undisturbed Date and the Last Trading Day, are generally favourable compared to those of the Privatisation Comparables.

### **3. Analysis on the Rollover Arrangements**

#### ***Background and key terms of the Rollover Arrangements***

The Offeror proposes that (i) the RSU Trustee will roll over the RSU Trustee Rollover Shares (being 2,001,113 Shares, representing approximately 0.32% of the issued share capital of the Company as at the Latest Practicable Date) and (ii) Convergence will roll over the Shares held by it (being 11,979,690 Shares, representing approximately 1.90% of the issued share capital of the Company as at the Latest Practicable Date), each through Topco after the Scheme becomes effective. Accordingly, the RSU Trustee Rollover Shares and the Shares held by Convergence will not form part of the Scheme Shares. After completion of the Scheme: (i) the RSU Trustee will,

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through Topco, hold an indirect interest in the Company following the completion of the transfers of the RSU Trustee Rollover Shares; and (ii) Convergence will, through Topco, hold an indirect interest in the Company following the completion of the transfers of the Shares held by Convergence. The Rollover Arrangements will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, refused or rejected by the Grand Court.

As the Rollover Arrangements are not offered to all Shareholders, the Rollover Arrangements constitute a special deal under Rule 25 of the Takeovers Code and require the Executive's consent. The Offeror has applied for the Executive's consent to the Rollover Arrangements subject to and conditional on, among others, (i) we as the Independent Financial Adviser confirming that the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangements. Details of the Rollover Arrangements are set out in the section headed "5. Special Deal Relating to Rollover Arrangements" in the Explanatory Memorandum.

### ***Information on the RSU Trustee and Convergence and rationale for the Rollover Arrangements***

The RSU Trustee is a professional trustee corporation appointed by the Company for the administration of the Post-IPO RSU Plan. As at the Latest Practicable Date, the RSU Trustee holds 3,384,023 Shares, amongst which 1,228,450 Shares are to be used to satisfy the share awards granted to directors and employees of the Group, 154,460 Shares are underlying the granted share awards that were lapsed after the date of the Announcement and the remaining 2,001,113 Shares are to be used to satisfy future grants of share awards. Under the terms of the Post-IPO RSU Plan, the RSU Trustee shall not exercise the voting rights in respect of any Shares held under the Post-IPO RSU Plan.

Convergence was set up as a shareholding platform for the core management of the Group for the purpose of building up an incentive mechanism, attracting and cultivating talent, maintaining steady development of the Group and aligning the interests of the core management of the Group with those of the Shareholders. The Offeror is of the view that it is important for Convergence to retain its stake in the Company in order to continue to provide long-term incentives to these core management after completion of the Scheme for alignment with the development of the Group.

We understood from the Management that the reasons for the retention of the Rollover Shareholders, in particular the RSU Trustee and Convergence, as indirect shareholders of the Company after completion of the Scheme, is mainly due to their representation of the long-term incentives for the core management, directors and employees of the Group.

*Assessment*

To assess whether the Rollover Arrangements are fair and reasonable, we have examined the following principal factors:

*(A) Reliance on the beneficiaries of the Rollover Arrangements for the development of the Group after the privatisation*

The purposes of the Rollover Arrangements are, among others, to motivate the Rollover Shareholders to continue to serve the Group and to maintain their economic interests in the Group after the implementation of the Scheme so that the Rollover Shareholders will be incentivised to contribute to the future development and growth of the Group. The Rollover Shareholders in question are: (i) the RSU Trustee, being a professional trustee corporation appointed by the Company for the administration of the Post-IPO RSU Plan which holds Shares for satisfying the share awards granted to directors and employees of the Group; and (ii) Convergence, being a shareholding platform for the core management of the Group for the purpose of building up an incentive mechanism, attracting and cultivating talent, maintaining steady development of the Group and aligning the interests of the core management of the Group with those of the Shareholders.

As stated in the section headed “5. Special Deal Relating to Rollover Arrangements” in the Explanatory Memorandum, these core management members are involved in the day-to-day operation of the Group and have extensive operational expertise in R&D, marketing, human resources and business operations and an in-depth understanding of the Group’s business and development. The prospects and future performance of the Group would therefore, to a large extent and among other things, hinge on the capabilities and performance of its core management, directors and employees which are indirectly represented by the relevant Rollover Shareholders. The Rollover Arrangements can provide long-term incentives for the beneficiaries of the Rollover Arrangements to continue contributing to the growth of the Group after the Scheme becomes effective.

In contrast, even if the Disinterested Shareholders were given the opportunity to participate in the Rollover Arrangements (the “**Hypothetical Scenario**”), the participating Disinterested Shareholders may not have the in-depth knowledge of the strategic directions of the Group and would unlikely be able to shape important strategic decisions and to take part in the future development of the Group.

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*(B) Different risk profiles for the Disinterested Shareholders and the beneficiaries of the Rollover Arrangements*

The beneficiaries of the Rollover Arrangements are directors, core management and employees of the Group, who possess expertise in the biopharmaceutical industry and/or are involved in the management and day-to-day operations of the Group. Therefore, they shall be able to fully evaluate, and form an informed view of, the merits and risks of remaining as stakeholders in the Company after the Scheme becomes effective.

On the contrary, in our view, from the perspective of the Disinterested Shareholders, participation in the Rollover Arrangements would involve relatively greater risks. Under the Hypothetical Scenario, after the Scheme becomes effective, the participating Disinterested Shareholders' interests in the Company would no longer be safeguarded by regulations applicable to listed companies on the Stock Exchange that afford minority shareholders protection. In particular, minority shareholder protection requirements under the general principles of the Listing Rules (including the fair and equal treatment of all shareholders), information rights for shareholders under the Listing Rules (such as the release of financial results/reports), the existing shareholder approval requirements under Chapter 14 and Chapter 14A of the Listing Rules regarding notifiable transactions and connected transactions and the anti-dilution requirements under the Listing Rules would no longer apply to the Company so far as the Disinterested Shareholders are concerned. In addition, the Takeovers Code would only remain applicable to the Company should the Company remain a public company in Hong Kong. In the event that the Company ceases to be a public company, for example due to having fewer than 50 members, it would no longer be subject to the Takeovers Code. In that case, the interests of the Disinterested Shareholders would be primarily safeguarded by the constitutional documents of the Company and the Offeror and the Topco, provisions regarding the protection of minority shareholders' rights under the Companies Act and at common law (but not by the Listing Rules and the Takeovers Code).

*(C) Investment risks associated with holding the shares of the Topco as a private and illiquid investment*

Apart from the risk resulting from the reduced shareholders' protection for the Disinterested Shareholders above, the participating Disinterested Shareholders might also find it difficult to realise their shareholdings in the Topco in the Hypothetical Scenario as no public trading in the shares of the Topco would be available. It could be particularly difficult for individual Disinterested Shareholders to find potential buyers for their shares in Topco through private transactions. In the event of committing to the Hypothetical Scenario, the Disinterested Shareholders would need to forego an imminent and complete exit opportunity whereby they can realise their investment in the Company at the Cancellation Price which represents premiums over



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(i) the offer price of HK\$10.06 per Share for the Share Buy-back a year ago, during which scale-down for acceptance applied to tendered Shares; (ii) the average closing Share price seen in the Pre-announcement Period (i.e. HK\$10.36 per Share); and (iii) a range of other closing Share price averages as discussed in this letter above, upon completion of the Scheme. In other words, under the Hypothetical Scenario, the Disinterested Shareholders may be left with the shares of the Topco that are highly illiquid and difficult to dispose of.

### **DISCUSSION AND ANALYSIS**

#### **In respect of the Proposal and the Scheme**

*From the perspective of the Group's business and financial performance: Cautiously optimistic near-term business prospects coupled with uncertain future diversification efforts*

The Group has achieved steady development since the IPO in March 2021 and demonstrated resilient growth in FY2023 despite the complex and challenging macro-environment. In FY2023, the Group's total revenue was approximately RMB3,155.6 million, representing an increase of approximately 14.8% as compared to the total revenue of approximately RMB2,749.7 million for FY2022. The growing historical financial performance of the Group during FY2023 when compared to that of FY2022 was largely due to the increased sales recorded for the Group's proprietary product Zadaxin. With increased prevalence in infectious diseases in 2023, there was an uptick in demand for Zadaxin. The expansion of clinical adoptions through product life-cycle management, the strengthened public perception of Zadaxin during the Pandemic period, the increased recognition of clinical benefits from physicians and the upgrade of the online healthcare service through GTP model, facilitated the continued growth of Zadaxin during FY2023. Owing to the growing revenue and to a certain extent significant positive fluctuation in the Group's other income, other losses and net finance income/costs, the Group's profit attributable to the Shareholders increased by approximately 31.2% from approximately RMB855.4 million for FY2022 to approximately RMB1,121.9 million for FY2023. Excluding one-off change in fair value and impairment losses, core net profit of the Group for FY2023 was approximately RMB1,236.9 million, up by approximately 19.5% compared to that of FY2022. Between FY2021 and FY2023, the Group's core net profit achieved a compound annual growth rate of approximately 12.3%. Given that approximately 83.4% of the Group's revenue for FY2023 was contributed by the Group's proprietary product Zadaxin, as disclosed in the section headed "9. Reasons for and benefits of the Proposal" in the Explanatory Memorandum and briefly outlined by the Company in the 2023 Annual Report, the Company will be pursuing a strategic transformation amid the challenging external environment and the Group is committed to accelerating product pipeline and bolstering its R&D capabilities, and it expects to continue to devote more resources on this front in the future. For more details of the strategic transformation and the Group's product development

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and R&D expansion plans, please refer to the sub-paragraph headed “Product development” and paragraph headed “A. Business of the Group” under the section headed “1. Business information, financial performance and prospects of the Group” in this letter above.

Taking into account the historical financial performance of the Group and the product development and R&D expansion plans discussed above, the Management considers, and we concur, that the near-term business prospects of the Group are cautiously optimistic, although the future financial performance cannot be ascertained now with certainty. However, Disinterested Shareholders should be aware that, although (i) the Group has achieved steady development since its IPO in 2021; (ii) the Company’s prospects from the sale of its proprietary product Zadaxin is generally positive; and (iii) the Group’s product development and R&D expansion plans may fuel the future growth of the Group which may in turn contribute to the future value of the Group, from the perspective of Group’s product development and R&D expansion plans: (i) the trial outcome of the Group’s clinical-stage product candidates is uncertain and the success of these products is subject to significant risks; (ii) significant R&D costs will be incurred; (iii) 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 higher profits or market capitalisation/valuation of the Company; (iv) acquisition(s) of innovative product(s) and/or license(s) of new pipeline drug candidate(s) can be costly and significant time and resources will be required with or without any certainty on guaranteed investment pay-backs and/or returns; and (v) the Company’s shareholder value may be adversely affected in the short- to medium-term. Therefore, the possible effects of the implementation of the Group’s product development and R&D expansion plans on the future value of the Group cannot be ascertained now with certainty.

***From the perspective of the trading of the Shares: Generally low Share prices as compared to the Cancellation Price coupled with generally low trading liquidity***

The Share price of the Company was generally low, as compared to the Cancellation Price of HK\$18.8, during the Review Period. Except that on the Listing Date, the Share price has never attained the price level at par with the Cancellation Price (and also the offer price of the IPO). The Cancellation Price represents a substantial uplift in shareholder value compared to the average closing Share price seen in the Pre-announcement Period (i.e. HK\$10.36 per Share), and it also compares favourably against the HSHCI from a relative valuation perspective. The Cancellation Price also represents a significant premium over the offer price of the Share Buy-back by approximately 86.9%. We believe the price hike of the Shares since the Undisturbed Date is a result of the announcement of the Proposal and should the Proposal lapses, such price hike is unlikely to be sustained. Disinterested Shareholders should note that there is no assurance that the Share price will remain at the current level if the Proposal and the Scheme lapse.

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In our view, the trading liquidity of the Shares has been thin. From the Disinterested Shareholders' perspective, in particular those holding large blocks of the Shares, the Cancellation Price will provide a good opportunity if the Scheme is approved so that the Disinterested Shareholders can realise their holdings through a cash exit which would not normally be available through the market. Otherwise, it would take the Disinterested Shareholders a prolonged period of time to liquidate their entire shareholding positions.

*From the perspective of relative market values: The Cancellation Price compares favourably against market peers and successful privatisation precedents generally*

The Implied P/S Multiple implied by the Cancellation Price is higher than the upper bound and is significantly higher than the average and median P/S Multiples of the Industry Comparables. The P/E Multiple implied by the Cancellation Price is within the range of P/E Multiples and generally in line with the average and median P/E Multiples of the Industry Comparables. The P/B Multiple implied by the Cancellation Price is within the range of P/B Multiples and is significantly higher than the average and median P/B Multiples of the Industry Comparables.

While the business nature and scale of companies in the Privatisation Comparables vary, the Privatisation Comparables provide, in our view, a comparison between the cancellation price and the then market prices of successful privatisation proposals. We consider the premiums represented by the Cancellation Price, especially over the closing Share prices on, and for different periods up to and including, the Undisturbed Date and the Last Trading Day, are generally favourable compared to those of the Privatisation Comparables.

### **In respect of the Option Offer**

As at the Latest Practicable Date, there are (i) 36,737,842 Share Options (all of which are vested) granted under the Option Incentive Plan, comprising (a) 20,400,842 Share Options entitling the holders to subscribe for 20,400,842 new Shares and (b) 16,337,000 Share Options entitling the holders to receive 16,337,000 existing Shares from the Option Trustee; and (ii) 30,785,690 Share Options (21,761,890 of which are vested) granted under the Post-IPO Option Plan entitling the holders to subscribe for 30,785,690 new Shares. The Company will not grant any further Share Options under the Option Incentive Plan or the Post-IPO Option Plan before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier). The exercise of all the Subject Share Options in full would result in the issue of 51,186,532 new Shares, representing approximately 8.13% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.52% of the issued share capital of the Company as enlarged by the issue of such new Shares. Acceptance of the Option Offer by the Optionholders will result in the cancellation of those outstanding Subject Share Options, together with all rights attaching thereto.

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For assessing the terms of the Option Offer, we recognise that it is a common market practice to adopt a “see-through” price as the minimum cancellation price for any convertible instrument in conjunction with a general offer/privatisation proposal for ordinary shares. We consider such basis of determining the Option Offer Price to be acceptable. We note from the Option Offer Schedule that under the Option Offer, the Offeror is offering the Optionholders the corresponding “see-through” prices for the relevant Subject Share Options depending on the relevant exercise prices per Subject Share Option held by the Optionholders.

Given our view that the Proposal is fair and reasonable, and we also consider the terms of the Option Offer, in particular the Option Offer Price is based on the “see-through” principle and premised on the Cancellation Price, which is normally adopted in Hong Kong for option offers, are fair and reasonable so far as the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Optionholders to accept the Option Offer.

**Any Share Options granted under the Option Incentive Plan or the Post-IPO Option Plan that are not exercised or (if applicable) cancelled pursuant to the acceptance of the Option Offer (other than, in respect of Share Options granted under the Option Incentive Plan, the right to receive payment of the “see-through” price from the Option Trustee) will automatically lapse upon the Scheme becoming effective.**

### **In respect of the Rollover Arrangements**

The Proposal will be conditional upon the fulfilment or waiver (as applicable) of the Conditions which include, among others, Condition (f). Considering that, among others, (i) under the Hypothetical Scenario, the Disinterested Shareholders may not enjoy the same kind of minority protections which are applicable to companies listed on the Stock Exchange under the Listing Rules and Takeovers Code; (ii) the retention of the shares in Topco by the Disinterested Shareholders as a private investment would arguably not represent a sound investment decision and would inevitably expose them to future investment risks; (iii) the Disinterested Shareholders under the Hypothetical Scenario would likely not have the in-depth knowledge of the strategic directions of the Group and would likely not be able to shape important strategic decisions and to take part in the future development of the Group; and (iv) should they approve the Scheme at the Court Meeting, the Disinterested Shareholders are offered an opportunity to realise their holdings for an imminent pay-out at premiums over market, whereas the Rollover Shareholders will not be enjoying the same kind of imminent pay-out under the Scheme, such that we are of the view that the Rollover Arrangements are fair and reasonable. After taking into account the above considerations, we are of the view that the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned.

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Disinterested Shareholders should note that the effectiveness of the Scheme is subject to the implementation of the Scheme, which in turn is conditional upon, among others, the approval by the Disinterested Shareholders of the Rollover Arrangements as a special deal at the EGM and the consent from the Executive to the Rollover Arrangements, otherwise the Proposal will not be implemented, and the Scheme will not become effective.

### **OPINION AND RECOMMENDATION**

Based on the above principal factors and reasons, we consider the terms of the Proposal, the Scheme and the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders and the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend:

- (1) at the Court Meeting, the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme; and
- (2) at the EGM:
  - (i) the Shareholders to vote in favour of the special resolution to: (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror; and
  - (ii) the Disinterested Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangements which constitutes a special deal under Rule 25 of the Takeovers Code; and
- (3) the Optionholders to accept the Option Offer.

### **OTHER REMINDERS**

Although it is noted that the Shares have been traded below the Cancellation Price since the Last Trading Day and up to the Latest Practicable Date, there is still possibility that the Share price may nevertheless exceed the Cancellation Price by 19 June 2024, being the date of the Court Meeting and the EGM. Accordingly, the Disinterested Shareholders and the Optionholders are reminded to closely monitor the trading price and liquidity of the Shares during the period up to

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19 June 2024, being the date of the Court Meeting and the EGM and should, having regard to their own circumstances, for the Disinterested Shareholders, consider selling their Shares in the open market and, for the Optionholders, exercising their vested Subject Share Options and selling their Shares to be issued upon such exercise in the open market instead of accepting the Option Offer, respectively, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds expected to be received under the Scheme and from accepting the Option Offer respectively. However, the Optionholders are reminded that there will be a time lag between the exercise of the Subject Share Options and the receipt of the Shares to be issued upon such exercise due to the time required for the administrative procedures for exercising the Subject Share Options. Accordingly, the Optionholders who wish to exercise their Subject Share Options should be mindful of the possible price fluctuations of the Shares during the aforesaid time lag.

Further details regarding the procedures of the Proposal and the Scheme are set out in the Explanatory Memorandum. Disinterested Shareholders are urged to act according to the timetable set out in the Scheme Document if they wish to qualify for entitlements under the Scheme.

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Cheung On Kit Andrew**  
*Executive Director*

*Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activity. Mr. Cheung has over 16 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.*

\* *For identification purpose only*

*This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (as revised).*

**SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT)**

**1. INTRODUCTION**

On 19 March 2024, the Offeror requested the Board to put forward the Proposal to the holders of Scheme Shares for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will, on the Effective Date, be cancelled and extinguished. Contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

The Rollover Shares will not form part of the Scheme Shares and will not be cancelled. Following the Scheme becoming effective, pursuant to the Rollover Agreements, the Rollover Shares will be transferred to the Offeror in consideration for an aggregate of 209,084,863 shares to be issued by Topco (which wholly owns the Offeror) to the Rollover Shareholders credited as fully paid at the Cancellation Price.

Upon completion of the Scheme and the transfers of the Rollover Shares pursuant to the Rollover Agreements, the Company will become wholly-owned by the Offeror.

The purpose of this Explanatory Memorandum is to set out the terms and effects of the Proposal (in particular the Scheme, the Option Offer and the Rollover Arrangements) and to provide the Scheme Shareholders with further information in relation to the Proposal.

Particular attention is drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix III of this Scheme Document.



## 2. TERMS OF THE PROPOSAL

### The Scheme

The Scheme will provide that the Scheme Shares will be cancelled in exchange for HK\$18.8 in cash for each Scheme Share. Under the Scheme, the total consideration payable for cancellation of the Scheme Shares will be paid by the Offeror.

If, after the date of the 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 amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, this Scheme 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 (and the Option Offer Price shall be reduced accordingly). The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier). As at the Latest Practicable Date, the Company has no declared but unpaid dividends and/or other distribution and/or other return of capital.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

### Comparison of Value

The Cancellation Price of HK\$18.8 represents:

- a premium of approximately 33.90% over the closing price of HK\$14.04 per Share as quoted on the Stock Exchange on the Undisturbed Date;
- a premium of approximately 36.03% over the average closing price of approximately HK\$13.82 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Undisturbed Date;
- a premium of approximately 47.47% over the average closing price of approximately HK\$12.75 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;



- a premium of approximately 47.93% over the average closing price of approximately HK\$12.71 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- a premium of approximately 58.06% over the average closing price of approximately HK\$11.89 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Undisturbed Date;
- a premium of approximately 67.06% over the average closing price of approximately HK\$11.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- a premium of approximately 17.21% over the closing price of HK\$16.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 30.81% over the average closing price of approximately HK\$14.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 45.72% over the average closing price of approximately HK\$12.90 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 47.61% over the average closing price of approximately HK\$12.74 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 57.34% over the average closing price of approximately HK\$11.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 66.60% over the average closing price of approximately HK\$11.28 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 2.62% over the closing price of HK\$18.32 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

- a premium of approximately 228.35% to the Group's net asset value attributable to the Shareholders of approximately HK\$5.73 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB3,265,067,000 (based on the exchange rate of HK\$1: RMB0.90622, the central parity rate published by the People's Bank of China on its website as at 29 December 2023 for illustrative purposes) as at 31 December 2023 and the Shares in issue as at the Latest Practicable Date.

The trading volume on the Last Trading Day was 9,741,510 Shares. The average daily trading volume over the Undisturbed Period was 2,034,657 Shares. The share price of the Company traded up by 14.25% on the Last Trading Day. In contrast, the Hang Seng Index traded up by 0.10% on the Last Trading Day.

The Cancellation Price has been determined on an arm's length commercial basis after taking into account the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

### **Highest and Lowest Prices**

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$18.32 on 21 May 2024 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$8.91 on 4 October 2023.

During the twelve-month period immediately up to and including the Undisturbed Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$14.86 on 15 December 2023 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$8.91 on 4 October 2023.

### **Option Offer**

As at the Latest Practicable Date, there are (a) 36,737,842 Share Options (all of which are vested) granted under the Option Incentive Plan, comprising (i) 20,400,842 Share Options entitling the holders to subscribe for 20,400,842 new Shares and (ii) 16,337,000 Share Options entitling the holders to receive 16,337,000 existing Shares from the Option Trustee; and (b) 30,785,690 Share Options (21,761,890 of which are vested) granted under the Post-IPO Option Plan entitling the holders to subscribe for 30,785,690 new Shares. The Company will not grant any further Share Options under the Option Incentive Plan or the Post-IPO Option Plan before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier).

The exercise of all the Subject Share Options in full would result in the issue of 51,186,532 new Shares, representing approximately 8.13% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.52% of the issued share capital of the Company as enlarged by the issue of such new Shares.

The Offeror is making an appropriate offer to the Optionholders to cancel every vested and unvested Subject Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror is offering the Optionholders the “see-through” price (being the Cancellation Price minus the relevant exercise price in case of the Subject Share Options) for each Subject Share Option they hold for the cancellation of every Subject Share Option in accordance with Rule 13 of the Takeovers Code.

<b>Exercise price per Subject Share Option</b>	<b>“See-through” price (HK\$)</b>	<b>Number of Subject Share Option (HK\$)</b>
<b>Option Incentive Plan</b>		
1.6562	17.1438	20,400,842
<b>Post-IPO Option Plan</b>		
6.33	12.47	95,180
6.832	11.968	204,930
7.892	10.908	12,495,560
8.40	10.40	40,000
8.48	10.32	261,500
9.29	9.51	40,700
10.18	8.62	1,923,420
10.434	8.366	15,366,000
13.40	5.40	358,400
<b>Total</b>		<b>51,186,532</b>

As at the Latest Practicable Date, save as disclosed in the section headed “4. Shareholding Structure of the Company” of this Explanatory Memorandum, the Offeror and the Offeror Concert Parties do not hold any Share Options.

The Option Offer Letter is being sent to each Optionholder, together with this Scheme Document and a Form of Acceptance. If the Optionholders exercise any of the Subject Share Options in accordance with the terms of the Option Incentive Plan and the Post-IPO Option Plan (as applicable) and become Shareholders on or before the Scheme Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

In accordance with the terms of the Option Incentive Plan, the Post-IPO Option Plan and the Board Resolutions, if a general offer by way of a scheme of arrangement is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and has been approved by the necessary number of Shareholders at the requisite meetings, the optionholders shall be entitled to exercise the Share Options thereafter (up to the Latest Option Exercise Date) by notice in writing to the Company. To the extent that the Share Options have not been so exercised, the right to exercise the Share Options shall terminate on the Scheme Record Date and such Optionholders will only be entitled to the Option Offer. Any unexercised Share Option which are not tendered for acceptance under the Option Offer will automatically lapse (other than the right to receive payment of the “see-through” price from the Option Trustee) upon the Scheme becoming effective.

**Any Share Options granted under the Option Incentive Plan or the Post-IPO Option Plan that are not exercised or (if applicable) cancelled pursuant to the acceptance of the Option Offer (other than, in respect of Share Options granted under the Option Incentive Plan, the right to receive payment of the “see-through” price from the Option Trustee) will automatically lapse upon the Scheme becoming effective.**

No Option Offer is made to the 16,337,000 Share Options granted under the Option Incentive Plan as an equivalent number of Shares were already issued to the Option Trustee. The Option Trustee Held Shares (being the 16,337,000 Shares held by the Option Trustee) shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Offeror shall pay the aggregate Cancellation Price for the Option Trustee Held Shares to the Option Trustee, which will then pay the “see-through” price (being the Cancellation Price minus the relevant exercise price in case of the Share Options) to the holders of the Share Options.

Further information on the Option Offer is set out in the form of Option Offer Letter which is set out in Appendix VI to this Scheme Document.

**Total Consideration and Financial Resources**

Taking into account that the Rollover Shares will not constitute Scheme Shares, and on the assumption that (a) all Subject Share Options (apart from the Subject Share Options which are held by Mr. Zhao and Ms. Pan) as at the Scheme Record Date are exercised and all the Optionholders of such Subject Share Options become holders of Scheme Shares on or before the Scheme Record Date, (b) Mr. Zhao and Ms. Pan will not exercise any Subject Share Options held by them in accordance with the Irrevocable Undertaking and will only be entitled to the “see-through” price under the Option Offer, and (c) there is no other change in the issued share capital of the Company and no Share Options will be granted by the Company on or before the Scheme Record Date, the Proposal will involve the cancellation of 448,110,959 Scheme Shares, in exchange for the Cancellation Price of HK\$18.8 per Scheme Share in cash and the cancellation of the Subject Share Options held by Mr. Zhao and Ms. Pan at the “see-through” price per Subject Share Option in cash as set out in the paragraph headed “Option Offer”. Therefore, the maximum amount of cash consideration payable under the Proposal would be approximately HK\$8,758,580,608.30.

The Offeror intends to finance the cash requirement for the Proposal through a binding equity commitment letter from the GL Canadian Fund and the GL Cayman Fund and external debt financing provided to the Offeror. In addition, the GL Canadian Fund and the GL Cayman Fund have a general fund credit facility and have set aside additional internal cash resources to support their equity commitment to the Offeror.

CICC, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for discharging its payment obligations in respect of the cash consideration payable under the Proposal.

**3. CONDITIONS OF THE PROPOSAL**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the holders of Scheme Shares, representing not less than 75% in value of the Scheme Shares held by the holders of Scheme Shares present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present

and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders;

- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of any reduction of the share capital of the Company, and the delivery to the Registrar of Companies of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Act in relation to any reduction of the issued share capital of the Company;
- (f) (i) the receipt of an opinion from the Independent Financial Adviser confirming that the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangements; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangements;
- (g) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (h) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in

addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;

- (i) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company having been obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (k) since the date of the Announcement, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or the Scheme).

The Offeror reserves the right to waive Conditions (g), (h), (i), (j) and (k) either in whole or in part, either generally or in respect of any particular matter. Conditions (a) to (f) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Conditions.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

In respect of Conditions (g) and (h), as at the Latest Practicable Date, other than those set out in Conditions (a) to (f) (inclusive), the Offeror is not aware of any necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals required for the Proposal. As at the Latest Practicable Date, the Offeror is not aware of any circumstances which may result in Conditions (i), (j) and (k) not being satisfied.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived (as applicable).

**Warning: Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer is subject to the Conditions being fulfilled or waived (including the approval of the Rollover Arrangements as a special deal under Rule 25 of the Takeovers Code), as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

#### 4. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company is US\$50,000 divided into 1,000,000,000 Shares, and the Company has 629,268,032 Shares in issue. Save for the 629,268,032 Shares in issue and the 67,523,532 Share Options (amongst which 51,186,532 Share Options are Subject Share Options entitling the holders to subscribe for 51,186,532 new Shares), the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

As at the Latest Practicable Date, the Offeror does not hold any Shares and the Offeror Concert Parties hold in aggregate 286,492,167 Shares, representing approximately 45.53% of the issued share capital of the Company. As at the Latest Practicable Date, the Scheme Shares, comprising 420,183,169 Shares, represent approximately 66.77% of the issued share capital of the Company.



The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal and the transfers of the Rollover Shares pursuant to the Rollover Agreements, assuming that no Subject Share Options are exercised before the Scheme Record Date and there is no other change in shareholding of the Company before completion of the Proposal:

Shareholder	As at the Latest Practicable Date		Immediately upon completion of the Proposal and transfers of the Rollover Shares	
	Number of Shares	Approximate % of total issued share capital	Number of Shares (Note 10)	Approximate % of total issued share capital
Offeror	—	—	629,268,032	100.00
<b>Offeror Concert Party</b>				
GL Trade (Note 1)	133,318,370	21.19	—	—
GL Glee (Note 2)	61,785,690	9.82	—	—
Mr. Zhao (Note 3)	1,100,000	0.17	—	—
Convergence (Note 3)	11,979,690	1.90	—	—
Ms. Pan (Note 4)	160,667	0.03	—	—
RSU Trustee (Note 5)	3,384,023	0.54	—	—
Option Trustee (Note 6)	16,337,000	2.60	—	—
Ocean Falcon Limited (Note 7)	47,426,727	7.54	—	—
Center Laboratories, Inc. (Note 8)	11,000,000	1.75	—	—
<b>Aggregate number of Shares of the Offeror and the Offeror Concert Parties (Note 9)</b>	<b>286,492,167</b>	<b>45.53</b>	<b>629,268,032</b>	<b>100.00</b> (Note 10)
<b>Disinterested Shareholders</b>	<b>342,775,865</b>	<b>54.47</b>	<b>—</b>	<b>—</b>
		<b>100.00</b>		
<b>Total number of Shares in issue</b>	<b>629,268,032</b>	<b>(Note 12)</b>	<b>629,268,032</b>	<b>100.00</b>
<b>Total number of Scheme Shares</b>	<b>420,183,169</b> (Note 11)	<b>66.77</b>	<b>—</b>	<b>—</b>

*Notes:*

1. GL Trade holds 133,318,370 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China, whose general partner is GL China Opportunities Carry GP Ltd). GL Trade is an exempted limited partnership registered in Canada, whose general partner is GL Capital Management GP II B.C. 1 Ltd., a company incorporated in Canada which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL Capital Management GP II B.C. 1 Ltd., GL Capital Management Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Ltd, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Trade. The Shares held by GL Trade will not form part of the Scheme Shares and GL Trade will not be able to vote on the Scheme at the Court Meeting nor the Rollover Arrangements at the EGM.
2. GL Glee holds 61,785,690 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis. GL Glee is a limited liability company incorporated in the Cayman Islands and is wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner is GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner is GL Capital Management GP Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL China Opportunities Fund L.P., GL Capital Management GP L.P., GL Capital Management GP Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Ltd, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Glee. The Shares held by GL Glee will not form part of the Scheme Shares and GL Glee will not be able to vote on the Scheme at the Court Meeting nor the Rollover Arrangements at the EGM.
3. Convergence holds 11,979,690 Shares. Convergence is wholly owned by Beijing Convergence Management Consulting Partnership Enterprise (Limited Partnership) (北京諾盛衡康管理諮詢合夥企業(有限合夥)), which is in turn owned by its general partner, Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司), as to 0.000003957%, and its limited partner, Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), as to 99.999996043%. Mr. Zhao is interested in 32.44% equity interests in Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司) and 40.96% partnership interests in Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)). In addition, Mr. Zhao personally owns 1,100,000 Shares, among which 200,000 Shares are held through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis. Mr. Zhao also holds (i) 11,198,742 Share Options under the Option Incentive Plan with an exercise price of HK\$1.6562, (ii) 4,000,000 Share Options under the Post-IPO Option Plan with an exercise price of HK\$7.892, (iii) 3,900,000 Share Options under the Post-IPO Option Plan with an exercise price of HK\$10.434 and (iv) 300,000 RSUs under the Post-IPO RSU Plan. Mr. Zhao is presumed to be acting in concert with the Offeror under class (6) of the definition of “acting in concert” under the Takeovers Code. The Shares held by Convergence will not form part of the Scheme Shares, but the Shares held by Mr. Zhao personally will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Mr. Zhao and Convergence will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Mr. Zhao and Convergence will not be

- counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.
4. There are 160,667 Shares personally owned by Ms. Pan. Ms. Pan also holds (i) 3,470,000 Share Options under the Option Incentive Plan with an exercise price of HK\$1.6562, (ii) 230,000 Share Options under the Post-IPO Option Plan with an exercise price of HK\$7.892, (iii) 460,000 Share Options under the Post-IPO Option Plan with an exercise price of HK\$10.434 and (iv) 57,500 RSUs under the Post-IPO RSU Plan. Ms. Pan is acting in concert with the Offeror due to her involvement in the discussions relating to the Proposal. The Shares held by Ms. Pan will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Ms. Pan will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Ms. Pan will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.
  5. As at the Latest Practicable Date, the RSU Trustee holds 3,384,023 Shares, amongst which 1,228,450 Shares are to be used to satisfy the share awards granted to directors and employees of the Group, 154,460 Shares are underlying the granted share awards that were lapsed after the date of the Announcement and the remaining 2,001,113 Shares are to be used to satisfy future grants of share awards. Further details are set out in the section headed “Share Awards” of this Explanatory Memorandum. Under the terms of the Post-IPO RSU Plan, the RSU Trustee shall not exercise any voting rights in respect of any Shares held under the Post-IPO RSU Plan. The RSU Trustee Rollover Shares (being the 2,001,113 Shares held by the RSU Trustee) will not form part of the Scheme Shares, but the RSU Trustee Scheme Shares (being the 1,382,910 Shares held by the RSU Trustee) will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. As a Rollover Shareholder and pursuant to the terms of the Post-IPO RSU Plan, the RSU Trustee will not be able to vote on the Scheme at the Court Meeting nor the resolutions to be proposed at the EGM (including as to the Rollover Arrangements), and the vote of the RSU Trustee will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.
  6. As at the Latest Practicable Date, the Option Trustee holds 16,337,000 Shares to be transferred to the holders upon exercise of the Share Options granted under the Option Incentive Plan. Further details are set out in the section headed “Share Options” of this Explanatory Memorandum. Each of the Option Trustee and the RSU Trustee is wholly owned by Maples Trustee, in each case acting solely in its capacity as trustee of the SciClone Trust and holds Shares upon the terms of the SciClone Trust. Under the terms of the Option Incentive Plan, the Share Options granted under the Option Incentive Plan shall have no right to vote until and unless the Share Options are exercised. The Option Trustee Held Shares will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Pursuant to the terms of the Option Incentive Plan, the Option Trustee will not be able to vote on the Scheme at the Court Meeting nor the resolutions to be proposed at the EGM (including as to the Rollover Arrangements), and the vote of the Option Trustee will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.
  7. Ocean Falcon Limited is a limited company incorporated in Hong Kong and is wholly owned by Bank of China Group Investment Limited, a limited company incorporated in Hong Kong which in turn is wholly owned by Bank of China Limited, a joint stock company established in the PRC with limited liability which in turn is held by Central Huijin Investment Ltd. as to 64.13%, a limited liability company established in the PRC which in turn is wholly owned by China Investment Corporation, a limited liability company which is wholly owned by the State Council of the PRC. As such, each of Bank of China Group Investment Limited, Bank of China Limited, Central Huijin Investment Ltd., China Investment Corporation, and State Council of the PRC is deemed to be interested in the Shares held by Ocean Falcon Limited. Ocean Falcon Limited is presumed to be acting in concert with the Offeror under the Takeovers Code. The Shares held by Ocean Falcon Limited will form part of the Scheme Shares

and will be cancelled upon the Scheme becoming effective. Ocean Falcon Limited will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Ocean Falcon Limited will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.

8. Center Laboratories, Inc. is a company incorporated in Taiwan with limited liability on 4 November 1959 whose shares are listed on the Taipei Exchange (stock code: 4123). Center Laboratories, Inc. is presumed to be acting in concert with the Offeror under the Takeovers Code. The Shares held by Center Laboratories, Inc. will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Center Laboratories, Inc. will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Center Laboratories, Inc. will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.
9. CICC is the financial adviser to the Offeror in connection with the Proposal. Accordingly, CICC and relevant members of the CICC group which hold Shares on an own account or discretionary managed basis 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 recognised 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, 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 Court Meeting and the EGM 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 Court Meeting and the EGM 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.

10. On the assumption that there is no other change in the shareholding of the Company before completion of the Proposal. Under the Scheme, the Scheme Shares will be cancelled and extinguished, and contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company’s books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full the new Shares so issued to the Offeror.
11. Scheme Shares are the Shares held by the Shareholders, other than the Rollover Shares.

12. Numbers may not add up to 100% due to rounding.
13. Other than Mr. Zhao, Ms. Pan and the indirect interests in the Shares held by Mr. Li (as set out in notes 1 and 2 above), no other Directors hold any Shares.

### **Share Options**

As at the Latest Practicable Date, there are (a) 36,737,842 Share Options (all of which are vested) granted under the Option Incentive Plan, comprising (i) 20,400,842 Share Options entitling the holders to subscribe for 20,400,842 new Shares and (ii) 16,337,000 Share Options entitling the holders to receive 16,337,000 existing Shares from the Option Trustee; and (b) 30,785,690 Share Options (21,761,890 of which are vested) granted under the Post-IPO Option Plan entitling the holders to subscribe for 30,785,690 new Shares. The Company will not grant any further Share Options under the Option Incentive Plan or the Post-IPO Option Plan before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier).

The exercise of all the Subject Share Options in full would result in the issue of 51,186,532 new Shares, representing approximately 8.13% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.52% of the issued share capital of the Company as enlarged by the issue of such new Shares.

The Offeror is making an appropriate offer to the Optionholders to cancel every vested and unvested Subject Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

No Option Offer is made to the 16,337,000 Share Options granted under the Option Incentive Plan as an equivalent number of Shares were already issued to the Option Trustee. The Option Trustee Held Shares (being the 16,337,000 Shares held by the Option Trustee) shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Offeror shall pay the aggregate Cancellation Price for the Option Trustee Held Shares to the Option Trustee, which will then pay the “see-through” price (being the Cancellation Price minus the relevant exercise price in case of the Share Options) to the holders of the Share Options.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal and the transfers of the Rollover Shares pursuant to the Rollover Agreements, assuming that all Subject Share Options are exercised (apart from the Subject Share Options which are held by Mr. Zhao and Ms. Pan who will not exercise any Subject Share Options held by them pursuant to the Irrevocable Undertaking) before the Latest Practicable Date and there is no other change in shareholding of the Company before completion of the Proposal:

Shareholder	As at the Latest Practicable Date		Immediately upon completion of the Proposal and transfers of the Rollover Shares	
	Number of Shares	Approximate % of total issued share capital	Number of Shares (Note 10)	Approximate % of total issued share capital
Offeror	—	—	657,195,822	100.00
<b>Offeror Concert Party</b>				
GL Trade (Note 1)	133,318,370	20.29	—	—
GL Glee (Note 2)	61,785,690	9.40	—	—
Mr. Zhao (Note 3)	1,100,000	0.17	—	—
Convergence (Note 3)	11,979,690	1.82	—	—
Ms. Pan (Note 4)	160,667	0.02	—	—
RSU Trustee (Note 5)	3,384,023	0.51	—	—
Option Trustee (Note 6)	16,337,000	2.49	—	—
Ocean Falcon Limited (Note 7)	47,426,727	7.22	—	—
Center Laboratories, Inc. (Note 8)	11,000,000	1.67	—	—
<b>Aggregate number of Shares of the Offeror and the Offeror Concert Parties (Note 9)</b>	<b>286,492,167</b>	<b>43.59</b>	<b>657,195,822</b>	<b>100.00</b> (Note 10)
<b>Disinterested Shareholders</b>	<b>370,703,655</b>	<b>56.41</b>	<b>—</b>	<b>—</b>
<b>Total number of Shares in issue</b>	<b>657,195,822</b>	<b>100.00</b> (Note 12)	<b>657,195,822</b>	<b>100.00</b>
<b>Total number of Scheme Shares</b>	<b>448,110,959</b> (Note 11)	<b>68.19</b>	<b>—</b>	<b>—</b>

Notes:

- GL Trade holds 133,318,370 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China, whose general partner is GL China Opportunities Carry GP Ltd). GL Trade is an exempted limited partnership registered in Canada, whose general partner is GL Capital Management GP II B.C. 1 Ltd., a

company incorporated in Canada which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL Capital Management GP II B.C. 1 Ltd., GL Capital Management Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Ltd, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Trade. The Shares held by GL Trade will not form part of the Scheme Shares and GL Trade will not be able to vote on the Scheme at the Court Meeting nor the Rollover Arrangements at the EGM.

2. GL Glee holds 61,785,690 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis. GL Glee is a limited liability company incorporated in the Cayman Islands and is wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner is GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner is GL Capital Management GP Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL China Opportunities Fund L.P., GL Capital Management GP L.P., GL Capital Management GP Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Ltd, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Glee. The Shares held by GL Glee will not form part of the Scheme Shares and GL Glee will not be able to vote on the Scheme at the Court Meeting nor the Rollover Arrangements at the EGM.
3. Convergence holds 11,979,690 Shares. Convergence is wholly owned by Beijing Convergence Management Consulting Partnership Enterprise (Limited Partnership) (北京諾盛衡康管理諮詢合夥企業(有限合夥)), which is in turn owned by its general partner, Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司), as to 0.00003957%, and its limited partner, Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), as to 99.99996043%. Mr. Zhao is interested in 32.44% equity interests in Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司) and 40.96% partnership interests in Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)). In addition, Mr. Zhao personally owns 1,100,000 Shares, among which 200,000 Shares are held through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis. Mr. Zhao also holds (i) 11,198,742 Share Options under the Option Incentive Plan with an exercise price of HK\$1.6562, (ii) 4,000,000 Share Options under the Post-IPO Option Plan with an exercise price of HK\$7.892, (iii) 3,900,000 Share Options under the Post-IPO Option Plan with an exercise price of HK\$10.434 and (iv) 300,000 RSUs under the Post-IPO RSU Plan. Mr. Zhao is presumed to be acting in concert with the Offeror under class (6) of the definition of “acting in concert” under the Takeovers Code. The Shares held by Convergence will not form part of the Scheme Shares, but the Shares held by Mr. Zhao personally will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Mr. Zhao and Convergence will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Mr. Zhao and Convergence will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.



4. There are 160,667 Shares personally owned by Ms. Pan. Ms. Pan also holds (i) 3,470,000 Share Options under the Option Incentive Plan with an exercise price of HK\$1.6562, (ii) 230,000 Share Options under the Post-IPO Option Plan with an exercise price of HK\$7.892, (iii) 460,000 Share Options under the Post-IPO Option Plan with an exercise price of HK\$10.434 and (iv) 57,500 RSUs under the Post-IPO RSU Plan. Ms. Pan is acting in concert with the Offeror due to her involvement in the discussions relating to the Proposal. The Shares held by Ms. Pan will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Ms. Pan will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Ms. Pan will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.
5. As at the Latest Practicable Date, the RSU Trustee holds 3,384,023 Shares, amongst which 1,228,450 Shares are to be used to satisfy the share awards granted to directors and employees of the Group, 154,460 Shares are underlying the granted share awards that were lapsed after the date of the Announcement and the remaining 2,001,113 Shares are to be used to satisfy future grants of share awards. Further details are set out in the section headed “Share Awards” of this Explanatory Memorandum. Under the terms of the Post-IPO RSU Plan, the RSU Trustee shall not exercise any voting rights in respect of any Shares held under the Post-IPO RSU Plan. The RSU Trustee Rollover Shares (being the 2,001,113 Shares held by the RSU Trustee) will not form part of the Scheme Shares, but the RSU Trustee Scheme Shares (being the 1,382,910 Shares held by the RSU Trustee) will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. As a Rollover Shareholder and pursuant to the terms of the Post-IPO RSU Plan, the RSU Trustee will not be able to vote on the Scheme at the Court Meeting nor the resolutions to be proposed at the EGM (including as to the Rollover Arrangements), and the vote of the RSU Trustee will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.
6. As at the Latest Practicable Date, the Option Trustee holds 16,337,000 Shares to be transferred to the holders upon exercise of the Share Options granted under the Option Incentive Plan. Further details are set out in the section headed “Share Options” of this Explanatory Memorandum. Each of the Option Trustee and the RSU Trustee is wholly owned by Maples Trustee, in each case acting solely in its capacity as trustee of the SciClone Trust and holds Shares upon the terms of the SciClone Trust. Under the terms of the Option Incentive Plan, the Share Options granted under the Option Incentive Plan shall have no right to vote until and unless the Share Options are exercised. The Option Trustee Held Shares will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Pursuant to the terms of the Option Incentive Plan, the Option Trustee will not be able to vote on the Scheme at the Court Meeting nor the resolutions to be proposed at the EGM (including as to the Rollover Arrangements), and the vote of the Option Trustee will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.
7. Ocean Falcon Limited is a limited company incorporated in Hong Kong and is wholly owned by Bank of China Group Investment Limited, a limited company incorporated in Hong Kong which in turn is wholly owned by Bank of China Limited, a joint stock company established in the PRC with limited liability which in turn is held by Central Huijin Investment Ltd. as to 64.13%, a limited liability company established in the PRC which in turn is wholly owned by China Investment Corporation, a limited liability company which is wholly owned by the State Council of the PRC. As such, each of Bank of China Group Investment Limited, Bank of China Limited, Central Huijin Investment Ltd., China Investment Corporation, and State Council of the PRC is deemed to be interested in the Shares held by Ocean Falcon Limited. Ocean Falcon Limited is presumed to be acting in concert with the Offeror under the Takeovers Code. The Shares held by Ocean Falcon Limited will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Ocean Falcon Limited will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Ocean Falcon Limited will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.



8. Center Laboratories, Inc. is a company incorporated in Taiwan with limited liability on 4 November 1959 whose shares are listed on the Taipei Exchange (stock code: 4123). Center Laboratories, Inc. is presumed to be acting in concert with the Offeror under the Takeovers Code. The Shares held by Center Laboratories, Inc. will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Center Laboratories, Inc. will not be able to vote on the Rollover Arrangements at the EGM, and the vote of Center Laboratories, Inc. will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.

9. CICC is the financial adviser to the Offeror in connection with the Proposal. Accordingly, CICC and relevant members of the CICC group which hold Shares on an own account or discretionary managed basis 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 recognised 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, 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 Court Meeting and the EGM 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 Court Meeting and the EGM 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.

10. On the assumption that there is no other change in the shareholding of the Company before completion of the Proposal. Under the Scheme, the Scheme Shares will be cancelled and extinguished, and contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company’s books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full the new Shares so issued to the Offeror.

11. Scheme Shares are the Shares held by the Shareholders, other than the Rollover Shares.

12. Numbers may not add up to 100% due to rounding.

13. Other than Mr. Zhao, Ms. Pan and the indirect interests in the Shares held by Mr. Li (as set out in notes 1 and 2 above), no other Directors hold any Shares.

**Share Awards**

As at the Latest Practicable Date, the RSU Trustee holds 3,384,023 Shares, amongst which 1,228,450 Shares (representing approximately 0.20% of the issued share capital of the Company as at the Latest Practicable Date) are to be used to satisfy the share awards granted to directors and employees of the Group, 154,460 Shares (representing approximately 0.02% of the issued share capital of the Company as at the Latest Practicable Date) are underlying the granted share awards that were lapsed after the date of the Announcement and the remaining 2,001,113 Shares (representing approximately 0.32% of the issued share capital of the Company as at the Latest Practicable Date) are to be used to satisfy future grants of share awards.

In accordance with the terms of the Post-IPO RSU Plan, if a general offer by way of a scheme arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith give notice to the holders of RSUs and the holders of RSUs shall be entitled to receive the Shares in respect of the vested and unvested RSUs within any period specified in the notification. Under the terms of the Post-IPO RSU Plan, the RSU Trustee shall not exercise any voting rights in respect of any Shares held under the Post-IPO RSU Plan.

The RSU Trustee Rollover Shares (being the 2,001,113 Shares held by the RSU Trustee) will not form part of the Scheme Shares, but the RSU Trustee Scheme Shares (being the 1,382,910 Shares held by the RSU Trustee) shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Offeror shall pay the aggregate Cancellation Price for the RSU Trustee Scheme Shares to the RSU Trustee, which will then pay such amount to the holders of the RSUs.

Pursuant to the terms of the Post-IPO RSU Plan, the RSU Trustee will not be able to vote on the Scheme at the Court Meeting nor the resolutions to be proposed at the EGM (including as to the Rollover Arrangements).

During the Offer Period, the RSU Trustee will not further acquire Shares on market, and the Company does not intend to grant any further RSUs.

**5. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENTS**

The Offeror proposes that (i) the RSU Trustee will roll over the RSU Trustee Rollover Shares (being 2,001,113 Shares, representing approximately 0.32% of the issued share capital of the Company as at the Latest Practicable Date) and (ii) Convergence will roll over the Shares held by it (being 11,979,690 Shares, representing approximately 1.90% of the issued share capital of the

Company as at the Latest Practicable Date), each through Topco after the Scheme becomes effective. Accordingly, the RSU Trustee Rollover Shares and the Shares held by Convergence will not form part of the Scheme Shares.

### **Trustee Rollover Agreement**

The Offeror, Topco and the RSU Trustee have entered into the Trustee Rollover Agreement on 28 March 2024, pursuant to which:

- (a) subject to Condition (f) in the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum and the Scheme becoming effective, the RSU Trustee will remain as a Shareholder until the Scheme becomes effective, the RSU Trustee Rollover Shares will not constitute Scheme Shares and all Shares held by the RSU Trustee will not be voted on the Scheme at the Court Meeting or the Rollover Arrangements at the EGM; and
- (b) upon the Scheme becoming effective, the RSU Trustee Rollover Shares will then be transferred to the Offeror in consideration for an aggregate of 2,001,113 shares to be issued by Topco to the RSU Trustee credited as fully paid at the Cancellation Price. After completion of the Scheme and the transfers of the RSU Trustee Rollover Shares, the RSU Trustee will, through Topco, hold an indirect interest in the Company.

The Trustee Rollover Agreement will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, refused or rejected by the Grand Court.

**Convergence Rollover Agreement**

The Offeror, Topco and Convergence have entered into the Convergence Rollover Agreement on 28 March 2024, pursuant to which:

- (a) subject to Condition (f) in the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum and the Scheme becoming effective, Convergence will remain as a Shareholder until the Scheme becomes effective, the Shares held by Convergence will not constitute Scheme Shares and will not be voted on the Scheme at the Court Meeting or the Rollover Arrangements at the EGM;
- (b) upon the Scheme becoming effective, the Shares held by Convergence will then be transferred to the Offeror in consideration for an aggregate of 11,979,690 shares to be issued by Topco to Convergence credited as fully paid at the Cancellation Price. After completion of the Scheme and the transfers of the Shares held by Convergence, Convergence will, through Topco, hold an indirect interest in the Company;
- (c) Convergence has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it directly on resolutions in relation to the implementation of the Scheme in accordance with the Offeror’s directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at the EGM, and that it shall be bound by, and take all actions necessary to implement the Scheme; and
- (d) Convergence has further undertaken that it shall not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it, nor will it accept any other offer in respect of all or any of such Shares.

The Convergence Rollover Agreement will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, refused or rejected by the Grand Court.

**Information on the RSU Trustee and Convergence**

The RSU Trustee is a professional trustee corporation appointed by the Company for the administration of the Post-IPO RSU Plan. As at the Latest Practicable Date, the RSU Trustee holds 3,384,023 Shares, amongst which 1,228,450 Shares are to be used to satisfy the share awards granted to directors and employees of the Group, 154,460 Shares are underlying the granted share

awards that were lapsed after the date of the Announcement and the remaining 2,001,113 Shares are to be used to satisfy future grants of share awards. Under the terms of the Post-IPO RSU Plan, the RSU Trustee shall not exercise the voting rights in respect of any Shares held under the Post-IPO RSU Plan.

Convergence was set up as a shareholding platform for the core management of the Group for the purpose of building up an incentive mechanism, attracting and cultivating talent, maintaining steady development of the Group and aligning the interests of the core management of the Group with those of the Shareholders. Those core management are involved in the day-to-day operation of the Group and have extensive operational expertise in research and development, marketing, human resources and business operations and an in-depth understanding of the Group's business and development. The Offeror is of the view that it is important for Convergence to retain its stake in the Company in order to continue to provide long-term incentives to these core management after completion of the Scheme for alignment with the development of the Group.

### **Special Deal and Disinterested Shareholder Approval**

As the Rollover Arrangements are not offered to all Shareholders, the Rollover Arrangements constitute a special deal and require the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive to the Rollover Arrangements conditional on: (i) the Independent Financial Adviser confirming that the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangements.

Each of the RSU Trustee and Convergence is considered to be acting in concert with the Offeror as a result of the Rollover Arrangements, and is therefore not a Disinterested Shareholder and will not be voting on the Rollover Arrangements at the EGM.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser in Part VI of this Scheme Document that in its opinion, the Rollover Arrangements are fair and reasonable. If the Rollover Arrangements are not approved by the Disinterested Shareholders at the EGM, the Rollover Arrangements, the Scheme and the Option Offer will not be implemented.

## **6. GL ROLLOVER AGREEMENT**

As at the Latest Practicable Date, the GL Rollover Shareholders (being concert parties of the Offeror) hold in aggregate 195,104,060 Shares, representing approximately 31.00% of the issued share capital of the Company.

The Offeror, Topco and the GL Rollover Shareholders have entered into the GL Rollover Agreement on 28 March 2024, pursuant to which:

- (a) subject to Condition (f) in the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum and the Scheme becoming effective, the GL Rollover Shareholders will remain as Shareholders until the Scheme becomes effective, the Shares held by the GL Rollover Shareholders will not constitute Scheme Shares and will not be voted on the Scheme at the Court Meeting or the Rollover Arrangements at the EGM;
- (b) upon the Scheme becoming effective, the Shares held by the GL Rollover Shareholders will then be transferred to the Offeror in consideration for an aggregate of 195,104,060 shares to be issued by Topco to the GL Rollover Shareholders credited as fully paid at the Cancellation Price. After completion of the Scheme and the transfers of the Shares held by the GL Rollover Shareholders, each GL Rollover Shareholder will, through Topco, hold an indirect interest in the Company;
- (c) the GL Rollover Shareholders have each undertaken, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by them directly on resolutions in relation to the implementation of the Scheme in accordance with the Offeror’s directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at the EGM, and that each shall be bound by, and take all actions necessary to implement the Scheme; and
- (d) the GL Rollover Shareholders have each further undertaken that they shall not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by them, nor will they accept any other offer in respect of all or any of such Shares.

The GL Rollover Agreement will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, refused or rejected by the Grand Court.

#### **7. IRREVOCABLE UNDERTAKING**

The Offeror, Mr. Zhao and Ms. Pan have entered into the Irrevocable Undertaking on 28 March 2024, pursuant to which each of Mr. Zhao and Ms. Pan has undertaken:

- (a) not to exercise any Share Options held by him/her and to accept the Option Offer in respect of all his/her Share Options;
- (b) to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by them directly on resolutions in relation to the implementation of the Scheme in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at the EGM, and that each shall be bound by, and take all actions necessary to implement the Scheme; and
- (c) not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by them, nor will they accept any other offer in respect of all or any of such Shares.

The Irrevocable Undertaking will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, refused or rejected by the Grand Court.

#### **8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser (i) to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangements are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM and (ii) to the Optionholders as to whether the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all the non-executive Directors who have no direct or indirect interest in the Proposal other than as a Shareholder. As Mr. Li ultimately controls the Offeror, Dr. Vasella is a Director nominated by GL Capital and Ms. Lin is currently a partner of the private equity investment department of GL Capital, each of Mr. Li, Dr. Vasella and Ms. Lin are concert parties of the Offeror. In addition, Ms. Wang is a Director nominated by Bank of China Group Investment Limited, which is a limited partner of the GL Cayman Fund. As such, each of Mr. Li, Dr. Vasella, Ms. Lin and Ms. Wang do not form part of the Independent Board Committee.

The Board, with the approval of the Independent Board Committee, has appointed Opus Capital as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangements pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal, the Scheme and the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangements and the Optionholders to accept the Option Offer.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme and the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangements and the Optionholders to accept the Option Offer.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme, the Option Offer and the Rollover Arrangements is set out in Part V of this Scheme Document.

## **9. REASONS FOR AND BENEFITS OF THE PROPOSAL**

### **Benefits of the Proposal to the Scheme Shareholders:**

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

Since the Company's initial public offering, a combination of factors have weighed on the capital market and the Company's share price, including global macroeconomic challenges such as geopolitical tensions, supply chain disruptions, lack of investor confidence, as well as industry



changes including volume-based procurement of drugs in the PRC and ongoing regulatory reform. These factors, of which some have affected Company operations, have caused the Company's share price to underperform since its initial public offering in Hong Kong. In light of the fact that the majority of Group's revenue is currently contributed by a single product Zadaxin, the Company anticipates to pursue strategies to further diversify product portfolio and increase efforts on commercialisation of new products for the next few years in order to optimize the Group's revenue structure. Besides, to ensure a continuous and efficient launch of new products, the Company aims to strategically focus on enhancing core competencies of product research and development. As such, additional investment and spending is expected on business development, research and development and marketing and commercialisation activities, which may bring volatility to the Company's financial performance. Given the challenging external environment and as the Company enters into a period of strategic transformations, the Proposal is intended to provide the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at an attractive premium over the prevailing market price without having to suffer any illiquidity discount or market uncertainties.

The Cancellation Price represents a premium of approximately 33.90% and 47.47% over the closing price of HK\$14.04 per Share as quoted on the Stock Exchange on the Undisturbed Date and the average closing price of approximately HK\$12.75 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date respectively. The Cancellation Price is also equivalent to the highest closing price per Share on every trading day since the Company's listing on the Stock Exchange, and represents a premium of approximately 111.00% and 26.51% over the lowest closing price of HK\$8.91 per Share as quoted on the Stock Exchange on 4 October 2023 and the highest closing price of HK\$14.86 per Share as quoted on the Stock Exchange on 15 December 2023, respectively, during the 12-month period immediately prior to and including the Undisturbed Date. Considering the long-term depressed market performance as evidenced by the fact that the Hang Seng Healthcare Index has declined by 29.9% during the 12-month period immediately prior to and including the Last Trading Day, the Scheme affords the Scheme Shareholders the opportunity to monetize their investments in the Company and redeploy the cash received from accepting the Scheme into other usages.

***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 Undisturbed Date was approximately 2.54 million Shares per day, representing only approximately 0.40% of the issued Shares as at the Latest Practicable Date. The low trading liquidity of the Shares could make it

difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs.

**Benefits of the Proposal to the Offeror and the Company:**

*The listing status of the Company no longer provides meaningful access to capital*

Despite the Company's efforts to improve investor confidence and market value, including on-market buyback since March 2022 and a HK\$780 million share buyback offer in early 2023, the Company's low liquidity and relative underperformance in the trading of the Shares persisted. The Company's current listing status no longer sufficiently serves as a source of funding for its long-term growth, and the Company's ability to raise funds in the equity capital markets for future development and growth is limited.

Following the implementation of the Proposal, the Company is expected to substantially reduce the administrative and management resources needed in maintaining its listing status and the Offeror will be able to manage the Group with focus on its strategic direction and business operations.

*The unsatisfactory share 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 factors such as the overall momentum in Hong Kong stock market. As a leading biopharmaceutical company with an integrated platform for product development and commercialisation in the PRC, the Company believes that its market value is an important commercial factor. The Offeror considers that the depressed share price has not fully reflected the Company's strengths and advantages in pharmaceutical industry, which might harm its business focus as well as its employee morale. It is believed that the implementation of the Proposal will help the Offeror and the Company to concentrate on solving critical issues in relation to the core business and operations, free from distractions brought by share price fluctuations.

*The Company seeks to implement long-term strategies that might have adverse impact in short-term market performance*

As a listed company in Hong Kong, the Company has been paying high attention to its share price performance, thus restraining the Company from implementing long-term strategies that might have adverse impact on the Company's short-term performance and share price. For example, the Company has been actively seeking to acquire licenses of new pipeline drug candidates and increase investment in developing products with first/best-in-class potential, which

may not bring in immediate return in the short term. The Offeror believes that the successful implementation of the Proposal will provide more flexibility to the Company as a privately-owned business to implement its business strategies or to pursue business opportunities in the prevailing competitive environment, without being subject to administrative obligations as a listed company and without focusing on short-term market reactions and stock price fluctuations.

#### **10. THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP**

The Offeror intends to continue the existing business of the Group, which is principally engaged in developing and commercialising its portfolio with potential in its focused therapeutic areas including oncology and severe infection, via continued investments in research and development, license-in and acquisition of innovative products. No major changes are expected to be introduced in the existing principal business of the Group, including any major redeployment of the fixed assets of the Group. The Offeror does not have any plan to make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Proposal. The Offeror does not intend to continue the listing of the Company on the Stock Exchange.

#### **11. INFORMATION ON THE COMPANY**

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose Shares have been listed on the Main Board of the Stock Exchange since 3 March 2021. The Group is principally engaged in developing and commercialising its portfolio with potential in its focused therapeutic areas including oncology and severe infection.

Your attention is also drawn to Appendix I headed "Financial Information of the Group" and Appendix II headed "General Information" of this Scheme Document.

#### **12. INFORMATION ON THE OFFEROR**

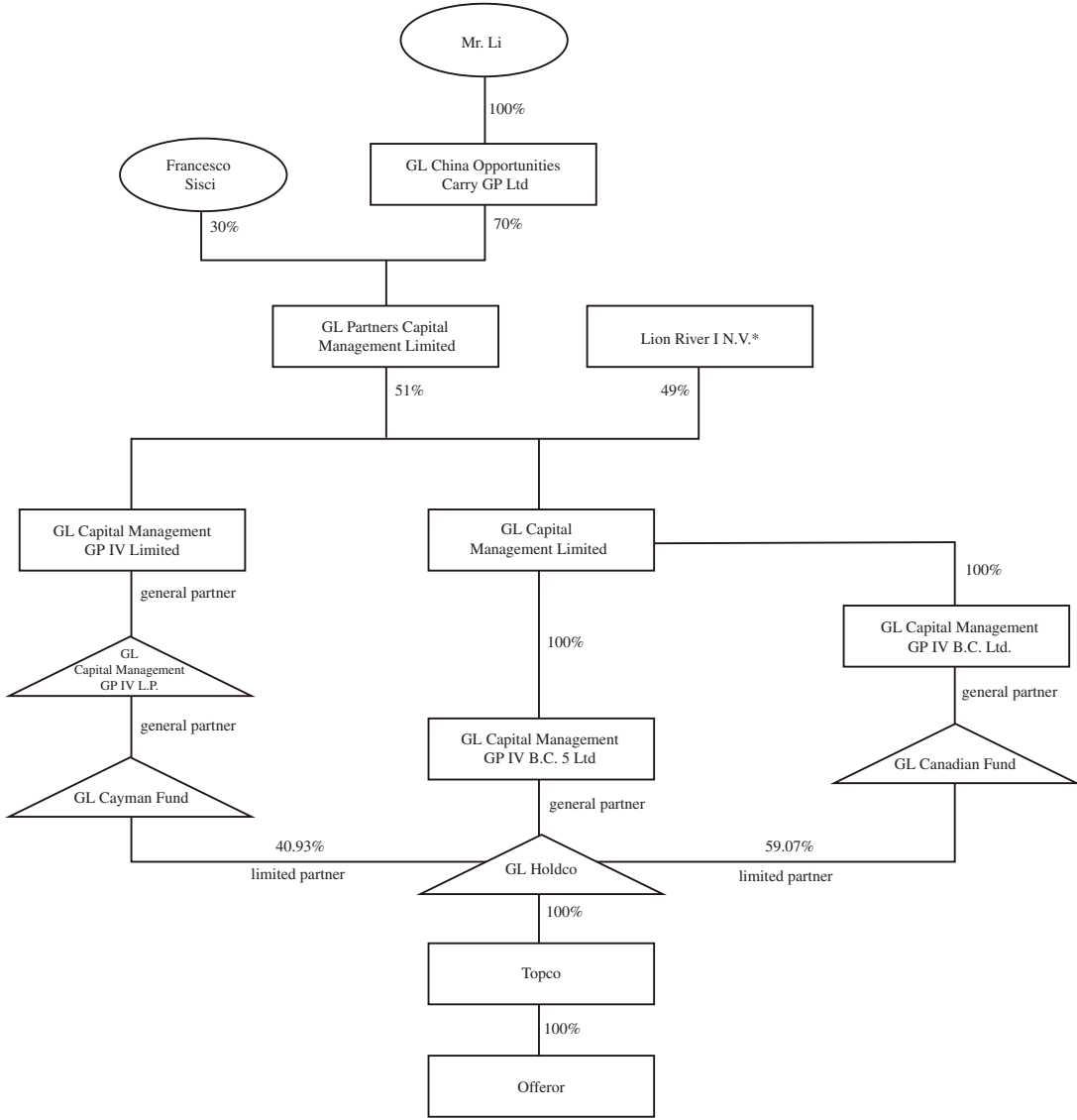
The Offeror is an exempted company incorporated in the Cayman Islands with limited liability and set up for the implementation of the Proposal. As at the Latest Practicable Date, the Offeror is wholly-owned by Topco, which is in turn wholly-owned by GL Holdco. The general partner of GL Holdco is GL Capital Management GP IV B.C. 5 Ltd., which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. GL Partners Capital Management Limited is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is wholly owned by Mr. Li. The limited partners of GL Holdco are the GL Cayman Fund (40.93%) and the GL Canadian Fund (59.07%).

The GL Cayman Fund is an exempted limited partnership formed under the laws of the Cayman Islands. The general partner of the GL Cayman Fund is GL Capital Management GP IV L.P., whose general partner is GL Capital Management GP IV Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. GL Partners Capital Management Limited is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is wholly owned by Mr. Li.

The GL Canadian Fund is a limited partnership formed under the laws of the Province of Alberta, Canada. The general partner of the GL Canadian Fund is GL Capital Management GP IV B.C. Ltd., which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. GL Partners Capital Management Limited is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is wholly owned by Mr. Li.

GL Capital is an investment firm that focuses on buyout and growth opportunities in China's healthcare industry. As of 31 December 2023, GL Capital had over US\$3.4 billion assets under management in aggregate across both public and private equity, through USD and RMB-denominated funds. GL Capital strives to be the partner-of-choice for leading healthcare companies, generate superior returns for its investors and contribute to the sustainable development of China's healthcare industry.

The chart below sets out the simplified shareholding structure of the Offeror as at the Latest Practicable Date:



\* Lion River I N.V. is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange.

Upon completion of the Proposal and the transfers of the Rollover Shares pursuant to the Rollover Agreements and assuming that no Subject Share Options are exercised before the Scheme Record Date and there is no other change in shareholding of the Company before completion of the Proposal, Topco will have 242,740,870 issued shares, and will be held as to 13.86% by GL Holdco, 54.92% by GL Trade, 25.45% by GL Glee, 4.94% by Convergence and 0.82% by the RSU Trustee.

After the Latest Practicable Date, GL Holdco may issue additional limited partnership interest to one or more co-investors (which are not existing Shareholder), in exchange for an aggregate subscription amount from such co-investors of not more than 49% of the Offeror's payment obligations under the Proposal. For the avoidance of doubt, after such issuance, the general partner of GL Holdco will remain to be GL Capital Management GP IV B.C. 5 Ltd., which remains ultimately controlled by Mr. Li. After completion of the Proposal, (i) GL China Opportunities Fund L.P. may exit its investment in the Company due to fund life expiration; and (ii) Convergence may exit its holding in the Company due to re-arrangement of management shares.

### **13. INFORMATION ON THE OFFEROR CONCERT PARTIES**

GL Trade is an exempted limited partnership registered in Canada. GL Trade's general partner is GL Capital Management GP II B.C. 1 Ltd., a company incorporated in Canada which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li.

GL Glee is a limited liability company incorporated in the Cayman Islands and is wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner is GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner is GL Capital Management GP Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li.

Mr. Zhao is an executive Director, chief executive officer and president of the Company. Convergence is wholly owned by Beijing Convergence Management Consulting Partnership Enterprise (Limited Partnership) (北京諾盛衡康管理諮詢合夥企業(有限合夥)), which is in turn owned by its general partner, Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司), as to 0.000003957%, and its limited partner, Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), as to 99.999996043%. Mr. Zhao is interested in 32.44% equity interests in Juli Information Consulting

(Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司) and 40.96% partnership interests in Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)). Mr. Zhao is presumed to be acting in concert with the Offeror under class (6) of the definition of “acting in concert” under the Takeovers Code. The Shares held by Convergence will not form part of the Scheme Shares, but the Shares held by Mr. Zhao personally will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

Ms. Pan is an executive Director, vice president, chief financial officer and the company secretary of the Company. Ms. Pan is acting in concert with the Offeror due to her involvement in the discussions relating to the Proposal. The Shares held by Ms. Pan will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

The RSU Trustee is a professional trustee corporation appointed by the Company for the administration of the Post-IPO RSU Plan. The RSU Trustee is acting in concert with the Offeror due to the Rollover Arrangements. The RSU Trustee Rollover Shares (being the 2,001,113 Shares held by the RSU Trustee) will not form part of the Scheme Shares, but the RSU Trustee Scheme Shares (being the 1,382,910 Shares held by the RSU Trustee) will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective.

The Option Trustee is a professional trustee corporation appointed by the Company for the administration of the Option Incentive Plan. Each of the Option Trustee and the RSU Trustee is wholly owned by Maples Trustee, in each case acting solely in its capacity as trustee of the SciClone Trust and holds Shares upon the terms of the SciClone Trust. As the RSU Trustee is acting in concert with the Offeror, the Option Trustee is also acting in concert with the Offeror. The Option Trustee Held Shares will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective.

Ocean Falcon Limited is a limited company incorporated in Hong Kong and is wholly owned by Bank of China Group Investment Limited, a limited company incorporated in Hong Kong which in turn is wholly owned by Bank of China Limited, a joint stock company established in the PRC with limited liability which in turn is held by Central Huijin Investment Ltd. as to 64.13%, a limited liability company established in the PRC which in turn is wholly owned by China Investment Corporation, a limited liability company which is wholly owned by the State Council of the PRC. As such, each of Bank of China Group Investment Limited, Bank of China Limited, Central Huijin Investment Ltd., China Investment Corporation, and State Council of the PRC is deemed to be interested in the Shares held by Ocean Falcon Limited. Ocean Falcon Limited is presumed to be acting in concert with the Offeror under the Takeovers Code. The Shares held by Ocean Falcon Limited will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

Center Laboratories, Inc. is a company incorporated in Taiwan with limited liability on 4 November 1959 whose shares are listed on the Taipei Exchange (stock code: 4123). Center Laboratories, Inc. is presumed to be acting in concert with the Offeror under the Takeovers Code. The Shares held by Center Laboratories, Inc. will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

#### **14. ACTIONS TO BE TAKEN**

The summary of actions to be taken by the Shareholders and the Optionholders can be found in Part II of this Scheme Document headed “Actions to be Taken”.

#### **15. REQUIREMENTS UNDER COMPANIES ACT AND THE TAKEOVERS CODE**

##### **The Companies Act**

Pursuant to Section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be held in such manner as the Grand Court directs.

Section 86(2A) of the Companies Act states that if a majority representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting or meetings, as the case may be, held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

The Grand Court has convened a meeting of the Scheme Shareholders at which the Scheme needs to be approved by a majority of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders, present and voting either in person or by proxy at the Court Meeting.

##### **Additional Requirements as Imposed by Rule 2.10 of the Takeovers Code**

In addition to satisfying any requirements imposed by law as summarised above, Rule 2.10 of the Takeovers Code requires, except with the consent of the Executive, that the Scheme may only be implemented if:

- (a) the Scheme is approved by at least 75% of the votes attaching to the disinterested Shares that are cast either in person or by proxy at the Court Meeting; and



- (b) the number of votes cast against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all disinterested Shares.

## **16. COURT MEETING AND EGM**

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting, provided that only votes of Disinterested Shareholders will be counted for the purpose of determining whether the requirements under Condition (b) of the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied. The Scheme will be subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum.

As at the Latest Practicable Date, the Offeror does not hold any Shares, and the Rollover Shareholders hold an aggregate of 209,084,863 Rollover Shares representing approximately 33.23% of the issued share capital of the Company. The Rollover Shares will not constitute Scheme Shares and will not be voted on the Scheme at the Court Meeting. The Offeror and each of the Rollover Shareholders will not be able to vote on the Rollover Arrangements at the EGM.

Mr. Zhao and Convergence hold an aggregate of 13,079,690 Shares, representing approximately 2.08% of the issued share capital of the Company as at the Latest Practicable Date. The Shares held by Convergence will not form part of the Scheme Shares, but the Shares held by Mr. Zhao personally will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

Ms. Pan holds 160,667 Shares, representing approximately 0.03% of the issued share capital of the Company as at the Latest Practicable Date. The Shares held by Ms. Pan will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

The RSU Trustee holds 3,384,023 Shares, amongst which 1,228,450 Shares are to be used to satisfy the share awards granted to directors and employees of the Group, 154,460 Shares are underlying the granted share awards that were lapsed after the date of the Announcement and the remaining 2,001,113 Shares are to be used to satisfy future grants of share awards. The RSU Trustee Scheme Shares (being the 1,382,910 Shares held by the RSU Trustee) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

The Option Trustee holds 16,337,000 Shares to be transferred to the holders upon exercise of the Share Options granted under the Option Incentive Plan. The Option Trustee Held Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

Ocean Falcon Limited holds 47,426,727 Shares, representing approximately 7.54% of the issued share capital of the Company as at the Latest Practicable Date. The Shares held by Ocean Falcon Limited will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

Center Laboratories, Inc. holds 11,000,000 Shares, representing approximately 1.75% of the issued share capital of the Company as at the Latest Practicable Date. The Shares held by Center Laboratories, Inc. will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

Each of (i) Mr. Zhao and Convergence, (ii) Ms. Pan, (iii) Ocean Falcon Limited and (iv) Center Laboratories, Inc. will not be able to vote on the Rollover Arrangements at the EGM, and each of (i) the RSU Trustee and (ii) the Option Trustee will abstain from voting on the resolutions to be proposed at the EGM (including as to the Rollover Arrangements), and each of their votes will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) of the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.

All Shareholders will be entitled to attend the EGM to vote on the special resolution to maintain the issued share capital of the Company as described above, but for the purposes of the Takeovers Code, only the Disinterested Shareholders will be entitled to vote at the EGM on the ordinary resolution to approve the Rollover Arrangements. The Offeror and the Offeror Concert Parties (including the GL Rollover Shareholders indirectly controlled by Mr. Li, Mr. Zhao, Ms. Pan and Center Laboratories, Inc., but other than (a) the Option Trustee and the RSU Trustee which will abstain from voting on the resolutions proposed at the EGM and (b) Ocean Falcon Limited) have indicated that if the Scheme is approved at the Court Meeting, those Shares held by them will be voted in favour of the resolutions to be proposed at the EGM in relation to: (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror. Neither the Offeror nor the Offeror Concert Parties (including the Rollover Shareholders, Mr. Zhao, Ms. Pan, the Option Trustee, Ocean Falcon Limited and Center Laboratories, Inc.) will vote on the Rollover Arrangements at the EGM.

Notice of the Court Meeting is set out in Appendix IV of this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Wednesday, 19 June 2024 at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC.

Notice of the EGM is set out in Appendix V of this Scheme Document. The EGM will be held at 10:30 a.m. (or, if later, as soon thereafter as the Court Meeting shall have been concluded or been adjourned) on Wednesday, 19 June 2024 at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC.

### **Closure of the Register of Members of the Company**

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 13 June 2024 to Wednesday, 19 June 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, 12 June 2024. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the EGM.

### **Binding Effect of the Scheme**

When all of the Conditions set out in the section headed "3. Conditions of the Proposal" of this Explanatory Memorandum are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders regardless of how (or whether) they voted at the Court Meeting or EGM.

## **17. WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately from 4:00 p.m. on Friday, 5 July 2024 subject to the Scheme becoming effective.

The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

**18. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;
- (b) the listing of the Shares on the Stock Exchange will not be withdrawn; and
- (c) there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

**19. REGISTRATION AND PAYMENT****Latest time for lodging transfers of Shares**

In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are registered or lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, for registration in their names or in the names of their nominees before 4:30 p.m. on Monday, 24 June 2024.

**Payment of the Cancellation Price to Scheme Shareholders**

Subject to the Scheme becoming effective, the Cancellation Price will be paid to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date as soon as possible but in any event within seven business days (as defined in the Takeovers Code) following the Effective Date. On the basis that the Scheme becomes effective on Wednesday, 3 July 2024 (Cayman Islands time), the cheques for the payment of the Cancellation Price are expected to be despatched on or before Friday, 12 July 2024.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses on the register of members of the Company or, in the case of joint holders, to the registered address of that joint holder whose name first appears on the register of members of the Company in respect of the joint holding. All such cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, the Company, CICC, the Independent Financial Adviser and the share registrar of the Company and their respective nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold all monies in respect of uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and any expenses incurred.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme 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 Scheme Shareholder.

Upon the Scheme becoming effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all of the Scheme Shares and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Wednesday, 3 July 2024 (Cayman Islands time).

### **Payment of the Option Offer Price to Optionholders**

Each holder of the Subject Share Option(s) as at the Option Offer Record Date who accepts the Option Offer and lodges a duly completed Form of Acceptance by the prescribed deadline will be entitled to receive the Option Offer Price as set out in their respective Option Offer Letters that are sent to each Optionholder individually. Under the Option Offer, the Offeror is offering the Optionholders the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Subject Share Options) for each Subject Share Option.

Payments in respect of the Option Offer Price will be made to the Company as the agent of the Optionholders, by cheque(s), or at the election of the Offeror, by wire transfer within seven business days (as defined in the Takeovers Code) of the Effective Date. The Company will make payments in respect of the Option Offer Price to the respective Optionholders by wire transfer. Please refer to the expected timetable as set out in Part III of this Scheme Document for details.

All payments in respect of the Option Offer Price will be made in Hong Kong dollars. Settlement of the Option Offer Price to which any Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer 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 Optionholder.

## **20. OVERSEAS SHAREHOLDERS**

### **General**

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and the Cayman Islands, the Takeovers Code and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document does not constitute an offer to buy or sell any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located. Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. The Offeror and the Company do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Offeror and the Company which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited to (i) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction and (ii) disclose its content or (iii) use information contained therein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

It is the responsibility of any overseas Scheme Shareholders and Optionholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons. Any acceptance by the Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including CICC) that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

As at the Latest Practicable Date, there were two overseas Shareholders whose address as shown in the register of members of the Company was outside Hong Kong, and such overseas Shareholders held an aggregate of 12,064,290 Shares (representing approximately 1.92% of the total issued share capital of the Company). The registered address of such overseas Shareholders is in British Virgin Islands.

As at the Latest Practicable Date, investors from the PRC held 43,204,095 Shares (representing approximately 6.87% of the total issued share capital of the Company) through China Clear as nominee under Shanghai Connect and Shenzhen Connect.



This Explanatory Memorandum has not been and will not be registered with the British Virgin Islands Financial Services Commission. No security is or shall be offered to the public in the British Virgin Islands for purchase or subscription for the purposes of the Securities and Investment Business Act (As Amended).

As at the Latest Practicable Date, the sole director of the Offeror and the Directors had been advised by the local counsel in the relevant jurisdictions that there is no restriction under the laws or regulations in such jurisdiction against extending the Scheme automatically or despatching this Scheme Document to such overseas Shareholders. Accordingly, the Scheme will be extended and this Scheme Document will be despatched to such overseas Shareholders.

### **Notice to US Investors**

The Proposal is being made to cancel the securities of a company incorporated in the Cayman Islands by means of a scheme of arrangement provided for under the laws of the Cayman Islands and is subject to Hong Kong disclosure requirements which are different from those of the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of his Scheme Shares pursuant to the Scheme or by an Optionholder as consideration for the cancellation of his Subject Share Options pursuant to the Option Offer may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Optionholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.

It may be difficult for US holders of Scheme Shares and Optionholders to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares or Optionholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.



**21. TAXATION ADVICE**

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Similarly, as the acceptance of the Option Offer and the payment of the cash consideration for the cancellation of the Subject Share Options does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance upon the acceptance of the Option Offer or the payment of the cash consideration under the Option Offer.

Scheme Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal. It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company and CICC or any of their respective ultimate beneficial owners, directors, officers, employees, agents, affiliates, advisers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any persons as a result of their approval or the implementation of the Proposal.

**22. COSTS OF THE SCHEME**

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, Rule 2.3 of the Takeovers Code is not applicable.

All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Proposal will be shared between the Offeror and the Company equally.

**23. RECOMMENDATION**

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements as set out in the letter from the Independent Board Committee in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements.

**24. ADDITIONAL INFORMATION**

Additional information in relation to the Proposal is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, CICC, and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal have authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

**25. LANGUAGE**

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

## 1. FINANCIAL SUMMARY

The following is a summary of audited consolidated financial results of the Group for each of the three years ended 31 December 2021, 2022 and 2023. The figures for each of the three years ended 31 December 2021, 2022 and 2023 are extracted from the annual reports of the Company.

The auditor's reports from the Company's auditors, PricewaterhouseCoopers, in respect of the Group for each of the financial years ended 31 December 2021, 2022 and 2023 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

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

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

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unless otherwise specified)</i>	<i>(unless otherwise specified)</i>	<i>(unless otherwise specified)</i>
Revenue	2,518,474	2,749,681	3,155,614
Cost of revenue	(585,468)	(679,196)	(799,413)
<b>Gross profit</b>	<b>1,933,006</b>	<b>2,070,485</b>	<b>2,356,201</b>
Sales and marketing expenses	(579,163)	(627,751)	(712,810)
Administrative expenses	(206,457)	(225,003)	(257,295)
Research and development expenses	(134,389)	(123,860)	(170,679)
Other income	42,833	12,125	41,770
Other expenses	(16,842)	—	—
Other losses — net	19,118	(155,392)	(52,081)
<b>Operating profit</b>	<b>1,058,106</b>	<b>950,604</b>	<b>1,205,106</b>
Finance income	7,958	36,069	70,484
Finance costs	(40,191)	(46,593)	(58,193)
Finance income/(costs), net	(32,233)	(10,524)	12,291

## APPENDIX I

## FINANCIAL INFORMATION OF THE GROUP

	For the year ended 31 December 2021 <i>(Audited)</i> <i>RMB'000</i> <i>(unless otherwise specified)</i>	For the year ended 31 December 2022 <i>(Audited)</i> <i>RMB'000</i> <i>(unless otherwise specified)</i>	For the year ended 31 December 2023 <i>(Audited)</i> <i>RMB'000</i> <i>(unless otherwise specified)</i>
<b>Profit before income tax</b>	<b>1,025,873</b>	<b>940,080</b>	<b>1,217,397</b>
Income tax expense	(102,512)	(84,725)	(95,495)
<b>Profit for the period attributable to owners of the Company (Note 1)</b>	<b>923,361</b>	<b>855,355</b>	<b>1,121,902</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income	103,671	(221,573)	(18,599)
Currency translation differences of the Company	(145,354)	730,862	104,419
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences of the Company's subsidiaries	110,312	(521,092)	(94,397)
<b>Total comprehensive income for the period</b>	<b>991,990</b>	<b>843,552</b>	<b>1,113,325</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company (Note 1)	991,990	843,552	1,113,325
<b>Earnings per Share attributable to owners of the Company (RMB)</b>			
Basic earnings per Share	1.42	1.27	1.83
Diluted earnings per Share	1.33	1.21	1.72

Notes:

- (1) No profit for the period attributable to non-controlling interests and total comprehensive income attributable to non-controlling interests were recorded for the years ended 31 December 2023, 2022 and 2021; and

- (2) No dividend was declared for the year ended 31 December 2023. Dividend of HK\$0.39 per Share was declared for the year ended 31 December 2022, which was fully paid in the year ended 31 December 2023 in the total dividend amount of RMB215,018,000. Dividend of HK\$0.35 per Share was declared for the year ended 31 December 2021, which was fully paid in the year ended 31 December 2022 in the total dividend amount of RMB205,622,000. In addition, the Company paid dividends in the total amount of RMB827,303,000 to the then shareholders of the Company in February 2021 prior to the listing of the Shares on the Stock Exchange and such dividend was fully paid on the day before its listing on the Stock Exchange.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the years ended 31 December 2021, 2022 and 2023, together with the significant accounting policies and any points from the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of the Group for the year ended 31 December 2023 are set out on pages 94 to 225 of the annual report of the Company for the year ended 31 December 2023, which was published on 29 April 2024, and which is posted on the website of the Company at <https://www.sciclone.com/Modules/financialReporting.aspx> and the Stock Exchange at this direct link: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900857.pdf>.

The audited consolidated financial statements of the Group for the year ended 31 December 2022 are set out on pages 93 to 224 of the annual report of the Company for the year ended 31 December 2022, which was published on 27 April 2023 and which is posted on the website of the Company at <https://www.sciclone.com/Modules/financialReporting.aspx> and the Stock Exchange at this direct link: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700175.pdf>.

The audited consolidated financial statements of the Group for the year ended 31 December 2021 are set out on pages 81 to 224 of the annual report of the Company for the year ended 31 December 2021, which was published on 13 April 2022, and which is posted on the website of the Company at <https://www.sciclone.com/Modules/financialReporting.aspx> and the Stock Exchange at this direct link: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041301348.pdf>.

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2021, 2022 and 2023 (but not any other parts of the annual reports for the years ended 31 December 2021, 2022 and 2023) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

**3. STATEMENT OF INDEBTEDNESS**

As of 29 February 2024, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this Scheme Document, the indebtedness of the Group was as follows:

**Lease liabilities**

The Group's current and non-current lease liabilities were RMB12.5 million and RMB18.2 million respectively. These lease liabilities mainly consisted of rental of offices and warehouses.

**Contingent liabilities and guarantees**

The Group had no unrecorded significant contingent liabilities or guarantees.

Except as discussed above, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as of 29 February 2024.

**4. MATERIAL CHANGE**

The Directors confirm that 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 Company were made up, and up to the Latest Practicable Date.

## 1. RESPONSIBILITY STATEMENT

As at the Latest Practicable Date, the sole director of the Offeror is Mr. Li Zhenfu, who accepts full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors (other than Mr. Li Zhenfu)) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

As at the Latest Practicable Date, the Board comprises Mr. Zhao Hong and Ms. Pan Rongrong as executive directors, Mr. Li Zhenfu, Dr. Daniel Luzius Vasella, Ms. Lin Shirley Yi-Hsien and Ms. Wang Haixia as non-executive directors, and Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes as independent non-executive directors. The Directors jointly and severally accept full responsibility for accuracy of the information contained in this Scheme Document relating to the Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

## 2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the number of authorised share capital of the Company was US\$50,000 divided into 1,000,000,000 Shares of par value of US\$0.00005 each;
- (b) the Company had 629,268,032 Shares in issue;
- (c) all of the Shares currently in issue rank *pari passu* in all respects including as to capital, dividends and voting;
- (d) 2,295,260 Shares had been issued by the Company since 31 December 2023 (being the end of the last financial year of the Company); and

- (e) the Company does not have any outstanding options, warrants or conversion rights affecting Shares in the Company, other than the following:
- (i) a total of 67,523,532 Share Options in issue (comprising (i) a total of 16,337,000 Share Options (all of which are vested) entitling the holders to receive 16,337,000 existing Shares from the Option Trustee under the Option Incentive Plan; (ii) a total of 20,400,842 Share Options (all of which are vested) entitling the holders to subscribe for 20,400,842 new Shares under the Option Incentive Plan; and (iii) a total of 30,785,690 Share Options (21,761,890 of which are vested) entitling the holders to subscribe for 30,785,690 new Shares under the Post-IPO Option Plan); and
  - (ii) certain RSUs representing 1,228,450 Shares which have been granted but have not yet vested.

### 3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

<b>Date</b>	<b>Closing price per Share HK\$</b>
29 September 2023	9.99
31 October 2023	10.30
30 November 2023	13.60
29 December 2023	13.92
31 January 2024	11.10
29 February 2024	13.02
18 March 2024 (Last Trading Day)	16.04
28 March 2024	16.04
30 April 2024	17.94
21 May 2024 (Latest Practicable Date)	18.32

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$18.32 per Share on 21 May 2024 and HK\$8.91 per Share on 4 October 2023.



#### 4. DISCLOSURE OF INTERESTS

##### 4.1 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 the Directors and the chief executive of the Company 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 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 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 were as follows:

Name of Director/ chief executive	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Li	Interest in controlled corporation ( <i>Note 1</i> )	195,104,060	31.00
Mr. Zhao	Interest in controlled corporation ( <i>Note 2</i> )	11,979,690	1.90
	Beneficial owner ( <i>Note 3</i> )	20,498,742	3.26
Ms. Pan	Beneficial owner ( <i>Note 4</i> )	4,378,167	0.70

*Notes:*

- (1) GL Trade holds 133,318,370 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China, whose general partner is GL China Opportunities Carry GP Ltd). GL Trade is an exempted limited partnership registered in Canada, whose general partner is GL Capital Management GP II B.C. 1 Ltd., a company incorporated in Canada which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the

Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, Mr. Li is deemed to be interested in Shares held by GL Trade.

GL Glee holds 61,785,690 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis. GL Glee is a limited liability company incorporated in the Cayman Islands and is wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner is GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner is GL Capital Management GP Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, Mr. Li is deemed to be interested in Shares held by GL Glee.

- (2) Convergence holds 11,979,690 Shares. Convergence is wholly owned by Beijing Convergence Management Consulting Partnership Enterprise (Limited Partnership) (北京諾盛衡康管理諮詢合夥企業(有限合夥)), which is in turn owned by its general partner, Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司), as to 0.000003957%, and its limited partner, Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), as to 99.999996043%. As Mr. Zhao is interested in 32.44% equity interests in Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司) and 40.96% partnership interests in Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), Mr. Zhao is deemed to be interested in Shares held by Convergence.
- (3) Mr. Zhao holds (i) 1,100,000 Shares personally, among which 200,000 Shares are held through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis, (ii) 11,198,742 Share Options under the Option Incentive Plan, (iii) 7,900,000 Share Options under the Post-IPO Option Plan and (iv) 300,000 RSUs under the Post-IPO RSU Plan. Of the 11,198,742 Share Options under the Option Incentive Plan, (a) 5,880,000 Share Options were granted on 15 December 2018 with an exercise price of HK\$1.6562 (which shall be vested equally upon each anniversary of the grant date during a four-year term) with exercise period from 15 December 2018 to 14 December 2026, (b) 818,742 Share Options were granted on 1 April 2020, with an exercise price of HK\$1.6562 (which shall be vested equally upon each anniversary of the grant date during a two-year term) with exercise period from 1 April 2020 to 31 March 2028, and (c) 4,500,000 Share Options were granted on 1 July 2020 with an exercise price of HK\$1.6562 (which shall be vested upon first anniversary of the grant date) with exercise period from 1 July 2020 to 30 June 2028. Of the 7,900,000 Share Options under the Post-IPO Option Plan, (a) 4,000,000 Share Options were granted on 19 April 2022 with an exercise price of HK\$7.892 (which shall be vested equally upon each anniversary of the grant date during a two-year term), among which 2,000,000 Share Options have an exercise period from 19 April 2023 to 18 April 2032 and 2,000,000 Share Options have an exercise period from 18 April 2024 to 18 April 2030 and (b) 3,900,000 Share Options were granted on 5 June 2023 with an exercise price of HK\$10.434 (50% of which shall be vested on 31 March 2024 and the remaining 50% on 31 March 2025), among which 1,950,000 Share Options have an exercise period from 31 March 2024 to 5 June 2033 and 1,950,000 Share Options have an exercise period from 31 March 2025 to 5 June 2033. The 300,000 RSUs under the Post-IPO RSU Plan were granted on 5 June 2023 (which shall be vested on 31 March 2025).
- (4) Ms. Pan holds (i) 160,667 Shares personally, (ii) 3,470,000 Share Options under the Option Incentive Plan, (iii) 690,000 Share Options under the Post-IPO Option Plan and (iv) 57,500 RSUs under the Post-IPO RSU Plan. Of the 3,470,000 Share Options under the Option Incentive Plan, (a) 2,000,000 Share Options were granted on 15 December 2018 with an exercise price of HK\$1.6562 (which shall be vested equally upon each anniversary of the grant date during a four-year term) with an exercise period from 15 December 2018 to 14 December 2026 and (b)

1,470,000 Share Options were granted on 1 July 2020, with an exercise price of HK\$1.6562 (which shall be vested equally upon each anniversary of the grant date during a two-year term) with an exercise period from 1 July 2020 to 30 June 2028. Of the 690,000 Share Options under the Post-IPO Option Plan, (a) 230,000 Share Options were granted on 19 April 2022 with an exercise price of HK\$7.892 (which shall be vested equally upon each anniversary of the grant date during a two-year term) with an exercise period from 19 April 2024 to 18 April 2030 and (b) 460,000 Share Options were granted on 5 June 2023 with an exercise price of HK\$10.434 (50% of which shall be vested on 31 March 2024 and the remaining 50% on 31 March 2025), among which 230,000 Share Options have an exercise period from 31 March 2024 to 5 June 2033 and 230,000 Share Options have an exercise period from 31 March 2025 to 5 June 2033. The 57,500 RSUs under the Post-IPO RSU Plan were granted on 5 June 2023 (which shall be vested on 31 March 2025).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor 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 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 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests in any Shares, convertible securities, warrants, options or derivatives of the Company.

As at the Latest Practicable Date, save as disclosed above and in the Explanatory Memorandum, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 or Part XV of the SFO.

#### 4.2 Interests and short positions of the Offeror, the Offeror Concert Parties and other substantial Shareholders in the Shares

As at the Latest Practicable Date, Shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares or underlying Shares ((L) — Long Position/ (S) — Short Position)</b>	<b>Approximate percentage of the issued share capital of the Company (%)</b>
Mr. Li	Interest in controlled corporation ( <i>Note 1</i> )	195,104,060 (L)	31.00
GL China Opportunities Carry GP Ltd	Interest in controlled corporation ( <i>Note 1</i> )	195,104,060 (L)	31.00
GL Partners Capital Management Limited	Interest in controlled corporation ( <i>Note 1</i> )	195,104,060 (L)	31.00
Assicurazioni Generali S.p.A	Interest in controlled corporation ( <i>Note 1</i> )	195,104,060 (L)	31.00
GL Trade	Beneficial interest ( <i>Note 1</i> )	104,968,370 (L)	16.68
	Nominee for another person (other than a bare trustee) ( <i>Note 1</i> )	28,350,000 (L)	4.51
GL Capital Management GP II B.C. 1 Ltd.	Interest in controlled corporation ( <i>Note 1</i> )	133,318,370 (L)	21.19

**APPENDIX II****GENERAL INFORMATION**

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares or underlying Shares ((L) — Long Position/ (S) — Short Position)</b>	<b>Approximate percentage of the issued share capital of the Company (%)</b>
GL Capital Management Limited	Interest in controlled corporation ( <i>Note 1</i> )	133,318,370 (L)	21.19
Lion River I N.V.	Interest in controlled corporation ( <i>Note 1</i> )	195,104,060 (L)	31.00
GL Glee	Beneficial interest ( <i>Note 1</i> )	61,785,690 (L)	9.82
GL China Opportunities Fund L.P.	Interest in controlled corporation ( <i>Note 1</i> )	61,785,690 (L)	9.82
GL Capital Management GP L.P.	Interest in controlled corporation ( <i>Note 1</i> )	61,785,690 (L)	9.82
GL Capital Management GP Limited	Interest in controlled corporation ( <i>Note 1</i> )	61,785,690 (L)	9.82
GL China	Beneficial interest ( <i>Note 1</i> )	28,350,000 (L)	4.51
Ocean Falcon Limited	Beneficial interest ( <i>Note 2</i> )	47,426,727 (L)	7.54
Bank of China Group Investment Limited	Interest in controlled corporation ( <i>Note 2</i> )	47,426,727 (L)	7.54
Bank of China Limited	Interest in controlled corporation ( <i>Note 2</i> )	47,426,727 (L)	7.54
Central Huijin Investment Ltd	Interest in controlled corporation ( <i>Note 2</i> )	47,426,727 (L)	7.54

**APPENDIX II**
**GENERAL INFORMATION**

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares ((L) — Long Position/ (S) — Short Position)	Approximate percentage of the issued share capital of the Company (%)
China Investment Corporation	Interest in controlled corporation ( <i>Note 2</i> )	47,426,727 (L)	7.54
UBS Group AG	Interest in controlled corporation ( <i>Note 3</i> )	42,156,892 (L) 11,322,988 (S)	6.70 1.80
UBS Asset Management (Americas) LLC	Beneficial Interest ( <i>Note 3</i> )	3,580,000 (L)	0.57
UBS AG	Beneficial Interest ( <i>Note 3</i> )	38,057,892 (L) 11,322,988 (S)	6.05 1.80
UBS Fund Management (Switzerland) AG	Beneficial Interest ( <i>Note 3</i> )	495,000 (L)	0.08
UBS Asset Management (UK) Ltd	Beneficial Interest ( <i>Note 3</i> )	24,000 (L)	0.00

*Notes:*

- (1) GL Trade holds 133,318,370 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China, whose general partner is GL China Opportunities Carry GP Ltd). GL Trade is an exempted limited partnership registered in Canada, whose general partner is GL Capital Management GP II B.C. 1 Ltd., a company incorporated in Canada which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL Capital Management GP II B.C. 1 Ltd., GL Capital Management Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Ltd, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Trade.

GL Glee holds 61,785,690 Shares through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis. GL Glee is a limited liability company incorporated in the Cayman Islands and is wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner is GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner is GL Capital Management GP Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Ltd as to 70% and Mr. Francesco Sisci as to 30%. GL China Opportunities Carry GP Ltd is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL China Opportunities Fund L.P., GL Capital Management GP L.P., GL Capital Management GP Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Ltd, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Glee.

- (2) Ocean Falcon Limited is a limited company incorporated in Hong Kong and is wholly owned by Bank of China Group Investment Limited, a limited company incorporated in Hong Kong which in turn is wholly owned by Bank of China Limited, a joint stock company established in the PRC with limited liability which in turn is held by Central Huijin Investment Ltd. as to 64.13%, a limited liability company established in the PRC which in turn is wholly owned by China Investment Corporation, a limited liability company which is wholly owned by the State Council of the PRC. As such, each of Bank of China Group Investment Limited, Bank of China Limited, Central Huijin Investment Ltd., China Investment Corporation, and State Council of the PRC is deemed to be interested in the Shares held by Ocean Falcon Limited.
- (3) Based on the disclosure of interest filings, UBS Asset Management (Americas) LLC, UBS AG, UBS Fund Management (Switzerland) AG and UBS Asset Management (UK) Ltd are wholly owned by UBS Group AG.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who (a) had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or (b) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

As at the Latest Practicable Date, save for the existing shareholding of the sole director of the Offeror and the Offeror Concert Parties as set out in the section headed “4. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document, none of the Offeror, its sole director or the Offeror Concert Parties (including but not limited to the Rollover Shareholders, Mr. Zhao and Ms. Pan (each being parties to the Irrevocable Undertaking), the Option Trustee, Ocean Falcon Limited and Center Laboratories, Inc.) had any interest in, owned or controlled any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

### 4.3 Dealings in the securities of the Company

(a) During the Relevant Period:

- (i) save for (i) the dealings in the Shares by CICC which are conducted on a non-discretionary basis for and on behalf of its clients (ii) the vesting of 1,950,000 Share Options (with an exercise price of HK\$10.434 and exercise period from 31 March 2024 to 5 June 2033) under the Post-IPO Option Plan on 31 March 2024, the vesting of 300,000 share awards on 5 April 2024, the vesting of 2,000,000 Share Options (with an exercise price of HK\$7.892 and exercise period from 18 April 2024 to 18 April 2030) under the Post-IPO Option Plan on 18 April 2024 and the vesting of 300,000 share awards on 29 April 2024, in each case at nil consideration, of Mr. Zhao and the vesting of 230,000 Share Options (with an exercise price of HK\$10.434 and exercise period from 31 March 2024 to 5 June 2033) under the Post-IPO Option Plan on 31 March 2024, the vesting of 57,500 share awards on 5 April 2024, the vesting of 230,000 Share Options (with an exercise price of HK\$7.892 and exercise period from 18 April 2024 to 18 April 2030) under the Post-IPO Option Plan on 18 April 2024 and the vesting of 57,500 share awards on 29 April 2024, in each case at nil consideration, of Ms. Pan and (iii) the transfer of a total of 274,000 Shares by the Option Trustee on 8 April 2024 and 11 April 2024 respectively in satisfaction of exercise of Share Options with exercise price of HK\$1.6562 under the Option Incentive Plan and the transfer of a total of 2,126,440 Shares by the RSU Trustee on 5 April 2024 and 29 April 2024 respectively in satisfaction of the vesting of RSUs under the Post-IPO RSU Plan at nil consideration, none of the Offeror, its sole director or the Offeror Concert Parties had dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (ii) save for the vesting of 1,950,000 Share Options (with an exercise price of HK\$10.434 and exercise period from 31 March 2024 to 5 June 2033) under the Post-IPO Option Plan on 31 March 2024, the vesting of 300,000 share awards on 5 April 2024, the vesting of 2,000,000 Share Options (with an exercise price of HK\$7.892 and exercise period from 18 April 2024 to 18 April 2030) under the Post-IPO Option Plan on 18 April 2024 and the vesting of 300,000 share awards on 29 April 2024, in each case at nil consideration, of Mr. Zhao and the vesting of 230,000 Share Options (with an exercise price of HK\$10.434 and exercise period from 31 March 2024 to 5 June 2033) under the Post-IPO Option Plan on 31 March 2024, the vesting of 57,500 share awards on 5 April 2024, the vesting of 230,000 Share Options (with an exercise price of HK\$7.892 and exercise period from 18 April 2024 to 18 April 2030) under the Post-IPO Option Plan on 18 April 2024 and



the vesting of 57,500 share awards on 29 April 2024, in each case at nil consideration, of Ms. Pan, none of the Directors had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and

- (iii) save for the vesting of 1,950,000 Share Options (with an exercise price of HK\$10.434 and exercise period from 31 March 2024 to 5 June 2033) under the Post-IPO Option Plan on 31 March 2024, the vesting of 300,000 share awards on 5 April 2024, the vesting of 2,000,000 Share Options (with an exercise price of HK\$7.892 and exercise period from 18 April 2024 to 18 April 2030) under the Post-IPO Option Plan on 18 April 2024 and the vesting of 300,000 share awards on 29 April 2024, in each case at nil consideration, of Mr. Zhao and the vesting of 230,000 Share Options (with an exercise price of HK\$10.434 and exercise period from 31 March 2024 to 5 June 2033) under the Post-IPO Option Plan on 31 March 2024, the vesting of 57,500 share awards on 5 April 2024, the vesting of 230,000 Share Options (with an exercise price of HK\$7.892 and exercise period from 18 April 2024 to 18 April 2030) under the Post-IPO Option Plan on 18 April 2024 and the vesting of 57,500 share awards on 29 April 2024, in each case at nil consideration, of Ms. Pan, neither Mr. Zhao nor Ms. Pan (being the parties to the Irrevocable Undertaking) had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares.

(b) During the Offer Period and up to the Latest Practicable Date:

- (i) save for the transfer of a total of 274,000 Shares by the Option Trustee on 8 April 2024 and 11 April 2024 respectively in satisfaction of exercise of Share Options with exercise price of HK\$1.6562 under the Option Incentive Plan and the transfer of a total of 2,126,440 Shares by the RSU Trustee on 5 April 2024 and 29 April 2024 respectively in satisfaction of the vesting of RSUs under the Post-IPO RSU Plan at nil consideration, no subsidiaries of the Company, pension funds (if any) of any member of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or any associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding any exempt principal trader or exempt fund manager) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (ii) save for the Rollover Agreements and the Irrevocable Undertaking, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with (A) the Company or any person who is presumed to be acting in concert

with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and/or (B) the Offeror or the Offeror Concert Parties. The dealings in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares by the parties to the Rollover Agreements and the Irrevocable Undertaking (which are Offeror Concert Parties) during the Relevant Period are disclosed in paragraph 4.3(a)(i) of this Appendix above; and

- (iii) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had any dealings in any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

#### **4.4 Interest and dealings in the securities of the Offeror**

- (a) As at the Latest Practicable Date, other than Mr. Li who ultimately controls the Offeror, none of the Company or any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.
- (b) During the Relevant Period, none of the Company or any of the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

#### **4.5 Other interests**

As at the Latest Practicable Date:

- (a) save for the holdings of the RSU Trustee and the Option Trustee as set out in the section headed “4. Shareholding Structure of the Company” in Part VII —Explanatory Memorandum of this Scheme Document, no Shares or any convertible securities, warrants, options or derivatives issued by the Company were owned or controlled by a subsidiary of the Company, a pension fund (if any) of any member of the Group, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert”, or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders and exempt fund managers);

- (b) no Shares, convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company; and
- (c) none of the Company, the Directors, the Offeror or any of the Offeror Concert Parties had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

#### 4.6 Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (a) save for the Cancellation Price and the Option Offer Price, no benefit (other than statutory compensation) was or would be given to any Director as compensation for his or her loss of office or otherwise in connection with the Proposal;
- (b) save for the Rollover Agreements and the Irrevocable Undertaking, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between any person and (A) the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and/or (B) the Offeror or the Offeror Concert Parties. Save as disclosed in the section headed “4. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document, none of the parties to the Rollover Agreements and the Irrevocable Undertaking owned or controlled any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (c) save for the Rollover Agreements and the Irrevocable Undertaking, there was no material contract which had been entered into by the Offeror in which any Director had a material personal interest;
- (d) save for the Rollover Agreements and the Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the Directors and any other person which was conditional on or was dependent upon the outcome of the Proposal or otherwise connected with the Proposal;

- (e) save for the Proposal, the Scheme, the Option Offer, the Rollover Agreements and the Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or the Offeror Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Proposal;
- (f) save for the Rollover Arrangements, there were no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal;
- (g) save for the external debt financing provided to the Offeror for the Proposal, which is secured by, among others, equitable mortgages and charges over 100% of the Shares in accordance with the terms of the loan documentation entered into between the Offeror and Industrial Bank Co., Ltd., Hong Kong Branch, there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired in pursuance of the Proposal, and the Offeror had no intention to transfer, charge or pledge any Shares acquired in pursuance of the Proposal to any other person;
- (h) save for the Rollover Agreements and the Irrevocable Undertaking, there was no arrangement (whether by way of option, indemnity or otherwise), in relation to the Shares or the shares of the Offeror and any of the Offeror Concert Parties between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal;
- (i) save for the voting indications as disclosed in the section headed “16. Court Meeting and EGM” in Part VII — Explanatory Memorandum of this Scheme Document, none of the Directors hold any beneficial shareholding in the Shares which would entitle them to vote in favour or against the Scheme at the Court Meeting or the resolutions proposed at the EGM;
- (j) save for the Rollover Agreements and the Irrevocable Undertaking, neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment from any Disinterested Shareholder to vote for or against the Scheme or the Rollover Arrangements, or from any Optionholder to accept or not accept the Option Offer;

- (k) save for the Cancellation Price and the Rollover Agreements, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the Offeror Concert Parties to the Scheme Shareholders or any person acting in concert with the Scheme Shareholders in connection with the cancellation of the Scheme Shares;
- (l) save for the Rollover Arrangements and the Irrevocable Undertaking, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any of the Offeror Concert Parties on the one hand, and the Scheme Shareholders and any person acting in concert with the Scheme Shareholders on the other hand; and
- (m) save for the Rollover Agreements and the Irrevocable Undertaking, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand, and (i) the Offeror and any of the Offeror Concert Parties, or (ii) the Company, its subsidiaries or associated companies on the other hand.

## 5. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against any member of the Group.

## 6. MATERIAL CONTRACTS

None of the members of the Group had entered into any material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group, within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date.

## 7. SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

**APPENDIX II****GENERAL INFORMATION**

<b>Name of Director</b>	<b>Expiry date</b>	<b>Fixed remuneration payable under the contract</b>	<b>Variable remuneration payable under the contract</b>
Chen Ping	19 May 2025, being three years from 19 May 2022, being the date on which the shareholders of the Company approved the signed engagement agreement at the general meeting	RMB658,000 on an annual basis	Nil
Liu Guoen	14 May 2024, being three years from 14 May 2021, being the date on which the shareholders of the Company approved the signed engagement agreement at the general meeting (subject to further approval at the upcoming annual general meeting)	RMB658,000 on an annual basis	Nil
Daniel Luzius Vasella	14 May 2024, being three years from 14 May 2021, being the date on which the shareholders of the Company approved the signed engagement agreement at the general meeting (subject to further approval at the upcoming annual general meeting)	RMB658,000 on an annual basis	Nil
Gu Alex Yushao	25 May 2026, being three years from 25 May 2023, being the date on which the shareholders of the Company approved the signed engagement agreement at the general meeting	RMB658,000 on an annual basis	Nil
Li Zhenfu	25 May 2026, being three years from 25 May 2023, being the date on which the shareholders of the Company approved the signed engagement agreement at the general meeting	Nil	Nil

<b>Name of Director</b>	<b>Expiry date</b>	<b>Fixed remuneration payable under the contract</b>	<b>Variable remuneration payable under the contract</b>
Zhao Hong	19 May 2025, being three years from 19 May 2022, being the date on which the shareholders of the Company approved the signed engagement agreement at the general meeting	Nil	Nil
Wendy Hayes	25 May 2026, being three years from 25 May 2023, being the date on which the shareholders of the Company approved the signed engagement agreement at the general meeting	RMB658,000 on an annual basis	Nil
Lin Shirley Yi-Hsien	19 May 2025, being three years from 19 May 2022, being the date on which the shareholders of the Company approved the signed engagement agreement at the general meeting	Nil	Nil

## 8. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of each of the experts who have been named in this Scheme Document or have given their opinion or advice which are contained in this Scheme Document:

<b>Name</b>	<b>Qualification</b>
CICC	a licensed corporation under the SFO 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, the financial adviser to the Offeror in connection with the Proposal

Name	Qualification
Opus Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the Independent Financial Adviser appointed to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangements

Each of the experts named above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion in this Scheme Document of the text of its letter, report or opinion (as the case may be) and references to its name in the form and context in which they are included.

## 9. MISCELLANEOUS

- (a) The registered office of the Offeror is at the offices of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The correspondence address of the Offeror is at Unit 3001, China World Tower 2, No. 1 Jian Guo Men Wai Avenue, Beijing 100004.
- (b) The sole director of the Offeror is Mr. Li.
- (c) The Offeror is ultimately controlled by Mr. Li. The shareholding structure of the Offeror is disclosed in the section headed “12. Information on the Offeror” in Part VII — Explanatory Memorandum of this Scheme Document.
- (d) CICC is the financial adviser to the Offeror in relation to the Proposal, and its registered address is at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (e) The principal members of the Offeror Concert Parties are:
  - (i) GL Glee, whose address is at International Corporation Services Ltd., Harbour Place, 2nd Floor 103 South Church Street, P.O. Box 472, George Town, Grand Cayman KY1-1106, Cayman Islands; and
  - (ii) GL Trade, whose address is at Suite 1700, Park Place, 666 Burrard Street, Vancouver, Canada, V6C2X8.



- (f) The ultimate controlling shareholders of each of GL Trade and GL Glee are Mr. Li and Assicurazioni Generali S.p.A (which is a company listed on Italian Stock Exchange). The shareholding structure of each of GL Trade and GL Glee is disclosed in the section headed “4. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document.
- (g) The sole director of GL Capital Management GP II B.C. 1 Ltd. (GL Trade’s general partner) is Mr. Li.
- (h) The sole director of GL Glee is HU, Chou Hui.
- (i) The directors of Assicurazioni Generali S.p.A are Andrea Sironi, Philippe Donnet, Marina Brogi, Flavio Cattaneo, Alessia Falsarone, Clara Furse, Umberto Malesci, Stefano Marsaglia, Antonella Mei-Pochtler, Diva Moriani, Lorenzo Pelliccioli, Clemente Rebecchini and Luisa Torchia.
- (j) Convergence is ultimately controlled by Mr. Zhao. The shareholding structure of Convergence is disclosed in the section headed “4. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document.
- (k) The sole director of Convergence is Mr. Zhao.
- (l) The registered office of the Company is situated at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- (m) The Company’s principal place of business in Hong Kong is situated at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon.
- (n) The Company’s Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited, which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (o) The registered office of the Independent Financial Adviser is situated at 18/F, Fung House, 19-20 Connaught Road Central, Hong Kong.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection on the website of the Company at <http://www.sciclone.com> and the website of SFC at [www.sfc.hk](http://www.sfc.hk) from the date when this Scheme Document is published until (a) the Effective Date, and (b) the date on which the Scheme is withdrawn or lapses, whichever is earlier:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports containing the audited consolidated financial statements of the Company for the year ended 31 December 2021, 31 December 2022 and 31 December 2023;
- (d) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (g) the written consents referred to in the section headed “8. Consents and Qualifications of Experts” in this Appendix II;
- (h) the Rollover Agreements;
- (i) the Irrevocable Undertaking;
- (j) the service contracts referred to in the section headed “7. Service Contracts” in this Appendix II;
- (k) this Scheme Document; and
- (l) the Option Offer Letter.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION**

Cause No. FSD 114 of 2024

**IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2023  
REVISION)  
AND IN THE MATTER OF ORDER 102 OF  
THE GRAND COURT RULES 1995 (AS REVISED)  
AND IN THE MATTER OF SCICLONE PHARMACEUTICALS (HOLDINGS)  
LIMITED  
SCHEME OF ARRANGEMENT**

**Between**

**SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED**

**And**

**THE SCHEME SHAREHOLDERS  
(AS DEFINED BELOW)**

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Cancellation Price”	the cancellation price of HK\$18.8 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme

“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in connection with the Proposal. 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
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands
“Company”	SciClone Pharmaceuticals (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6600)
“Condition(s)”	the condition(s) to the implementation of the Proposal as set out in the section headed “3. Conditions of the Proposal” in Part VII — Explanatory Memorandum of the Scheme Document
“Convergence”	Convergence International Holdings Ltd.
“Convergence Rollover Agreement”	the rollover agreement entered into between the Offeror, Topco and Convergence on 28 March 2024
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court to be held at 10:00 a.m. Shanghai time on Wednesday, 19 June 2024 at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC for the purpose of considering and, if thought fit, approving the Scheme and any adjournment thereof
“Director(s)”	the director(s) of the Company

“Disinterested Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with the Companies Act and the Conditions
“EGM”	an extraordinary general meeting of the Company to be convened and held in accordance with the Company’s memorandum and articles of association at 10:30 a.m. on Wednesday, 19 June 2024 (or, if later, immediately after the Court Meeting has been concluded or adjourned) at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC, to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal and the Rollover Arrangements, or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of the Scheme Document
“GL Glee”	GL Glee Investment Limited, a limited liability company incorporated in the Cayman Islands
“GL Rollover Agreement”	the rollover agreement entered into between the Offeror, Topco and the GL Rollover Shareholders on 28 March 2024
“GL Rollover Shareholders”	GL Trade and GL Glee
“GL Trade”	GL Trade Investment L.P., an exempted limited partnership registered in Canada
“Grand Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangements
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a licensed corporation under the SFO, licensed to carry out Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser appointed by the Board with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangements
“Latest Practicable Date”	21 May 2024, being the latest practicable date for ascertaining certain information contained in the Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2024 or such other date as the Company and the Offeror may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive
“Mr. Li”	Mr. Li Zhenfu, a non-executive Director
“Mr. Zhao”	Mr. Zhao Hong, an executive Director
“Ms. Pan”	Ms. Pan Rongrong, an executive Director

“Offeror”	Silver Pegasus Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including GL Glee, GL Trade, Mr. Zhao, Convergence, Ms. Pan, the RSU Trustee, the Option Trustee, Ocean Falcon Limited and Center Laboratories, Inc.
“Optionholder(s)”	holder(s) of the Subject Share Options
“Option Incentive Plan”	the option incentive plan approved and adopted by the Company on 24 June 2018, pursuant to which options to subscribe for an aggregate of 36,737,842 Shares are outstanding (all of which are vested) as at the Latest Practicable Date
“Option Offer”	the offer made by the Offeror to the Optionholders for the cancellation of the Subject Share Options, conditional upon the Scheme becoming effective
“Option Trustee”	SciClone Option Management Limited, a company incorporated in the British Virgin Islands, which holds Shares for the benefit of grantees under the Option Incentive Plan
“Post-IPO Option Plan”	the post-IPO share option scheme adopted by Shareholders’ resolution on 22 January 2021, pursuant to which options to subscribe for an aggregate of 30,785,690 Shares are outstanding (21,761,890 of which are vested) as at the Latest Practicable Date
“Post-IPO RSU Plan”	the post-IPO Restricted Share Unit Plan adopted by Shareholders’ resolution on 22 January 2021, pursuant to which RSUs representing 1,228,450 Shares are outstanding (none of which is vested) as at the Latest Practicable Date

“PRC”	the People’s Republic of China, but for the purpose of the Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the Option Offer, on the terms and subject to the Conditions set out in the Scheme Document
“Registrar of Companies”	the Registrar of Companies (including any deputy registrar or associate registrar or similar) appointed under the Companies Act in the Cayman Islands
“Rollover Agreements”	the Trustee Rollover Agreement, the Convergence Rollover Agreement and the GL Rollover Agreement
“Rollover Arrangements”	the arrangements between the Offeror and each of the RSU Trustee and Convergence under the Trustee Rollover Agreement and the Convergence Rollover Agreement (as applicable)
“Rollover Share(s)”	the RSU Trustee Rollover Shares and the Shares held by the GL Rollover Shareholders and Convergence, being an aggregate of 209,084,863 Shares (representing approximately 33.23% of the issued share capital of the Company as at the Latest Practicable Date)
“Rollover Shareholders”	the GL Rollover Shareholders, Convergence and the RSU Trustee
“RSU(s)”	the outstanding restricted share unit(s) granted pursuant to the Post-IPO RSU Plan
“RSU Trustee”	SCLN ESOP Management Limited, a company incorporated in the British Virgin Islands, which holds Shares for the benefit of grantees under the Post-IPO RSU Plan



“RSU Trustee Rollover Share(s)”	the 2,001,113 existing Shares held by the RSU Trustee to be used to satisfy future grants of share awards
“Scheme”	the scheme of arrangement under Section 86 of the Companies Act as set out in Appendix III to the Scheme Document, with or subject to any modification, addition or condition as may be approved or imposed by the Grand Court and agreed to by the Offeror, involving the cancellation of all the Scheme Shares and the maintenance of the share capital of the Company at the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document (of which the Scheme forms part) of the Company and the Offeror issued to all Shareholders containing, inter alia, further details of the Proposal, a letter from the Board, a letter of advice from the Independent Financial Adviser, the recommendations of the Independent Board Committee, notices to convene the Court Meeting and the EGM and a form of the letter to the Optionholders together with forms of proxy in relation thereto
“Scheme Record Date”	Wednesday, 3 July 2024 or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	Share(s) held by the Shareholders, other than the Rollover Shares
“Scheme Shareholder(s)”	registered holder(s) of Scheme Shares as at the Scheme Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of a par value of US\$0.00005 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)
“Share Option(s)”	the outstanding share options granted pursuant to the Option Incentive Plan and/or Post-IPO Option Plan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Share Option(s)”	the 20,400,842 Share Options granted under the Option Incentive Plan entitling the holders to subscribe for 20,400,842 new Shares and all the 30,785,690 Share Options granted under the Post-IPO Option Plan entitling the holders to subscribe for 30,785,690 new Shares
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“Topco”	Silver Pegasus Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability
“Trustee Rollover Agreement”	the rollover agreement entered into between the Offeror, Topco and the RSU Trustee on 28 March 2024

(B) The Company was incorporated as an exempted company on 13 May 2020 with limited liability in the Cayman Islands.

(C) As at the Latest Practicable Date, the authorised share capital of the Company was US\$50,000 divided into 1,000,000,000 ordinary shares of a single class with a par value of US\$0.00005 each. As at the Latest Practicable Date, the issued share capital of the Company is US\$31,463.4016 divided into 629,268,032 Shares, with the remainder being unissued. Since 3 March 2021, the issued shares of the Company have been listed and traded on the Main Board of the Stock Exchange.

(D) The Offeror has proposed the privatisation of the Company by way of the Scheme.

- (E) The primary purpose of the Scheme is to privatise the Company as a result of cancelling and extinguishing all of the Scheme Shares in consideration of the Cancellation Price so that the Company will become wholly owned by the Offeror. Contemporaneously with the cancellation of the Scheme Shares, the share capital of the Company will be restored to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror.
- (F) As at the Latest Practicable Date, the Offeror does not hold any Shares, and the Rollover Shareholders hold an aggregate of 209,084,863 Shares (representing approximately 33.23% of the issued Shares).
- (G) The Offeror will procure that any Shares in respect of which it is legally or beneficially interested will not be represented or voted at the Court Meeting.
- (H) The Offeror has agreed to undertake to the Grand Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and done by it for the purpose of giving effect to the Scheme.

**PART I**  
**CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

1. On the Effective Date:
  - (a) the Scheme Shares shall be cancelled and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the Cancellation Price;
  - (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company shall be restored to its former amount by the issuance to the Offeror, credited as fully paid, an aggregate number of Shares which is equal to the number of Scheme Shares cancelled and extinguished; and
  - (c) the Company shall apply the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full the new Shares issued to the Offeror.

**PART II**  
**CONSIDERATION FOR CANCELLATION AND EXTINGUISHMENT**  
**OF THE SCHEME SHARES**

2. In consideration of the cancellation of the Scheme Shares, the Offeror shall pay or cause to be paid the Cancellation Price to each Scheme Shareholder.

**PART III**  
**GENERAL**

3. (a) As soon as possible and but in any event within seven business days (as defined in the Takeovers Code) following the Effective Date, the Offeror shall post or cause to be posted cheques to the Scheme Shareholders in respect of the sums payable to such Scheme Shareholders pursuant to Clause 2 of the Scheme.
- (b) All such cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date, or in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.

- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of Clause 3(b) of the Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.
- (d) All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, CICC, the Independent Financial Adviser, the share registrar of the Company and their respective nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in despatch of the same.
- (e) On or after the day being six calendar months after the posting of the cheques pursuant to Clause 3(b) of the Scheme, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee). The Offeror (or its nominee) shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to Clause 2 of the Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that the cheques referred to in the foregoing sentence of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme. The Offeror (or its nominee) shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror (or its nominee) to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
- (f) On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme and the Offeror (and, if applicable, its nominee) shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in Clause 3(e) of the Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
- (g) Clause 3 shall take effect subject to any prohibition or condition imposed by law.
- (h) Upon cancellation of the Scheme Shares, the register of members of the Company shall be updated to reflect such cancellation.

4. As from and including the Effective Date:
  - (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
  - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
  - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
5. Subject to the Conditions having been fulfilled or waived, as applicable, the Scheme shall become effective as soon as a copy of the sealed order of the Grand Court sanctioning the Scheme under section 86 of the Companies Act is delivered to the Registrar of Companies for registration pursuant to section 86(3) of the Companies Act.
6. Unless the Scheme shall have become effective on or before the Long Stop Date, the Scheme shall lapse.
7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to the Scheme or to any condition which the Grand Court may see fit to approve or impose.
8. All costs, charges and expenses shall be borne and paid in the manner described in the Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION**

Cause No. FSD 114 of 2024

**IN THE MATTER OF SECTIONS 86 OF  
THE COMPANIES ACT (2023 REVISION) AND IN THE MATTER OF  
ORDER 102 OF THE GRAND COURT RULES 1995 (AS REVISED)**

**AND IN THE MATTER OF SCICLONE PHARMACEUTICALS (HOLDINGS)  
LIMITED**

**NOTICE OF COURT MEETING**

**NOTICE IS HEREBY GIVEN** that, by an order (the “**Order**”) dated 16 May 2024 (Cayman Islands time) made in the above matter, Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme mentioned below) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “**Scheme**”) proposed to be made between SciClone Pharmaceuticals (Holdings) Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. on Wednesday, 19 June 2024 (Shanghai time) at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the Explanatory Memorandum (as defined in the Scheme) explaining the effect of the Scheme are incorporated in the composite scheme document of which this notice forms part (the “**Scheme Document**”), which has been despatched to the Scheme Shareholders. A copy of the Scheme Document can be obtained by the Scheme Shareholders from the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Scheme Shareholders (other than those required to abstain from voting as detailed in the Scheme) may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, as their proxy to attend and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the Scheme Document. The completion and return of the **PINK** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting, or any adjournment thereof, if he/she so wishes and in such event, the **PINK** form of proxy previously submitted will be revoked by operation of law.

In the case of joint registered holders of a Scheme Share (as defined in the Scheme), any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Court Meeting personally or by proxy the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding. In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

The **PINK** form of proxy for use at the Court Meeting, together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof, must be lodged at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, but in any event no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof. Alternatively, the **PINK** form of proxy may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

By the Order, the Court has appointed Wendy Hayes, an independent non-executive Director, or failing her, any other of the Company's Independent non-executive Director, or failing him, any other person authorized by the Board, to act as chairman of the Court Meeting and has directed the chairman of the Court Meeting (or a person duly authorised by the chairman of the Court Meeting) to report the results of the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Grand Court as set out in the Explanatory Memorandum contained in the Scheme Document.

Dated: 24 May 2024

By order of the Court  
**SciClone Pharmaceuticals (Holdings) Limited**



*Registered office:*

PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

*Principal place of business in Hong Kong:*

5/F, Manulife Place  
348 Kwun Tong Road, Kowloon  
Hong Kong

*Note:*

1. For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Thursday, 13 June 2024 to Wednesday, 19 June 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Wednesday, 12 June 2024. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting.

*As at the date of this notice, the Board comprises Mr. Zhao Hong and Ms. Pan Rongrong as executive directors, Mr. Li Zhenfu, Dr. Daniel Luzius Vasella, Ms. Lin Shirley Yi-Hsien and Ms. Wang Haixia as non-executive directors, and Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes as independent non-executive directors.*

**SciClone Pharmaceuticals (Holdings) Limited****賽生藥業控股有限公司\****(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 6600)****NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of SciClone Pharmaceuticals (Holdings) Limited (the “Company”) will be held at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC on Wednesday, 19 June 2024 at 10:30 a.m. (Shanghai time) (or, if later, as soon as practicable after the conclusion or the adjournment of the Court Meeting (as defined in the Scheme Document (as defined below))) for the purpose of considering and, if thought fit, passing the following resolutions:

**SPECIAL RESOLUTION**

1. **“THAT**, (i) for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme Document) (the “Scheme”) as set out in the composite scheme document dated 24 May 2024 (the “Scheme Document”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting (as defined in the Scheme Document), on the Effective Date (as defined in the Scheme Document), any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme Document), and (ii) contemporaneously with (i) above, the maintenance of the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares (as defined in the Scheme Document) as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror (as defined in the Scheme Document), be and is hereby approved.”

## ORDINARY RESOLUTION

2. “**THAT** the Rollover Arrangements (as defined in the Scheme Document), which constitute a special deal under Rule 25 of the Takeovers Code (as defined in the Scheme Document), be and are hereby approved.”

By order of the Board

**SciClone Pharmaceuticals (Holdings) Limited**

**ZHAO Hong**

*Executive Director, Chief Executive Officer and President*

Hong Kong, 24 May 2024

*Registered office:*

PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

*Principal place of business in Hong Kong:*

5/F, Manulife Place  
348 Kwun Tong Road, Kowloon  
Hong Kong

*Notes:*

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
2. Any Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxy to attend and on a poll, vote instead of him. A proxy need not be a Shareholder. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every Shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the **WHITE** form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:30 a.m. on Monday, 17 June 2024) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. If two or more persons are jointly registered as holders of a share, the vote of the senior person who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the Company’s register of members in respect of the relevant shares.
5. For the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 13 June 2024 to Wednesday, 19 June 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the EGM, all

transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, 12 June 2024.

6. All resolutions put to vote at the EGM will be decided by way of poll as required by the Listing Rules and Takeovers Code.
7. References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, the Board comprises Mr. Zhao Hong and Ms. Pan Rongrong as executive directors, Mr. Li Zhenfu, Dr. Daniel Luzius Vasella, Ms. Lin Shirley Yi-Hsien and Ms. Wang Haixia as non-executive directors, and Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes as independent non-executive directors.*

\* *for identification purpose only*

*Set out below is a form of the Option Offer Letter being sent to the Optionholders in connection with the Option Offer.*

**Silver Pegasus Investment Limited**

190 Elgin Avenue, George Town  
Grand Cayman KY1-9008  
Cayman Islands

24 May 2024

*To the Optionholders*

Dear Sir/Madam,

**OPTION OFFER**

**IN RELATION TO THE PROPOSAL FOR THE PRIVATISATION OF  
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED BY SILVER  
PEGASUS INVESTMENT LIMITED BY WAY OF A SCHEME OF  
ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES ACT)**

A scheme document issued jointly by Silver Pegasus Investment Limited (the “**Offeror**”) and SciClone Pharmaceuticals (Holdings) Limited (the “**Company**”) dated the same date as this letter (the “**Scheme Document**”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

The Offeror and the Company issued jointly the Announcement dated 28 March 2024 which stated, among others, that on 19 March 2024, the Offeror requested the Board to put forward the Proposal to the holders of Scheme Shares for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. As stated in the Announcement, as part of the Proposal, the Offeror would make (or procure to be made on its behalf) an appropriate offer to the Optionholders to cancel every vested and unvested Subject Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

This letter explains the actions you may take in relation to your Subject Share Option(s). You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the Option Incentive Plan and the Post-IPO Option Plan (as applicable).

**TERMS OF THE OPTION OFFER**

We are making the Option Offer, which is conditional on the Scheme becoming effective, with respect to the Subject Share Option(s) held by you.

Any Share Options granted under the Option Incentive Plan or the Post-IPO Option Plan that are not exercised on or prior to the Latest Option Exercise Date or (if applicable) cancelled pursuant to the acceptance of the Option Offer (other than, in respect of Share Options granted under the Option Incentive Plan, the right to receive payment of the “see-through” price from the Option Trustee) will automatically lapse upon the Scheme becoming effective. You may accept the Option Offer by lodging a completed Form of Acceptance in respect of the Option Offer by the prescribed deadline and, if the Option Offer becomes unconditional, you will be entitled to the Option Offer Price with respect to the Shares underlying your Subject Share Option(s).

Under the Option Offer, the Offeror is offering the Optionholders the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Subject Share Options) for each Subject Share Option.

<b>Exercise price per Subject Share Option</b> (HK\$)	<b>“See-through” price</b> (HK\$)
<b>Option Incentive Plan</b>	
1.6562	17.1438
<b>Post-IPO Option Plan</b>	
6.33	12.47
6.832	11.968
7.892	10.908
8.40	10.40
8.48	10.32
9.29	9.51
10.18	8.62
10.434	8.366
13.40	5.40

The Option Offer is conditional upon the Scheme becoming effective. The Conditions are set out in the section headed “3. Conditions of the Proposal” in Part VII — Explanatory Memorandum of the Scheme Document. In addition, all payments in respect of the Option Offer Price will be

made to the Company as the agent of the Optionholders by cheque(s), or at the election of the Offeror, by wire transfer, in Hong Kong dollars. The Company will make payments in respect of the Option Offer Price to the respective Optionholders by wire transfer.

You are further advised to refer to the sections headed “19. Registration and Payment” and “21. Taxation Advice” in Part VII — Explanatory Memorandum of the Scheme Document.

Your attention is drawn to the letter from the Independent Board Committee set out in Part V of the Scheme Document and the letter from the Independent Financial Adviser set out in Part VI of the Scheme Document, which contain the recommendation of the Independent Board Committee and of the Independent Financial Adviser, respectively, in relation to the Proposal, the Scheme and the Option Offer.

### **COURSES OF ACTION AVAILABLE TO OPTIONHOLDERS**

In summary, the choices available to you in respect of your Subject Share Option(s) are:

- (a) to the extent any of your Subject Share Option(s) is not exercised on or prior to the Latest Option Exercise Date, if you will be a holder of the Subject Share Option(s) as at the Option Offer Record Date (i.e. your Subject Share Option(s) will not lapse prior to the Option Offer Record Date under the terms of the Option Incentive Plan and the Post-IPO Option Plan (as applicable)), you may accept the Option Offer in respect of all of your Subject Share Option(s) in accordance with its terms, as set out in this letter and in the Scheme Document and elect by signing and returning the completed Form of Acceptance enclosed, by not later than 4:30 p.m. (Hong Kong time) on Wednesday, 3 July 2024 (or such later time and/or date as may be notified to you through announcement(s)), to receive the Option Offer Price for the relevant Shares under your Subject Share Option(s) if the Scheme becomes effective;
- (b) you may in accordance with the terms of the Option Incentive Plan and the Post-IPO Option Plan (as applicable), exercise, all of your outstanding vested Subject Share Option(s) (to the extent not already exercised) to its full extent or to the extent specified in your notice of exercise of Subject Share Options at any time up to the Latest Option Exercise Date. Optionholders who exercise their Subject Share Option at or before 4:30 p.m. on Friday, 7 June 2024 will be entitled to attend and vote at the Court Meeting and the EGM. Any Share issued as a result of the exercise of such Subject Share Option(s) as mentioned above, conditional on the passing of the resolutions to be proposed at the Court Meeting and the EGM to approve the Scheme, will be subject to and eligible to participate in the Scheme. Please refer to the Scheme Document for details of the Scheme and the Proposal in this regard;

- (c) you may reject the Option Offer in accordance with its terms, as set out in this letter and in the Scheme Document, and tick the “Reject” box on the Form of Acceptance and return it in accordance with the instructions therein. If you reject the Option Offer, you will not be entitled to receive the Option Offer Price in respect of any of your Subject Share Options if the Scheme becomes effective. If you reject the Option Offer and do not exercise all of your outstanding vested Subject Share Option(s) (to the extent not already exercised) on or before the Latest Option Exercise Date, and the Scheme becomes effective, your Subject Share Options will lapse automatically on the Effective Date and you will receive neither the Option Offer Price nor the Cancellation Price; or
  
- (d) do nothing, in which case, conditional on the passing of the resolutions to be proposed at the Court Meeting and the EGM to approve the Scheme, and the Scheme becoming effective, your Subject Share Options will lapse automatically on the Effective Date, and you will receive neither the Option Offer Price nor the Cancellation Price.

For further details, please refer to the remaining sections of this letter, the Scheme Document, the Form of Acceptance and the terms of the Option Incentive Plan and the Post-IPO Option Plan (as applicable).

#### **OUTSTANDING SHARE OPTIONS HELD AS AT THE LATEST PRACTICABLE DATE**

Information on the Subject Share Option(s) held by you as at the Latest Practicable Date is available from the Human Resources Department of the Company. If there is any exercise of your Subject Share Option(s) after the Latest Practicable Date, you may accept the Option Offer only in respect of such Subject Share Option(s) which remain unexercised or unvested as at the Option Offer Record Date.

#### **LAPSED SHARE OPTION**

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of the Option Incentive Plan and the Post-IPO Option Plan (as applicable). As such, you may exercise the Share Option (to the extent such Share Option is vested but not already exercised) prior to the lapsing of the Share Options in accordance with the terms of the Option Incentive Plan and/or the Post-IPO Option Plan (as applicable), but you cannot accept the Option Offer in respect of a Subject Share Option which will have lapsed in accordance with its terms on or before the Option Offer Record Date.



In accordance with the terms of the Option Incentive Plan, the Post-IPO Option Plan and the Board Resolutions, if a general offer by way of a scheme of arrangement is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and has been approved by the necessary number of Shareholders at the requisite meetings, the optionholders shall be entitled to exercise the Share Options thereafter (up to the Latest Option Exercise Date) by notice in writing to the Company. To the extent that the Share Options have not been so exercised, the right to exercise the Share Options shall terminate on the Scheme Record Date and such Optionholders will only be entitled to the Option Offer. Any unexercised Share Option which are not tendered for acceptance under the Option Offer will automatically lapse (other than the right to receive payment of the “see-through” price from the Option Trustee) upon the Scheme becoming effective.

**Any Share Options granted under the Option Incentive Plan or the Post-IPO Option Plan that are not exercised or (if applicable) cancelled pursuant to the acceptance of the Option Offer (other than, in respect of Share Options granted under the Option Incentive Plan, the right to receive payment of the “see-through” price from the Option Trustee) will automatically lapse upon the Scheme becoming effective.**

#### PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in doubt as to any aspect of this letter, the Scheme Document, or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

#### DECLARATION

By signing and returning the completed Form of Acceptance, you thereby:

- (a) warrant and confirm that each Subject Share Option in respect of which you accept the Option Offer is valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever and you acknowledge that any option certificate or documents in respect of such Subject Share Option shall become void once that Subject Share Option has been cancelled as a result of your acceptance of the Option Offer pursuant to the Form of Acceptance;

- (b) acknowledge and agree that you cease to have any rights and obligations, and waive all rights and claims against any party (including the Offeror and the Company), in respect of all the Subject Share Option(s) held by you for which you accept the Option Offer, that all rights and obligations under all such Subject Share Option(s) will be cancelled;
- (c) confirm that the decisions which you have made on the Form of Acceptance cannot be withdrawn or altered;
- (d) authorise the Offeror, the Company, CICC and/or such person or persons as any of them may direct to do all acts and things and to complete, amend and execute any document on your behalf as may be necessary or desirable to give effect to or in connection with the acceptance you have made on the Form of Acceptance, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance;
- (e) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any person authorised or appointed by or pursuant to this letter and the Form of Acceptance; and
- (f) confirm that you have read, understood and agreed to the terms and conditions of the Option Offer (including, without limitation, those set out in the Scheme Document, this letter and the Form of Acceptance), and that you have received and read the Scheme Document and this letter.

**GENERAL**

- (a) All communications, notices, Forms of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from the Optionholders will be delivered by or sent to or from them, or their designated agents, at their risk, and none of the Offeror, the Company or CICC accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Option Offer.
- (c) The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (d) Due execution of the Form of Acceptance in respect of the Option Offer will constitute an authority to the Offeror, the Company, CICC or such person(s) as any of them may direct to complete and execute on behalf of the accepting Optionholder, the Form of Acceptance and any document and to do any other act that may be necessary or expedient for the purpose of

cancelling, or vesting in the Offeror or such person(s) as the Offeror shall direct, all rights of the Optionholders in respect of the Subject Share Option(s) which are the subject of such acceptance.

- (e) The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed, executed and received notwithstanding that it is not completed, executed or received strictly in accordance with the Forms of Acceptance and this letter, including the date specified for receipt or the absence of any witness attesting to the execution of any Form of Acceptance.
- (f) By completing the Form of Acceptance in respect of a particular Subject Share Option, you irrevocably and at your own risk elect to authorise the Offeror, the Company, CICC and/or their respective agent(s) to send to you, or procure the sending to you of, the payment to which you are entitled.
- (g) Any acceptance of the Option Offer and the receipt of cash consideration may trigger taxes subject to withholding obligations of the Offeror and/or the Company. Cash consideration under the Option Offer may be paid to you net of such applicable taxes, if any. All Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Option Offer.

#### **ACTIONS TO BE TAKEN FOR ACCEPTING THE OPTION OFFER**

In order to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance together with relevant certificate(s) (if any) or any other document(s) evidencing the grant of the Subject Share Option(s) to you or other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Company at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC and marked “SciClone Pharmaceuticals (Holdings) Limited — Option Offer” by no later than 4:30 p.m. (Hong Kong time) on Wednesday, 3 July 2024 (or such later time and/or date as may be notified to you through announcement(s)). If you do not complete a Form of Acceptance, subject to and conditional upon the Scheme becoming effective, your Subject Share Option(s) will lapse.

Before forwarding the Form of Acceptance to the sole director of the Offeror, please ensure that you have duly executed the Form of Acceptance and that your signature has been witnessed.

Assuming the Option Offer will close on Wednesday, 3 July 2024, payment for the Option Offer Price is expected to be made within seven business days (as defined in the Takeovers Code) of the Effective Date (i.e. Friday, 12 July 2024).

No acknowledgement of receipt of any Form of Acceptance, the relevant certificate(s) (if any) or any other document(s) evidencing the grant of the Subject Share Option(s) or other document(s) of title or entitlement (and/or any satisfactory indemnity of indemnities required in respect thereof) will be given.

**RESPONSIBILITY STATEMENT**

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this letter have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Yours faithfully,

For and on behalf of

**Silver Pegasus Investment Limited**

**LI Zhenfu**

*Director*